Cash Transfers in Sierra Leone: Appropriate, Affordable and Feasible?

August 2007

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social protection

Cash transfers series

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Background and Acknowledgements

Evidence on how cash transfers can reduce poverty remains a hot topic in both development and relief circles. Some development agencies have put cash transfers at the centre of their social protection strategies. However, cash transfers are far from a panacea, and questions around the appropriateness and feasibility of cash transfers in different contexts are important and urgent.

This paper is one of a series of outputs from ODI's research study (2006–09) "Cash Transfers and their Role in Social Protection". The study aims to compare cash with other forms of transfers, identifying where cash transfers may be preferable, the preconditions for cash transfers to work well, and how they may best be targeted and sequenced with other initiatives. The study explores a number of issues of interest to donors and governments, including which forms of targeting and delivery mechanisms are most appropriate. This project is co-funded by the Swiss Agency for Development and Cooperation (SDC) and the UK Department for International Development (DFID).

The authors would like to thank Mr Matthew Smith of the Budget Bureau, Ministry of Finance for providing the figures on Government social protection expenditure. They would also like to thank all the people who participated in meetings and provided valuable information for this report. Particular thanks go to Mr Edmund Koroma, the Director General of NASSIT, Mr Joseph Kamara, the Acting Head of Research at NASSIT, Mr Alimamy Bangura, the Director of EPRU, Ministry of Finance and Mr Paul Fomba, Coordinator of the Social Safety Net scheme at the Ministry of Labour.

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List of Acronyms

DDR	Demobilisation, Disarmament and Reintegration
DecSec	Decentralisation Secretariat
DfID	Department for International Development (UK Government)
GDP	Gross Domestic Product
GoSL	Government of Sierra Leone
GTZ	German Technical Development Agency
IMF	International Monetary Fund
IRCBP	Institutional Reform and Capacity Building Project
LGFD	Local Government Finance Department
MAFS	Ministry of Agriculture and Food Security
MDA	Ministry, Department or Agency
MDGs	Millennium Development Goals
NaCSA	National Commission for Social Action
NACWAC	National Commission for War Affected Children
NASSIT	National Social Security and Insurance Trust
NGO	Non-Governmental Organisation
PETS	Public Expenditure Tracking Surveys
PIU	Project Implementation Unit
PLWHA	People Living with HIV and AIDS
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
SP	Social Protection
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VAM	Vulnerability Assessment Matrix
WFP	World Food Programme
YES	Youth Employment Scheme

Executive summary

This paper examines the potential for cash-based social protection interventions in Sierra Leone by analysing whether cash transfers would be appropriate, feasible and affordable in the context of the country recovering from ten years of civil war and, as part of this process, in the most recent years moving from relief to development approaches.

Whilst there is no official social protection strategy currently in place in Sierra Leone, a number of social protection programmes, including a small number of cash transfers (direct cash transfers and cash-for-work) are being implemented by the government and international actors. These include direct welfare support programmes (in the form of in-kind assistance, food aid etc.), agricultural inputs programmes, food-for-work, skills training and start up capital kits and are quite clearly targeted to two separate groups. In-kind transfers tend to target the most vulnerable (the elderly, disabled) on the basis that they have no other form of support and cannot work. Programmes which aim to build sustainable livelihoods through increased production or jobs target the poor with available labour, such as ex-combatants and other vulnerable and poor youth. The number of beneficiaries actually being reached by various social protection programmes is relatively small given that, according to the Sierra Leone PRSP, an estimated 3 million people live in poverty as measured by the $1 a day indicator.

The ongoing implementation of existing social protection has shown that i) there are real challenges in delivering interventions through the government, especially at scale, given limited staff and financial capacity, limited infrastructure, often weak accountability mechanisms and weak institutional linkages and coordination, ii) a mix of targeting methods are used, including community targeting, but lack of monitoring makes it difficult to understand the extent of leakages and exclusion in these programmes, and iii) social protection instruments are trying to address risk and vulnerability in both economic (income) and social (increasing social cohesion) spheres.

Appropriateness

Sierra Leone is a country recovering from ten years of civil war. Are cash transfers appropriate in the context of high levels of poverty and vulnerability and as the country shifts from relief to development?

Where cash transfers are currently being implemented in Sierra Leone they are done so for the following reasons:

- To meet immediate income needs
- To put cash in the community and stimulate the local economy
- To empower people by enabling autonomous decision making over expenditure

Furthermore, arguments for the use of cash include that it can be a more cost efficient way of delivering resources to the poor than in-kind assistance.

The arguments for cash transfers may seem convincing, but there are some fundamental blockages around their political acceptability in Sierra Leone. This can be largely attributed to the associated fear of creating dependency arising from years of humanitarian aid in the country. Whilst there is no evidence that aid has created dependency or made people lazy, it is a real factor driving policy and programme objectives, not only in the case of cash. With this is mind, many stakeholders argue that strict targeting criteria (cash transfers are seen as possibly appropriate for those who cannot work and have no other form of support) and explicitly linking cash transfers to processes of growth (in this way also targeting people who are able to engage in the productive economy, such as via cash-for-work but ensuring that programme and institutional linkages to the wider economy are in place). Looking at it another way, the fungibility of cash may actually help to overcome the divide between welfare and livelihood promotion approaches by putting cash into the hands of those who need it as well as stimulating local trade and the local economy. In this way cash-based approaches may be a useful tool in linking livelihood promotion, production and humanitarian goals.

That said, two more issues around the potential appropriateness of cash transfers are raised in the report. One is the importance of functioning markets; in many places in Sierra Leone markets continue to be thin and so additional interventions, such as market response interventions, or combining food and cash transfers may be needed. Secondly, Darcy (2004:2) stresses the importance of any social protection programme in a post-conflict society addressing “threats of violence and persecution, coercion and deliberate deprivation as well as protection against loss of entitlement and economic vicissitudes”. Richards et al. (2004) argue that targeting categories of people through social status differences (e.g. based on gender, age etc. as many social protection programmes do) is unhelpful in addressing the root causes of social exclusion and discrimination in Sierra Leone because poverty and vulnerability also lie in unequal social relationships amid ruling and dependent lineages. It is unclear whether some existing social protection programmes may be reinforcing social discrimination by not addressing the root causes of post-war social vulnerability and poverty.

Feasibility

The war in Sierra Leone has left the country with extremely limited institutional capacity (both in terms of staff numbers and skills and resources) and also limited infrastructure (roads, financial systems). This is a key challenge to the implementation of cash-based approaches, but is not insurmountable. The capacity of the government may be limited, but the role of international actors is likely to be significant, at least in the short to medium term. Furthermore international experience shows that innovative delivery mechanisms in difficult contexts such as Somalia and Afghanistan can help to successfully implement cash transfers even where much of the infrastructure is lacking.

Corruption continues to be a significant concern in the implementation of any project in Sierra Leone. Public Financial Management Reforms and in particular the Public Expenditure Tracking Surveys (PETS) have gone some way towards providing accountable mechanisms in some of the key government departments, and the Ministry of Education temporarily hired a private company to set up delivery systems for school fees and build confidence in their delivery. These are positive steps towards addressing the challenges of corruption, and similar measures would also be vital for any implementation of a cash transfer. Stakeholders expressed concern that cash transfers would be much more susceptible to the risks of corruption, yet international experience shows that the risks are not greater in delivering cash, they are simply different. Identifying *where* corruption may occur in the process of implementation is hence key to addressing these risks.

Institutional co-ordination and linkages between ministries in Sierra Leone is limited. The linkages between individual government ministries, departments and agencies (MDAs) and international actors appear in some cases to be stronger, and there is an emphasis from NGOs and UN actors to try to strengthen government capacity and link in with existing government structures. There is certainly a concern that the extent of donor and international activity is such that parallel structures may be created by donor-funded agencies at the expense of aligning to existing government structures. Although international support is undoubtedly needed, it is also vital for the state-citizen relationship to be built back up and therefore crucial that government be responsible and be held responsible for delivery, something that the decentralisation process has been specifically designed to help achieve. For this purpose, developing institutional linkages and co-ordination across MDAs is as vital as building capacity within them.

Finally, no cash transfer scheme would be possible without information on who to target; however, much of Sierra Leone's ability to monitor its economy and population was destroyed during the war, and so there are few surveys on vulnerability in the country at the household level. There are a number of different targeting options, given levels of capacity and available information, but some of the key questions remain, including the following: simple categorical targeting may reduce the need for administrative capacity, but will targeting categories prevent the key social risks around social discrimination from being addressed? If more complex targeting mechanisms are used, such as means testing, are the administration costs and staff time feasible when considering scaling up at a larger scale? If community based targeting is used (which is currently used and suggested in the proposed pilot scheme) what additional mechanisms to ensure accountability are needed?

Affordability

Budgetary resources are very limited in Sierra Leone, and expenditure plans can be fragile and subject to frequent change. There are therefore likely to be clear limits to the scale of cash transfer interventions that Government could support without donor assistance.

Total government expenditure on social protection was budgeted at around US$1.5 million in 2006 and US$ 2.8 million in 2007. In per capita terms, this works out as around US$ 0.3 per person in 2006 and US$ 0.56 in 2007. Social protection expenditure is estimated at around 1.5 percent to 2.5 percent of non-salary, non-interest recurrent Government expenditure, 0.3 percent to 0.6 percent of total Government expenditure and a small fraction of a percentage of GDP.

Elsewhere in Africa, cash transfer schemes are in operation costing between 0.7 percent and 2 percent of GDP. Several indicative options for cash transfer schemes are proposed, in order to illustrate the level of resources required:

(1) Scaling Up the Ministry of Labour 'Social Safety Net' Scheme:

- 170,000 recipients = US$ 23.1 million (1.5 percent of GDP)

(2) Target the Bottom 10 Percent: Close the Poverty Gap

- 100,000 households = US$ 8.5 million (0.6 percent of GDP)

(3) Support Vulnerable Children (NaCSA Model)

- 200,000 recipients = US$ 31.68 million (2.1 percent of GDP)

Whether or not a cash transfer scheme is affordable will depend critically on donor support. Current donor programmes in Sierra Leone run into tens of millions of dollars, so there is definitely the potential for significant funding, as long as a viable and well-run scheme is proposed and demonstrated.

1. Introduction

This report is part of ODI's three year research programme (2006-2009) on "The role of cash transfers in Social Protection" which aims to address urgent research questions about the feasibility, appropriateness, effectiveness and impact of cash based assistance to inform and feed into ongoing implementation. This paper is one of a number of country case studies which have been selected for studying existing and emerging cash-based transfers.

Conceptually, social protection can be defined as encompassing a sub-set of public actions, carried out by the state or privately, that address risk, vulnerability and chronic poverty. Cash transfers are referred to here as a component of social protection in the form of social assistance. In particular cash refers to:

- Cash that is given to individual households, as distinct from communities or governments
- Cash grants, cash for work and voucher programmes rather than interventions such as monetisation, microfinance, insurance, budget support and fee waivers
- Cash as an alternative to in-kind transfers such as agricultural inputs, shelter and non-food items, as well as alternative to food aid distribution

Emerging interest in cash transfers in Sierra Leone

Sierra Leone is classified by UNDP as one of the poorest countries in the world. Its recovery from long running civil war and attempts to move away from emergency relief has now brought a focus on reconstruction. The PRSP (2005-2007) recommends the formulation and implementation of a national social protection policy to increase vulnerable groups' access to food, social services and other social safety nets as a key priority. The potential for cash transfers in particular is currently being discussed in Government and the National Social Security and Insurance Trust (NASSIT) is leading discussions with the government on a Safety Net/Social Assistance Programme. Furthermore, the Ministry of Labour is piloting a cash transfer to the elderly and most vulnerable and the Ministry of Youth and Sports is also implementing a cash-for-work scheme. The emerging interest around the potential for non-contributory cash transfers in Sierra Leone makes it an ideal case study to research issues around the appropriateness, feasibility and affordability of cash-based social protection programmes.

Aim of the paper

This paper has two main objectives. The first is to explore the institutional and political context of cash transfers in Sierra Leone which, it is hoped, will help to inform ongoing policy processes and debates on social protection and cash transfers within the country. The second is to learn from Sierra Leone's experiences to inform critical questions in the wider context of how cash-based safety nets could work where the transition from relief to development is in its early stages.

Research methodology

This paper is based on four key research components: i) examination of existing social protection and cash transfer programmes in Sierra Leone; ii) analysis of institutional interest in cash transfers in Sierra Leone iii) budget analysis of affordability of cash transfers in Sierra Leone[1] and iv) analysis of institutional capacity of Ministries in Sierra Leone. The research is based on a combination of primary and secondary data collection and analysis. Interviews were held with a number of Government Ministries, donors, UN agencies and NGOs (see Annex 1 for a list of interviewees); the literature on poverty and vulnerability in Sierra Leone was reviewed as well as various programme and policy documents; and a budget analysis was conducted[2].

Structure of Report

The next section of the paper maps out existing social protection interventions and the key issues emerging from them. Section three discusses the appropriateness of cash transfers in Sierra Leone, given the context of recovering from conflict and high levels of poverty and vulnerability. Section four looks at whether a cash transfer would be feasible in terms of existing infrastructure, institutional capacity levels and institutional co-ordination. Section five discusses the fiscal implications of budgeting for a cash transfer. Section seven concludes and reviews the options for different types of cash transfers which could be implemented in Sierra Leone.

[1] Where figures have been converted from Leones (Le) to US Dollars, the IMF rate for 2007 of Le 3,238 to US$1 is used

[2] Budget analysis conducted by Matthew Smith, Budget Bureau, Ministry of Finance.

2. Existing social protection policies and programmes in Sierra Leone

The context of poverty and vulnerability in Sierra Leone is complex and multifaceted. Sierra Leone's ten year war (1991-2002) destroyed most of the economic and physical infrastructure in the country. Mining was halted, farms abandoned, tree crop plantations and lowland rice fields returned to bush or mangrove. Social services outside Freetown virtually stopped with large-scale destruction of education and health infrastructure. The current poverty profile in Sierra Leone shows that the main poverty indicators are insufficient food, poor housing, poor health, high infant and maternal mortality, high illiteracy, limited access to clean water, and lack of money. Seventy per cent (3,360,000 persons) of the population are estimated to live below the poverty line[3] of Le 2,111 a day in Sierra Leone and about twenty six per cent (1.5 million Sierra Leoneans) of the population fall short of meeting the minimum nutritional requirement of 2700 calories per adult equivalent, falling below the food or extreme poverty line (Government of Sierra Leone 2006).

Social protection policy in Sierra Leone

At present, there is no stated definition of social protection in Sierra Leone policy. The Poverty Reduction Strategy Paper (2005-2007) recommends that a social protection policy should be developed and implemented along the lines of short to medium-term programmes relating to access to social services and food security to address the situation of vulnerable citizens (Government of Sierra Leone 2005). Box 1 shows the categories of people the government refers to as vulnerable citizens in Sierra Leone.

Box 1: Categories of the vulnerable in Sierra Leone, as defined in the PRSP

Amputees
Widows and female single parents
Widowers
Unmarried single girls/mothers
The aged or elderly
Street children
Children in conflict with the war
Homeless
Polio victims
Slum dwellers
Orphans
Discharged prisoners and child prisoners

Source: Government of Sierra Leone 2005

There is no clear definition however, of what types of programmes would fall under a social protection agenda in the country or what the objectives of a social protection policy would aim to achieve. Box 2 presents a general definition of social protection used internationally.

[3] Corresponding to daily per capita expenditure on food and basic needs

Box 2: Definitions of social protection

In a broad sense social protection is defined as referring to interventions implemented by the state, or those operating in the public interest, such as NGOs, to respond to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society (Norton et al. 2001). Devereux and Sabates-Wheeler (2004) suggest that the objectives of the full range of social protection interventions can fall under four headings: **protective** (providing relief from deprivation e.g. disability benefit, non-contributory pensions), **preventive** (averting deprivation e.g. through savings clubs or risk diversification), **promotive** (to enhance real incomes and capabilities) and **transformative** (which seek to address concerns of social equity and exclusion e.g. through anti-discrimination and sensitisation campaigns).

Operationally, social protection can be defined by sub-dividing it into three key components:

- **Social insurance** involves individuals pooling resources by paying contributions to the state or a private provider so that, if they suffer a shock or a permanent change in their circumstances, they are able to receive financial support. Social insurance is, in general, more appropriate for better-off individuals although it can have an important role in preventing them from dropping into poverty. Examples of social insurance include unemployment insurance, contributory pensions, health insurance
- **Social assistance** involves non-contributory transfers to those deemed eligible by society on the basis of their vulnerability or poverty. Examples include social transfers (non-contributory pensions, children welfare grants) and other initiatives such as public works and school or health fee waivers
- **Standards** refer to the setting and enforcing of minimum standards to protect citizens within the workplace (although this is difficult to achieve within the informal economy) (DFID (2005)

The rest of this paper focuses on social assistance programmes and discusses **cash transfers** as a form of social assistance. In particular cash refers to:

- Cash that is given to individual households, as distinct from communities or governments
- Cash grants, cash for work and voucher programmes rather than interventions such as monetisation, microfinance, insurance, budget support and fee waivers
- Cash as an alternative to in-kind transfers such as agricultural inputs, shelter and non-food items, as well as alternative to food aid distribution (ODI 2006)

Existing social protection programmes in Sierra Leone

Whilst a social protection policy might not be developed as yet, a set of different social protection programmes are already being implemented in Sierra Leone (See Table 1 and Annex 2) by the Government, international and national NGOs, UN agencies and key parastatal organisations, the National Social Security and Insurance Trust (NASSIT), and the National Commission for Social Action (NaCSA). NASSIT operates a formal, self-sustaining contribution-based pension scheme, and is not dependent on government or donor funds. NaCSA on the other hand is the agency tasked with organising the reconstruction and rehabilitation of the country's infrastructure, principally schools, health clinics, rural court buildings and other community structures. More detail follows on both these institutions in section 4.

Social protection programmes include agricultural inputs (such as tools and seeds), "one-off assistance" programmes which include combining skills training and a start-up kit in the form of trade tools or in-kind capital, food-for-work, food-for-training and food aid programmes and other in-kind assistance programmes which distribute clothing, shelter, other non-food items and scholarships for education.

Table 1: Types of social protection programmes in Sierra Leone

Types of Social Protection in Sierra Leone
Direct cash transfer
Cash-for-work
Public works (cash) programme
Contributory pension scheme
Small scale pension
Agricultural Inputs
One-off assistance
Food aid
Food-for-work
Food-for-training
Health Fee Waivers
In-kind assistance
In-kind and scholarships for education
School fee subsidy
School feeding

Source: Ministry of Development and Economic Planning (2007) and interviews

There are currently six relatively recent cash transfer programmes being implemented in the country: (i) a contributory pension scheme implemented by NASSIT; (ii) a direct cash transfer (pilot) to the elderly and most vulnerable implemented by the Ministry of Labour, Social Security and Industrial Relations; three cash-for-work programmes: (iii) one is implemented by the Ministry of Youth and Sports, (iv) another by the National Commission for Social Action (NaCSA), (v) and a small scale pilot implemented by an NGO; and (vi) a small scale pension for double amputees is also being implemented by an NGO. Furthermore, the NaCSA are currently planning a conditional cash transfer scheme (Box 3).

Table 2 shows in more detail the range of objectives, target groups and numbers of beneficiaries of these social protection interventions[4].

Household and individual characteristics tend to be used as proxy indicators to determine those in need of different types of social protection programmes. Works and training programmes, agricultural inputs and one-off assistance target a wide range of participants, but focus on marginalised or vulnerable groups (unemployed youth, women, ex-combatants etc.) who are able to *engage in productive activities*. Other programmes which provide welfare support such as direct cash transfers and food aid target the most vulnerable who have no other form of assistance and *are not able to work* (the elderly, the chronically sick etc.).

Programmes aiming to improve productivity tend to focus on reconstruction and longer-term development goals. For example, the agricultural inputs programme aims to improve food security and build sustainable livelihoods through increased agricultural production, and other programmes focus on developing skills for participants to build sustainable livelihoods, supporting the reintegration process and improving infrastructure. Alternatively, welfare programmes for the vulnerable with no ability to work aim to ensure that beneficiaries can meet their short term basic needs and help poor households access health and education services.

[4] Sources from programme documents, interviews held with stakeholders between 5-9th February 2007 and 23rd April – 4th may 2007, and NASSIT website http://www.nassitsl.org (accessed 11th July 2007)

The overall number of beneficiaries reached by the social protection programmes is small given the estimated 3million people living in poverty. A point to note is that the number of beneficiaries receiving WFP food aid (around 60,000) largely outnumbers the non-contributory cash transfer schemes (around 11,000 where numbers are available).

Table 2: Social Protection programme information and key issues

Type of Social Protection	Agencies involved	Target Areas	Objectives	Target Groups	# of Beneficiaries	Implementation issues	Key issues
Pilot direct cash transfer	Ministry of Labour	3 northern chiefdoms, 2 southern chiefdoms, 2 eastern chiefdoms	-Ensure basic needs can be met	-The elderly and most vulnerable with no other form of support	7,000	-Le 200,000 (approx. US$62) every 6 months (US$10 a month) -some recipients receive cash every 3 months, others every 6 months -Community targeting through Social Safety Net Committees	-started in January 2007 as a 6 month pilot -combination of cash and in-kind delivered
Cash-for-work (Youth Employment Scheme)	Ministry of Children and Youth	National	-employment for youth -consolidate peace process -meet immediate consumption needs -income generation -build infrastructure	-Ex-combatants -Unemployed youth -Returnees -Refugees	5,000	-Payment of Le150,000 per month (approx. US$46 a month, US$2 a day) -work includes cleaning streets, data clerks, work in agriculture -targeting through Youth Group Structures	-part of peace consolidation process -aims to graduate youth off the programme
Pilot cash-for-feeder road	GOAL (INGO)	Kenema	To build feeder roads in remote areas	Men and women	Unavailable	-Payment of Le4,000 a day (approx. US$1.20) -Programme runs for 3-4 months	-cash is used as incentive for building roads -underlying objective is building social cohesion
Public Works Programme (cash-for-work)	NaCSA	National	-improve infrastructure -provide income -complete reintegration process for ex-combatants -help build capacity of local contractors and local gov	-unemployed youth -women -handicapped	Unavailable	-40% of project funds go on wages (below $2.50 a day), the rest on capital equipment for the works	-Local private contractors implement the public works with community participation. -Is part of a peace-building exercise
Contributory pension scheme	NASSIT	National	To provide retirement and other benefits to workers and their dependents	Employers and employees	129,694 contributors. Few of these yet claiming benefits.	-Three contingencies covered are old age, invalidity and death - Delivered through the banking system (formal channels).	- The scheme is contributory, and not dependency on ongoing government subsidies.
Agricultural Inputs	Ministry of Agriculture (MAFS), NGOs, FBOs	Unavailable	-Increase agricultural production -Improve food security -Build sustainable livelihoods through asset building	-Farmers -Women -Female headed households -Elderly headed households -Youth groups	Unavailable	-MAFS targeting uses VAM data and community-based methods to target groups -MAFS inputs disbursed on rotational basis	- free grants perceived as creating dependence – a-10% return expected but challenges experienced in achieving this
One-off	UNDP,	Unavailabl	-Acquire skills	-Ex-combatants	Unavailable	-most programmes include job	-many programmes implemented as

assistance	GTZ, UNICEF, NGOs	e	-Business development -Sustainable livelihoods	-Unemployed youth -Youth groups -Girls excluded from DDR process		training (sometimes with food rations) and a start-up kit with in-kind capital	part of DDR process -exclusion rates often high -cash not seen as appropriate start-up kit
Pilot food-for-work	WFP and partners	(South) Bo, Kono (East) Pujehun, Kenema, Kailahun	-to assist participants and communities to become economically autonomous and food secure -help families move towards food security -reduce level of indebtedness in hungry season	-able-bodied men and women	5,000-7,000	-implemented through partners	-constraints in implementation capacity by partners -decision to provide food not cash -programme mainly runs from May – Sept -food in return for agricultural work, tree crop rehabilitation, rehabilitation of IVS swamps (for rice) as well as feeder roads
Food for training	WFP and partners	As above	-meeting food needs of beneficiaries -resettling refugees	-refugees	Unavailable	-other programmes implement skills training programmes and WFP provides participants with food	-number of women involved in training is very low
Food aid	WFP, partners, Ministry of Health, Ministry of Education	As above, also including Bonthe	-Improve food security -reduce child malnutrition -improve health and welfare	-Most vulnerable -Orphans -Widows with children -Malnourished children -The chronically ill -Disabled -Elderly -PLWHA	-50,000 – 60,000 beneficiaries	- Food is currently imported, WFP claiming that domestic production of the required foodstuffs (mainly bulgar wheat) is not yet high enough, although this could change.	-these beneficiaries are targeted because community members are unable to do so -assistance will improve food security and speed overall recovery -some concern over whether food aid the right approach for these groups
Health Fee Waivers	MoH		-Enable access to health care	-vulnerable and destitute groups			Criteria for exemptions scaled down b/c cost recovery systems
In-kind assistance	NGOs, FBOs	Unavailabl e	-Provide social welfare	-Orphans -Children -Elderly	Unavailable	Unavailable	Unavailable
In-kind and scholarships for education	MoE, NGOs, FBOs	MoE targets Northern & Eastern Provinces	-Access to primary school -MoE aims to increase access to secondary school for girls	-MoE targets girls -Disabled children	-MoE 24,144 girls in Junior SS1 -most girls who pass exams in target areas	-MoE support to girl child set up in 2004 -MoE distributes equivalent of Le250,000 per girl per year (US$85)	-MoE distribution of support to girls is highly political
School fee subsidy	GoSL	National	-Access to primary school	-All children	Unavailable	-subsidies are delivered to schools through banks	--started 1999/2000 -delays in delivery
School feeding	WFP, MoE, WV	South, East and Northern	-improve access to primary school -Improved nutrition	-School going children	271,000 pupils	-co-ordination of programme is based in Freetown -problems with disbursement of government funds	-additional aim is to support the recovery process

Box 3: NaCSA proposal for conditional cash transfer scheme

NaCSA are proposing a cash transfer scheme through their community-based-projects network, using capacity built up during the phase of construction of health or education infrastructure to target cash transfers at (the families of) vulnerable children in order to ensure that they can use the facilities. This scheme would use existing social capital built up through their community development committees.

At present, the proposal is at the planning stage, but has already received donor funding in order to fully write up the plans, and will soon be awaiting further donor funding with which to run a pilot scheme. More on this follows in later sections.

Source: Interviews

Table 2 also points to some of the key issues arising from existing social protection activities. These are discussed below with regards to delivery, targeting and programme design.

Delivery

Although Sierra Leone is a relatively small country, limited infrastructure (roads, financial services etc.) and government capacity mean that delivering social protection programmes face challenges. Box 4 discusses some of the key lessons arising from delivering existing programmes. It highlights that:

i) Staff and financial capacity of Ministries are a key challenge to implementing programmes, especially as the need to reach more beneficiaries increases.

ii) Limited infrastructure and transport constraints can increase delays of deliveries and hinder the impact of the programme

iii) Accountability is an increasingly crucial component of effectively delivering materials and payments. Whilst this is a continuing challenge, some mechanisms are being put in place to improve accountability, for example through Public Expenditure Tracking Surveys (PETS) or using private companies

iv) Banks are emerging (although are still by no means wide spread) in rural areas and can offer a more feasible way to deliver cash to some areas (currently to schools and paying salaries)

Public works schemes are generally understood to be a more expensive way of delivering resources to the poor than direct cash transfers, and wages typically comprise between 30 percent and 60 percent of the total programme cost (Subbarao et al. 1997). Indeed, the NaCSA public works scheme spends 40 percent of project funds on wages (below $2.50 a day) but in comparison to other recent public works schemes this is still quite low. For example, Ethiopia's Meket Livelihoods Development Project transfers 72% of the total project budget directly to beneficiaries through the monthly cash payment (Adams and Kebede 2005).

Box 4: Key issues in delivering social protection programmes

The **Ministry of Education's Support to the Girl Child** programme was set up in 2004 to distribute the equivalent of Le 250,000 (approx. $US77) per girl per year for girls' (secondary) education. This includes school fees and in-kind assistance such as uniforms and school materials for the girls. This programme has now reached a total of 24,144 girls in Junior SS1 and reaches most of the girls who pass the exams in the target areas (Northern and Eastern provinces).

When the programme started cash was physically taken to the districts. Ministry of Education staff report that this was an effective way of distributing funds at that time, but that they did not feel very secure carrying large amounts of money around. The package has now been revised however, because of the increasing number of children to support: the amount of money per child decreases as they go up school levels and cash is now delivered to schools directly through bank accounts, in principle if not yet universally in practice.

Sensitisation campaigns appear to have been successful as there is increased demand for the programme, but this comes with serious challenges around how existing Ministry of Education capacity can keep up with increasing numbers. At the moment the distribution process is highly political and time consuming: a big ceremony is held as Ministry of Education staff from Freetown distribute the materials and community representatives come from surrounding areas.

The **primary school fee subsidy** was introduced in 1999/2000 and initially the government passed money through local education secretaries. However, there were problems with money not reaching schools so a private company (KPMG) was brought in to curb leakages of funds. Now, almost every school has opened a bank account. Whilst there are still challenges, such as late delivery of fees, all regional headquarters have banks (some local areas also have banking facilities) and the local governments control the funds. This system has significantly improved the accountability of disbursing the subsidies.

The **Ministry of Agriculture's agricultural inputs** programme has faced a number of challenges. Transport is severely constrained by lack of infrastructure (particularly the poor state of feeder roads during the rainy season) not only in delivering inputs from the district to the farmers but also as farmers find it difficult to get to collection points for inputs. Limited staff capacity at the district level means that stocks of inputs are sitting at headquarters rather than being distributed and inadequate information for farmers means that they don't know what inputs to expect when, which negatively affects agricultural production. Furthermore improper record keeping makes it difficult to keep track of what has been delivered by the Ministry which has serious implications for accountability and PETS processes which are a significant part of making the decentralisation process work in Sierra Leone.

The **Ministry of Labour**'s recent experiences in delivering the **social safety net** is extremely labour intensive. Cash is delivered to the village level and is often then taken by bicycle to beneficiaries. The Ministry is largely working in isolation from other Ministries, and the time and staff capacity needed to deliver cash in this way is a key challenge, especially in terms of sustainability and potential scaling up of the intervention.

Source: Interviews

Targeting

All of the social protection programmes listed above target specific categories of the poor. The decisions to transfer public resources to the poor is entrenched in the overall policy context, and Farrington et al (2007) suggest that targeting is characterised by three stages:

- A set of policy decisions about (more precisely) who is to be supported through transfer programmes
- The processes of identifying those people, and of keeping such lists up-to-date
- The design and implementation of mechanisms to ensure that support is provided to those intended, with minimal errors of inclusion and exclusion

Farrington et al (2007) go on to explain that there is a fourth stage, of increasing concern to those mandated with monitoring the performance of transfer programmes, but as yet receiving little attention in practice, is that of ensuring that targeting criteria are simple enough, and information about them presented in a sufficiently accessible way, for even those intended beneficiaries with limited literacy to understand their entitlements.

Identifying these specific stages helps to structure the challenges of targeting social protection and cash transfers which were identified by stakeholders in Sierra Leone.

Poverty statistics in Sierra Leone estimate that over 3 million people are living in poverty (Government of Sierra Leone 2005) out of a population of, according to the 2004 census, 4.98 million. Table 2 above indicates that only a fraction of the poor population is receiving assistance from various programmes. The policy decisions about who is to be supported through cash transfer programmes are still being debated. There appears to be much more political acceptability in the perceptions of stakeholders to target direct cash transfers to those who cannot work and have absolutely no other form of support (e.g. the elderly, disabled and so on), but less so for those who could work. In this case, the enforcement of some kind of conditionality for cash transfers, such as labour, is needed to make the transfer politically acceptable.

In Sierra Leone identifying the poor is a significant challenge. There is limited data on poverty and vulnerability (the 2003/4 Integrated Household Survey has not yet been analysed) and what data there is, is piecemeal and often not shared widely between stakeholders.

Furthermore limited programme resources (staff, capacity, finances) put more pressure on a programme to reach their target groups without leakages and inclusion errors. Identifying and verifying target groups is a complicated process given the levels of poverty in the country, limited data on poverty and vulnerability and complex local social systems. Box 5 discusses the Ministry of Labour's challenges in painstakingly identifying and verifying their beneficiaries. The catch here is that although successful targeting provides a means of raising efficiency by increasing the benefits flowing to the poor from a fixed overall budget, in the Ministry of Labour's case, they are spending a significant amount of time and resources on perfecting this system. The questions here are both practical and political. Is the safety net scheme increasing its efficiency in targeting enough to validate the resources and staff time going into it? And, by doing so does it provide the political acceptability which is needed to ensure the sustainability of the programme?

Box 5: Challenges in targeting the social safety net

The Ministry of Labour's cash transfers programme specifically targets the elderly, and other vulnerable people who cannot work and have no other form of support. Targeting potential beneficiaries is done through a Social Safety Net Committee, which has been developed as a representative committee of the community (includes teachers, chief etc.), to follow guidelines by the Ministry of Labour to identify the most vulnerable.

The Ministry of Labour report that their biggest challenge is the verification of beneficiaries once they have been identified by the Social Safety Net Committees. A carefully designed form is filled out by external employees to weed out anybody other than those with absolutely no other form of assistance or ability to work. What is also an issue here is that targeting and verifying beneficiaries is not only on the basis of income or ability to work, but even more problematic to measure, is that criteria is based on social relationships. As the Ministry of Labour points out, a multi-step process goes into finding out if the targeted beneficiary has *anyone* supporting them – making this is an extremely difficult and time-consuming process.

Furthermore, Paramount Chiefs currently chair these Committees, and are involved in the scheme. Chiefs still hold a great deal of authority in rural Sierra Leone, in both legal terms and informally. One recent issue has been working out the balance of power between new District Councils and traditional Chiefs, an issue which is working itself out across the country but which plays a significant part in any community based programme.

Source: Interviews

The Ministry of Labour scheme, like many other of the social protection programmes, uses a combination of targeting methods and also relies heavily on the use of community targeting. Community targeting uses a group of community members or a community leader to decide who in the community should benefit from a programme and is a popular mechanism based on the idea that local knowledge of families' living conditions may provide more accurate criteria, more rapidly, more cheaply, and with fewer demands on human capacity than means tests conducted by a government social worker or a proxy means test (Farrington et al. 2007). However, community targeting can also expose the process to elite capture, and places costs on those charged with making the ranking – not merely costs of time and effort, but also of potential conflict with any who feel that they have been classified to their disadvantage (Ibid.). In Sierra Leone, complex community structures certainly make some of these concerns very real, but the limited use of monitoring targeting makes evidence on leakages or exclusion rates very difficult to substantiate.

However stakeholders did raise concerns around exclusion rates, especially following the DDR process where ex-combatants were often a prioritised target group at the expense of other vulnerable youth. Now programmes are looking to broaden their target group to other vulnerable youth, often specifically targeting girls. Indeed, a number of concerns were raised in interviews that women are particularly excluded from certain programmes. There are many factors which play into this, but the two most noted reasons for the exclusion of women is the way in which programmes are designed (e.g. manual public works), and that women are more invisible – they are not seen as a threat to peace, unlike the security fears that are associated with men.

Many of the programmes offering "hand-ups" as one-off assistance use existing youth group structures to target participants and are based on youths creating groups to receive assistance. Because there is limited monitoring of programmes it is unclear whether these are successful targeting mechanisms or whether using existing youth group structures may reinforce inequality and exclusion of the most vulnerable and poorest.

Programme design

A significant aspect of social protection programmes has been to design objectives to enable people to build sustainable livelihoods, largely through earning an income, or to address their immediate food security needs. Although often overlooked in the social protection discourse, in Sierra Leone skills training and start-up capital programmes have also been crucial elements in the post-conflict approach to reintegrate ex-combatants back into communities. Indeed, the broader agenda of many existing social protection interventions has been to build up social cohesion and community ownership. For the economically active group this has been done through re-integrating ex-combatants and providing young people in particular with livelihoods skills and capital or jobs.

3. Appropriateness

Before even considering feasibility or affordability, we need to establish whether or not a cash transfer scheme would be appropriate for Sierra Leone, a country recovering from civil war in the midst of extreme poverty.

Before the civil conflict the Sierra Leone economy was near collapse, with rapid inflation and a severe external payments imbalance. Richards et al (2004) argue that this was in large part underpinned by an agrarian crisis as a result of malfunctioning institutions (specifically, poor protection of the property rights of rural labour relative to landowners). The war worsened this problem by destroying most economic and physical infrastructure in the country; mining was halted, farms abandoned and tree crop plantations and lowland rice fields returned to bush or mangrove. Social services outside Freetown virtually stopped with large-scale destruction of education and health infrastructure. The present situation which poor Sierra Leoneans face includes food insecurity, poor housing, poor access to health and education services, limited access to clean water, and lack of money (Government of Sierra Leone 2005).

Many of the existing social protection interventions discussed in section 2 target *types* of vulnerable people (the elderly, women, youth) and aim to address the kinds of problems associated with the poverty indicators above through increasing access to basic services and improved nutrition, re-building infrastructure, and earning money through income generating activities. Richards et al. (2004) argue that the causes of poverty and vulnerability also lie in unequal social relationships amid ruling and dependent lineages. They argue that women, youth and strangers have been politically marginalised, and that the rural community is typically divided between leading lineages and the rest. Through this type of social analysis the authors argue that those most affected by poverty and vulnerability should not be categorised into clear and simple social status differences based on gender, age or local citizenship because the most severe poverty and vulnerability is mainly found among strangers and members of weaker lineages, due to difficulties in commanding labour power in a strongly seasonal agricultural system.

This all points to the need for a more thorough analysis and understanding of the dimensions of poverty and vulnerability in Sierra Leone but also importantly emphasises the different needs that social protection interventions may seek to address.

The common objectives for social protection interventions identified in Box 2 range between improved access to social services to promoting economic growth and social equity. However, Darcy (2004) and Devereux and Sabates-Wheeler (2004) argue that social protection interventions have tended to focus on addressing economic risks at the expense of risks associated with social inequality and exclusion. Darcy (2004) urges that in the aftermath of conflict it is especially important for social protection to conceptualise protection that encompasses “threats of violence and persecution, coercion and deliberate deprivation as well as protection against loss of entitlement and economic vicissitudes” (Darcy 2004: 2). This shows that a broader understanding of the *social* impacts of the war as well as the *economic* impacts is needed in a context like Sierra Leone, to recognise both the economic and social risks and vulnerabilities that the poor face.

Indeed, many existing social protection objectives in Sierra Leone do reflect this but perhaps do not address the underlying causes of the risk and vulnerability that Richards et al. (2004) and Darcy (2004) talk about. The multiple and often overlapping objectives of existing social protection programmes are complex and have, in general, prioritised the following: *welfare* (improved consumption, nutrition etc.), *growth* (promoting sustainable livelihoods through job creation, building infrastructure etc.), *social cohesion* (and building social capital by contributing to the peace process) and *reducing dependency* (by creating opportunities in employment).

Box 6 looks at some of the key reasons as to why some social protection implementers feel that it has been more appropriate to deliver social assistance through in-kind materials rather than cash. The question then discussed below is whether a targeted cash transfer intervention is appropriate in a context moving from relief to development.

Box 6: In-kind or cash assistance?

In-kind assistance or grants in the form of start-up capital such as tools, sewing machines, or agricultural inputs have so far been a far popular tool in post-war Sierra Leone than cash. Why are in-kind transfers seen as more appropriate? Three key reasons were cited by social protection implementers delivering in-kind materials. First, in-kind assistance has been seen as a better way of achieving the stated objectives of a programme. Organisations often have better access to the market for purchasing tools and inputs at a large scale and can receive more advantageous prices. Second, there was a fear (real or perceived) that giving cash to beneficiaries would lead to misinterpretation of programme objectives and build up an expectation from beneficiaries that they would receive longer-term assistance in the form of cash. This perception is not reported to be a problem with a start-up kit of in-kind materials. And third, WFP state that by giving food-for-work instead of cash supports existing community cultural practices in some areas of the country by feeding workers.

Conversely, the reasons for using cash in the emerging cash-based programmes in Sierra Leone have been based on the following reasons. First, that cash transfers can meet immediate income needs. Second, it puts cash immediately into the local economy and community. Third, cash can empower people by giving them choice and autonomy over expenditure. Furthermore, international experience suggests that cash transfers can be more cost effective which means more people can be reached.

Source: Interviews

Overcoming dependency

The issue of dependency was frequently raised in the course of discussions with Government and donors alike. In Sierra Leone the fear of creating dependency as the country moves from a relief to development agenda has significantly influenced the types of programmes that are implemented, their objectives, and who they target as well as views on who cash transfers should be delivered to and why.

Many post-war programmes have been designed or chosen on the basis of reducing dependency on “hand-outs” and promoting sustainable livelihoods. After years of humanitarian assistance most programmes aimed at people who are able to work have been especially anxious to move away from a culture of these indefinite “hand-outs”. Types of programmes are designed to not *create* dependency and also for people not to *expect* long-term handouts. This was made clear by some of the agencies implementing one-off hand-up assistance in collaboration with skills training components. They cite reducing dependency and enabling sustainable livelihoods a significant factor in choosing the most appropriate intervention for their target group. For example, the Ministry of Agriculture and Food Security’s agricultural inputs programmes aim to enable households to build up assets and become self-sustaining farmers. Seeds are given to one group of people with a 10% return expected from the farmers which will then be distributed among other groups in the community and so on. The rotational system was designed in part to stop beneficiaries perceiving that the government was just giving free handouts as well as trying to ensure the financial sustainability of the programme.

Finding alternative programmes to “hand outs” for those who have no form of income or any social support has been more difficult. There is an emerging view from the post-conflict era that food aid may not be the most appropriate response in the long term for this target group even though it tends to be the dominant approach. Whilst the social safety net programme is experimenting with cash transfers along side food, other interviewees talked about the need to move away from targeting food aid at the poorest to building up community capacity to provide informal safety nets to those most in need.

It is clear that on the one hand the issue of dependency is a real perception which is influencing policy, yet on the other hand there is little evidence to back up these concerns in practice. Harvey (2007 pers. comms. July) argues that through the civil war in Sierra Leone humanitarian aid was so erratically delivered, targeted and ad-hoc in its coverage that there is little real likelihood that anyone could *depend* on hand-outs. There is no evidence that hand-outs make people lazy, but the long period of relief has probably conditioned people’s expectations of what international agencies are likely to do and how to engage with them (Harvey and Lind 2005).

Whether or not there is hard evidence around resource transfers creating dependency, the reality in Sierra Leone is that the discourse around dependency is a fundamental blockage to the adoption of direct cash transfers – which are at root a long-term hand-out. Whilst there is also no evidence from other countries experiences in delivering cash transfers to suggest that they significantly lead to increased dependency (Leisering et al. 2004 cited in Schubert 2005) there is a need to challenge the dependency discourse in Sierra Leone and make the case for long term support for those people unable to develop sustainable livelihoods by other means.

As such, the Ministry of Labour’s cash transfer scheme’s targeting criteria is critical in the political acceptability of the programme: only the very poorest and most vulnerable are seen as deserving direct cash transfers as it is understood that those receiving the money are people who have absolutely no other form of support and are unlikely ever again to be able to be engaged directly in economically sustainable activities.

Whilst strict targeting criteria may overcome some of the challenges around dependency for the most vulnerable target groups, there is a real question over whether a fear of dependency has promoted the need for social protection interventions to focus on one-off grants and long-term livelihood promoting activities at the expense of meeting short term needs for the economically active group. This was expressed in some discussions over the Youth Employment Scheme. It critics argue that it is too short-term in nature and lacks a vision for long-term sustainability. There is fear of creating dependency on this programme because it is regarded as having limited or no linkages to longer term skills or employment structures. UNDP (who are supporting YES) however responded that there were firm plans to incorporate this kind of long-term vision as the scheme develops, but that short-term needs were also extremely important in building peace and meeting short term income needs.

In any case stakeholders expressed the need that any transfer programme in Sierra Leone should involve building structures to empower people rather than give them straight transfers, and importantly cash transfers should not be seen in isolation of other programmes. Cash transfer programmes, like other resource transfers, need to be implemented as part of a wider poverty reduction package, and this is discussed in more detail below.

Poverty reduction and livelihood promotion

There is clearly a need in Sierra Leone given the post-war levels of chronic poverty and deprivation for welfare support to the poor as well as the need to kick-start the economy. Whilst the Government of Sierra Leone has not yet clearly defined the objectives of social protection, Section 2 showed that there is a preference for social protection to target the most vulnerable people to become food secure and enable access to basic social services. However, in practice there are also a number of schemes which aim to promote livelihoods and growth. Indeed, interviews with donors and international agencies tended to view social protection and cash transfers as potentially relating much more to growth processes than providing welfare (Box 7).

Box 7: Donor and international agency views on cash to support growth

Some donors suggested that they would seriously consider supporting the use of cash transfers. One reason for this is clearly because of the increased learning around cash transfers in other countries. Save the Children reported that they are thinking about a cash-transfer in their livelihoods programme and linking it with livelihoods training for vulnerable groups of girls, but would require some degree of self-organisation amongst the groups of girls targeted by the scheme. WFP currently operate a food-for-work scheme in order to engage youths in jobs, and would consider a cash-for-work scheme if it could be administered effectively, partly in order to boost the level of savings and investment (although currently some do manage to save by using the food received for work as a fungible good). The donors interviewed largely agreed on the idea of cash engaging beneficiaries in income-generating processes and suggested that cash must be a way to get people into the growth process.

Interestingly, one interviewee noted that they would only seriously consider developing a cash transfer scheme (cash-for-work or direct cash transfer) if the level of vulnerability and food insecurity increased to critical levels where people were selling off productive assets in order to obtain food and quick cash; at present, they see training, skills and employment as more useful[5]. Clearly there is a mix of objectives between what a cash transfer should aim to achieve – as a safety net in emergencies, as welfare support to meet basic needs, or as means for productive investment.

Aside from the potential impacts of a cash transfers programme in Sierra Leone, the wider political context was also discussed by key stakeholders. There is a concern that giving cash to citizens is explicitly linked to government popularity and is a visible way to get votes. This was also a common complaint in the press concerning Government micro-credit programs. If incipient programs - including current pilot schemes - are to gain donor support, they must be at great pains to demonstrate that they are politically neutral. In this light, the sustainability of the social safety net scheme after the elections will go some way to determining whether its initiation has been primarily to address the needs of the target population, or more to provide advocacy for the government.

Source: Interviews.

In fact, even where social protection programmes are intended as welfare schemes they often have positive effects on production (see Box 8).

[5] It would be interesting to explore this comment further – whether this is based on this NGO experience of cash transfers elsewhere (e.g. cash transfer for food crisis in Malawi and Zambia 2006)

Box 8: Building multipliers and overcoming distortion

Since targeted households are 'destitute', often headed by elderly women with little capacity to work and containing a high proportion of children, especially orphans, a pilot cash transfer programme in Zambia, covering the poorest 10% of households in 143 villages and 5 townships, was established on the premise that additional purchasing power would create multiplier effects for the local economy.

As a December 2004 evaluation confirmed, the local economy was stimulated through the purchase of food, soap and blankets, but also of agricultural inputs. New forms of labour exchange emerged as destitute, labour-constrained households used their cash to rent in labour and draught power in order to plough and weed fields. Field visits suggested that transfers have not had inflationary effects on input prices, nor distorted local labour markets (which food aid is reported to have done in 2002 and 2003).

Finally, cash enabled households to make investment decisions between agricultural sub-sectors (for example maize versus small stock production) in response to real market signals, rather than signals distorted by inputs.

Source: Schubert and Goldberg (2004), cited in Harvey et al. (2005)

If appropriately designed, Box 9 shows that there are number of ways in which social protection can contribute to growth.

Box 9: Social Protection and Growth

Social protection can contribute to growth in the following ways:

- It helps correct market failures that contribute to poverty;
- It enables risk-taking livelihood strategies;
- It facilitates investment in the human and physical assets that can increase returns to economic activity as well as reduce the risk of future poverty. In this sense, it contributes to two of the objectives of pro-poor growth and moves well beyond welfare;
- It facilitates more rapid recovery from exposure to risk for those less able to recover quickly;
- It can include the non-active as well as the economically active poor;
- It reduces behavioural responses to vulnerability, such as postponing healthcare or switching to poor quality foods, which are understandable in the context of vulnerable households, but restrict growth and development in the medium and long run;
- It reduces incentives for unproductive and antisocial behaviour;
- By providing strong safety nets and fostering social cohesion, it also facilitates positive social and economic change and reduces the likelihood of conflict.

Source: Shepherd et al. (2004) cited in Longley et al. (2006)

Furthermore, Darcy (2004) refers to the importance of social policy in post-conflict and transitional settings as a driver for growth (based on 2002 World Bank study). He suggests that in part the effect of the government's commitment to reconciliation and rehabilitation can encourage private capital flows (e.g. remittances, private sector investment) back into the country which matter for growth (Darcy 2004: 17).

Therefore, social protection can be important in promoting an enabling for growth as well as contributing to the growth process. Crucial to an understanding of how cash transfers in particular can relate to the productive environment is to understand that resources flow freely between domestic and productive environments, so that to prevent a crisis in one can impact positively on the other (Farrington et al. 2007). Where agricultural inputs may be sold by a household to meet immediate income needs, for example if a household member has suddenly become ill, receiving a cash transfer may mean that resources are not taken away from productive activities. Indeed, cash-based approaches have the advantage of being able to bridge the divide between livelihood protection and livelihood promotion, as one of the benefits of cash transfers may be that different types of households can use the cash in the way that best suits their specific needs (Slater et al 2006: 5).

Moreover, emerging evidence suggests that even small amounts of cash transfers, can contribute to stimulating the local economy and trade through increased local demand for food and other goods. Income given to poor households is often also spent productively (e.g. pensions spent on children's health and education, investment in small assets etc.).

Longley et al. (2006) suggest that given the acceptability of cash-based interventions in both the humanitarian and development sectors there could be potential for the implementation of cash-based transfers in an early phase of a social protection trajectory. They may provide a way to link the interaction between livelihood promotion, social protection and humanitarianism (Longley et al. 2006: 33) which aims to address different aspects of vulnerability through measures to deal with i) chronic crisis and/or structural vulnerability, ii) temporary shocks or crisis iii) social and humanitarian protection to prevent suffering and destitution and iv) livelihood promotion to build resilient livelihoods (Longley et al. 2006: 33).

Functioning markets

In addition to understanding how cash transfers could support people's livelihoods is the importance to understand how local economies and markets work (Harvey 2007). Critical to the implementation of cash transfers and the potential to stimulate the local economy is whether people will be able to buy the goods they need.

A real concern in Sierra Leone is the functioning of local markets, which despite developing are still in general extremely thin, especially during the May – September period where food is often in short supply. This is especially true in rural markets where roads are often impassable for part of the year, and where production in many areas is barely above subsistence (Jackson and Wiggins 2007). WFP (2007) cite that communities reveal a strong preference for receiving food rather than cash, in part due to local markets having no rice or cereals at certain times of the year, and that reaching markets can in some places incur substantial transport costs and time for beneficiaries. Certainly one of the key pre-requisites to understanding the appropriateness of cash is to undertake a market analysis. In some areas simultaneous market support interventions may be needed, or a combination of cash and in-kind transfers.

Rebuilding social cohesion and social capital to contribute to the peace process
Current social protection programmes in Sierra Leone explicitly aim to contribute to the peace process and support re-building community relations given the nature of the civil war. Different agencies have different views about how this can be achieved in the post-DDR context. Some agencies aim to do this through meeting short term needs of youth, mainly young men, by providing immediate employment and thus providing them with income but importantly, providing them with something to do. Others have focused on a more long-term strategy by trying to create an environment in which they are able to find employment through skills training and start-up capital. Furthermore, a great deal of NaCSA's work is based on community driven development and inspired by the need to overcome past discrimination and exclusion in assigning help to those who need it rather than perhaps those who are politically connected.

Richards et al. (2004) suggest that there a number of challenges to really being able to re-build social capital and contribute to the peace process. They suggest that there is not enough knowledge or understanding about the “disappeared” youth – the young people who leave the villages, or the ex-combatants who were marginalised from DDR. This gap in knowledge could create a critical problem in the peace process which aims to rebuild communities (as was done under the National Social Action Project) if it doesn’t include the disappeared youth in a more stable and committed relationship to the rural structure (p54).

Furthermore, institutional community structures built after the war serve to reinforce pre-existing social inequality at the village level. A case in point is the existence of Village Development Committees (set up in part to channel humanitarian assistance in the mid-1990s) which are referred to as an institute of the “rural elite” which comprise teachers, nurses, imams etc. but with no mention of farmers, or the poor (Richards et al. 2004: 24).

Evidence on cash-based approaches have shown that giving cash to recipients can be empowering, but additional measures are certainly required to address the root causes of post-war social vulnerability and poverty. Here, Devereux and Sabates-Wheeler’s (2004) notion of transformative social protection is particularly important in addressing forms of intra-community discrimination as well as building community empowerment and accountability mechanisms.

The lack of coordinated strategy in Sierra Leone over the way in which social cohesion should be tackled raises the question of whether social protection programmes are aiming to address the needs of the groups which pose the most risk to disturb social cohesion rather than addressing the root causes of social inequalities in the country. This raises a further question of whether social protection interventions targeted at these groups could be actually exacerbating inequalities rather than reducing them. Archibald and Richards (2002, cited in Keen (2005)) suggest that a common idea brought up in village-level discussions is that ‘there should be no selection on the basis of presumed need’ (Keen 2005: 304) because everyone is in the same boat, and that ‘selection brings division, and division brings war’. It is clear that there are varying needs in the country, but also that the average level of income and consumption is extremely low by international standards. Particularly in a post-war situation, attention must be paid to these complexities in the design of a scheme.

Is cash appropriate?

If designed and targeted effectively, dependency should be perceived as no more of a problem in cash transfer programmes as other resource transfer programmes. However, there is a need to recognise that debates around cash transfers are imbedded deeply in perceptions around dependency, which itself is entwined in the political context (both nationally and internationally), and as such these perceptions have a significant influence on the design of any type of programme.

In well integrated areas cash transfers can be an appropriate response for the levels of economic poverty and vulnerability in Sierra Leone, both in providing welfare support, promoting sustainable livelihoods and stimulating the local economy. Much less is known about how cash transfers could really help social cohesion objectives and contribute to the peace process but this is a crucial component of any successful social protection project in Sierra Leone. Indeed, Longley et al. (2006) suggest that the key to appropriate social protection mechanisms in post-conflict situations lies in an adequate definition and understanding of vulnerability that incorporates notions of powerlessness.

4. Feasibility

Just because a cash transfer scheme might be appropriate does not mean it is necessarily feasible. As is the case in many Sub-Saharan African countries, Sierra Leone has an acute shortage of infrastructure, human capital and organisational capability. The situation is particularly severe in Sierra Leone however as a result of the civil war interrupting education and causing many educated Sierra Leoneans to flee; one estimate suggests that up to 50 percent of University educated nationals are living abroad (Docquier and Marfouk 2005). Children and youth were particularly badly affected in a country that became a byword for child soldiers, abduction and indoctrination, to the extent that talk of a lost generation is not entirely without justification. Informal evidence suggests that many rural inhabitants receive remittances from friends and family in the cities, typically on an informal and ad hoc basis.

This problem is recognised explicitly in the number of post-conflict government and donor programmes and projects that have focused on infrastructure (particularly rural) and institutional capacity building. Yet infrastructure remains poor, and it is also likely that Government will continue to operate on very low human capacity for some time given the low salaries that are the norm in most Ministries, Departments and Agencies (MDAs).

When combined with the prevalence of patronage in wider society, underdeveloped infrastructure as well as corruption presents very real risks to the undertaking of any distribution of resources, and particularly of cash due to its fungibility and portability. In this section we will examine these issues, as well as look at current Government service delivery in the regions as well as donor interest in supporting cash transfers, to attempt to evaluate whether a cash transfer scheme would be feasible in the Sierra Leone context.

Infrastructure

Sierra Leone has an emerging network of regional banks, but coverage outside district towns is still non-existent, and no formal substitute (e.g. post offices) currently exists. The Ministry of Labour social safety net pilot team is hence delivering the cash by hand from Freetown, which clearly is not viable for a full national scheme. Payment to teachers and health workers, previously collected by head-teachers and senior health workers from Freetown, is beginning to occur through bank accounts now that the bank network is expanding through the regions, but this process is still in the early stages.

Remittances from the cities to rural areas are still largely sent through informal networks (i.e. by hand), which is presumably why official remittance figures appear so low. The office figures between 2002 and 2004 show an average of US$24 million remitted from abroad back to Sierra Leone, but the true size of remittances including unrecorded flows through informal and formal channels is believed to be much larger (Ratha and Xu, 2007). Even so, remittances are thus an important existing sort of cash transfer which is likely to be much larger than any government scheme could implement in the near future.

A lack of infrastructure and developed institutions will also increase the likelihood of a delay in the delivery of money, and also increases the risks involved in the transfer of large sums of money, something that is considered in more depth below. The World

Bank country economist expressed concern at the lack of banking services in the regions, and the resultant possibility that cash would be transported directly from Freetown, being much harder to secure and audit. Some rural inhabitants do travel to regional centres fairly frequently to trade, but many, especially the poorest rural farmers, do not.

Whilst these are very real concerns, there is often a tendency to underestimate the scale of existing (and previous) transfers where significant levels of resources, requiring considerable implementation capacity are often being delivered (Harvey and Holmes 2006). In Sierra Leone, with local councils and, increasingly, schools, now being paid into bank accounts up country it is however possible that this infrastructure will improve enough in the coming years to make such transfers viable. Even in the short term when banking or financial systems are not widely available, emerging evidence from other countries shows the many ways in which innovative delivery mechanisms can overcome some of these challenges. In the difficult contexts of Somalia and Afghanistan remittance systems have been used to minimise the security risks of transferring money in conflict environments (see Box 10). In other areas, banks are used where they are accessible, and even remote areas can be reached where contracts have been signed with banks to deliver mobile services (Harvey 2007).

Box 10: Transferring cash in Somalia

In response to the humanitarian emergency of 2006 in southern Somalia, a consortium of five agencies implemented a cash-based intervention using an innovative approach previously developed and implemented by Horn Relief in the more secure north of the country.

Working with Dahabshil, a money transfer company, was reported to be critical to the success of the cash interventions. Dahabshil took on all of the financial risks and logistical tasks in order to complete the distributions. To do this they were paid a commission of 7.5% of the overall monetary value of the transfer. This compares to the usual 2-3% charged to transfer money from point to point.

Handing over the cash aspect of the project to Dahabshil went very well with the vast majority of people – generally 90% or more – receiving a) the full amount of the money allocated, b) in the timeframe explained to them, c) in a convenient location.

Source: Majid and Hussein (2007)

Central Government Capacity

Government capacity had progressively deteriorated for at least two decades by the end of the civil war in 2002. With a great deal of international support it is in the process of being rebuilt, but a great deal is still to be done. Brief assessments follow of capacity of key Ministries likely to be involved, or already involved, in a cash transfers scheme; one point to remember is that most Ministries, Departments and Agencies implementing major programmes or projects tend not to work directly through central structures but establish a Project Implementation Unit (PIU), partly as a result of low capacity within Central Government.

Ministry of Labour

The Ministry of Labour in general focuses on industrial relations and work permits, both administrative roles, which differ substantially from the logistical expertise required to run a cash transfer system.

However, the social safety net pilot scheme runs out of the Ministry of Labour as outlined above, in a separate sub-department. It involves teams of 12 people in order to disburse the money to villages. Staff members in interviews made very clear that the process is extremely time-consuming; indeed, Ministry capacity did not exist to carry out the pilot plans, which hence required the hiring of dedicated staff.

A large scaling up of the program would require many more facilitators to be hired and trained. Those currently running the pilot scheme are employed temporarily using a current budgetary allocation that is not necessarily sustainable. Indeed, the coordinator of the program cited the number of staff as a major constraint, especially a lack of regional coordinators and the fact that most program staff are not on the regular Ministry payroll. Standard Government salaries are rudimentary.

Ministry of Social Welfare

The Ministry of Social Welfare currently focuses on child welfare issues, principally lobbying, communication and family remediation services but on a limited scale due to a lack of funds. Capacity in the Ministry is not geared towards carrying out large-scale programs involving complex logistical challenges, and the Ministry is very poorly funded and under-staffed even compared to other government ministries.

However, the Ministry, with donor support, has set up child welfare committees across the country, which are active (if in general poorly supported and funded), which could be one method of organising local targeting or disbursement of funds if the target group were to be vulnerable children (see below).

National Commission for Social Action (NaCSA)

NaCSA's main focus is on the National Social Action projects, which fund the construction of infrastructure projects nationwide. They have acquired a strong reputation for the amount of infrastructure projects they have been able to complete across the country, notably schools and health clinics. Yet they have a relatively small number of staff (2 per district in addition to the Freetown office). Their model has hence been a decentralised one, building capacity in communities (centred on community development committees) to manage projects whilst engaging contractors to carry out the actual construction.

NaCSA's proposed conditional cash transfer program is intended to work through the same community development committees, both to target beneficiaries and to disburse the money, although precise modalities have yet to be established as part of the full pilot proposal. Whether such an approach would work as well for the targeted disbursal of cash as it has for the construction of buildings is unclear, and depends to a large extent on the broader framework designed by NaCSA, for example whether it is possible to contract out the transfer of money to the district or chiefdom level to a private agency, or to route it transparently through marked bank accounts.

National Social Security and Insurance Trust (NASSIT)

NASSIT has strong analytical and logistical capacity, but is geared firmly towards a contributory pension scheme and is unlikely to engage in a direct manner in a non-contributory system of cash transfers in the immediate future. However, the institution also provides an oversight role for the whole social protection environment, and is currently carrying out a pilot survey of national social protection needs; this can be expected to contribute strongly to any future cash transfers programme in Sierra Leone.

Decentralisation

Key Ministries are already in charge of delivering large amounts of in-kind goods services across the country, notably the Ministry of Health with the national network of clinics dispensing health assistance and medical drugs, the Ministry of Education providing education and educational materials, and the Ministry of Agriculture coordinating the provision of Farmer Field School services and farming inputs. As outlined in Box 11 many of these functions are being devolved to local councils.

Box 11: The Decentralisation Process

The local councils were abolished in Sierra Leone under the rule of President Siaka Stevens in the 1970s. Following the resumption of civilian rule in 1996 the country has reinstated this system of local government, more effectively since the war ended in 2002.

There are now 19 local councils (14 district councils and 5 town councils), elected in 2004 in Sierra Leone’s first local elections in three decades. Functions are gradually being devolved from central government MDAs, beginning with health and education from 2005 and since expanding to 16, supported by the World Bank-funded Institutional Reform and Capacity Building Project (IRCBP) through a Government Decentralisation Secretariat (DecSec) and the Local Government Finance Department (LGFD) of the Ministry of Finance. Functional devolution is accompanied by the transfer of fiscal resources (through local government grants) and the transitional assignment of MDA staff to help roll out devolved services.

Performance varies both across councils and in terms of functions devolved (with healthcare generally perceived to be working fairly effectively relative to the other early devolved functions), and there are teething problems with regard to capacity and local authority (with regard to traditional chieftancy systems) as well as budgetary allocations and disbursal.

Nevertheless, the councils are widely seen as being a very positive step towards improving the democratic mandate by which Sierra Leone is governed and may become increasingly effective in coming years. No major cash transfer scheme could be expected to function without support and input from local councils.

Critical functions in need of further development for local councils, and particularly for any involvement in the disbursal of funds for a cash transfer scheme are those of accounting, auditing, monitoring and reporting for all funds and activities, again functions which vary in quality across the local councils.

Accountability and Corruption

Given the high level of corruption in Sierra Leone (the country was ranked 142 out of 163 in the 2006 Transparency International rankings) this is clearly a major concern particularly for donors and NGOs, among whom it was raised across the board. According to some, cash is more susceptible to theft; WFP suggested for example that cash is more prone to fungibility than in-kind assistance, partly because distribution is harder to monitor (a truck turning up in a village is very obvious, somebody with a bundle of notes in their pocket much less so), but also because low-grade food assistance is less likely to attract interference from powerful local and national figures. This has led some agencies to prefer in-kind assistance.

Whilst it seems like corruption is a greater risk in cash-based programmes because it is a more attractive commodity than in-kind assistance, there is little evidence of this in practice in other countries. Harvey (2007) argues that instead of seeing cash as more risky than other resource transfers, it is better to see cash as presenting a different type of risk profile (p 32). He argues that by far the most important issue is to understand where these risks lie and act to minimise them (ibid.) Indeed, in Sierra Leone, UNDP are already carrying out a financial capacity assessment in the Ministry of Youth and Sports (carrying out the YES) before financially supporting the program, and will be setting up financial accountability systems and hiring their own staff to support and monitor the process inside the Ministry if their involvement occurs.

Importantly, it is not just accountability mechanisms in the institutions where cash is being implemented which incur risk of corruption. Harvey (2007) argues that community targeting creates incentives for local committees and powerful elites to manipulate beneficiary lists. This is certainly a challenge in Sierra Leone where hierarchical community structures have a great deal of influence on who receives resources (in-kind or potentially cash, e.g. see section below on targeting beneficiaries). One way of reducing the risk of corruption is by being as transparent as possible about the amounts people are entitled to (Harvey 2007).

The Ministry of Finance has been carrying out Public Expenditure Tracking Surveys (PETS) for a number of years, tracking the effectiveness of existing distribution networks. Early surveys (beginning in 2001) highlighted very high leakage of resources, including, in 2002, 94.3 percent of medical drugs going missing. Distribution of (loaned) seed rice and other agricultural inputs was slightly more successful, yet problems with repayment by farmers and with the timing of delivery of the inputs led to problems.

In an attempt to bypass these problems for the distribution of the school fees subsidy to schools, in the 2002/2003 Autumn term the Ministry of Education hired a private accounting firm, KPMG, to pay the school fees subsidy direct to head teachers of primary schools, an arrangement which carried on for several years, following a successful audit by KPMG of the number and location of schools across the country. The banking system at that time was extremely limited outside Freetown, so the monies had to be transported physically from the Capital. Similar to the Dahabshil experience in Somalia, KPMG took on all the financial and security risks themselves. In the initial year of this arrangement, schools reported receiving 81.5 percent through KPMG (the deficit here includes KPMG’s 10 percent service fee, meaning a loss of 8.5 percent) as opposed to just 58 percent of the intended amount, or a loss of 42 percent when transferred through the former public sector arrangements. However, the initiation of direct payment into bank accounts means that the involvement of KPMG is no longer necessary.

The amount of resources reported as received by schools, clinics and farmers organisations in the field has improved in recent years according to more recent PETS reports yet problems are likely to remain, as this quote from the 2004 report makes clear:

“The survey findings manifest poor records management and weak internal controls at all levels in the sectors covered by the survey. The lack of accountability created room for leakages and likely mismanagement of funds as budgetary resources flow from line ministries to the District Officers and service delivery facilities.”

Moves towards the resolution of these issues are vital for the good workings of any proposed cash transfer system. Whether the distribution of such funds would take place initially through a private contract as with KPMG whilst domestic capacity were built up, or whether some other arrangement would be necessary, including perhaps partnerships with non-governmental and UN actors. This is arguably what is already happening in the case of social transfers of food aid through WFP and its implementing partners (Harvey and Holmes 2006).

The Role of Donors, NGOs and International Organisations

Donor and NGO Policy Positions

Given that such a high proportion of Sierra Leone's GDP and government expenditure is provided by foreign donors, a major cash transfer scheme would almost certainly need donor involvement. It is therefore essential to assess to what extent donors would be willing to support such a project. Such support is viable, but highly conditional, particularly with regard to some of the challenges raised in Section 5.

Interviews with donor and NGO agencies in Freetown made it clear that, whilst cash transfers have not until now been a part of the policy dialogue nationally, they are increasingly coming to prominence in other areas of the world and in terms of international policy dialogue from headquarters.

The DfID social development advisor in Sierra Leone suggested that cash transfers are very much on the agenda in London following experiences elsewhere, as well as the recent White Paper promises, hence the country office would be supported in funding a cash transfer scheme. Similar views were heard during interviews with Save the Children and CARE. There is clearly then institutional interest as well as emerging experience from country offices elsewhere that is fuelling interest in Sierra Leone and hence, there is a strong potential for interest in the future, particularly if a compelling case can be made by Government that assuages some of the doubts and uncertainties held by donors.

The question of how such a scheme could operate viably in an environment as difficult as that found in Sierra Leone is key to firm support, and would depend critically on the specific details of a scheme designed by government. It was made very clear that any cash transfer scheme would need clear monitoring and evaluation of the organisation and impact of the scheme, especially with regards to the threat of corruption. Likewise, clear ground-level analysis of how such a scheme would operate effectively would be needed before committing.

In summary, sound distribution mechanisms, correct targeting and accountability are critical. Sierra Leone currently has very underdeveloped institutions in this area across government and civil society, which will present a great challenge to any design for a workable cash transfer system. Lessons from the Ministry of Labour 'social safety net' pilot scheme and the potential NaCSA pilot will be vital in assessing whether such a system is possible on any large scale.

Linkages and Coordination

One point raised time and again in the course of our interviews is that there is a serious lack of linkage and information sharing between Ministries in general. Formal channels of communication are rare, and there is hence frequently a great deal of uncoordinated activity. NaCSA for example were involved in the early stages of the Ministry of Labour pilot but claimed not to have been included in the later stages at all, despite being in the process of designing a pilot cash transfer scheme themselves. This is something that has to improve if any coordinated effort were to be possible.

Donor-government coordination is by-and-large slightly better and strategies of both NGOs and the various UN agencies operating in Sierra Leone often centre on attempting to build the capacity of local civil society organisations and communities more widely to become self-sufficient.

One example of a joint-initiative that does seem to have yielded some results is the development of child welfare committees (see Box 12) following the end of the war. UNICEF, Save the Children and others supported the Ministry of Social Welfare in setting up a national network of child welfare committees and continue to support the Ministry now that they have official control of the network. The UNDP are also investing heavily in capacity at the Ministry of Youth and Sports as part of the YES. Donors of course are also heavily involved in institution building within Sierra Leone, with the British Government and DfID in particular funding a wide range of capacity-building exercises from military assistance and training to Justice Sector reform and much more.

Box 12: Child Welfare Committees

In support of the Ministry of Social Welfare following the end of the war, UNICEF, Save the Children and others helped form child welfare committees across the country, with the target being one committee in every chiefdom in order to coordinate efforts to improve child welfare undertaken by the UN, NGOs and government, and to liaise with other local structures including local councils and the police. They include local Chiefs, civil society, local government officials and representatives of central government and the police.

These committees are now under the supervision of the Ministry of Social Welfare but were originally set up with heavy donor involvement; Save the Children supported child welfare committees in Kailahun and Pujehun districts with training and basic materials (including bicycles) for example.

Often under-funded, the committees nevertheless provide a solid institutional structure through which assessments as to child welfare and the possibilities for cash-based support to this target group could be routed.

Similar experiences with these types of committees exist elsewhere. For instance, Zambia's cash transfer scheme relies heavily on a hierarchy of community committees that work on a voluntary basis. At village level there are Community Welfare Assistance Committees (CWACs), which cover an area of 200 to 400 households. The members of the CWACs are elected or approved by the community. The CWACs network with other village level committees working in the social sector. The next higher level is the Area Coordinating Committees (ACCs) which coordinate between 5 and 10 CWACs. The ACCs are in turn coordinated by the District Welfare Assistance Committee (DWAC). Each CWAC receives some training conducted by the District Social Welfare Officer (DSWO). The CWACs use a multi-stage participatory process to target the 10% most needy and incapacitated households in their area (Schubert 2004).

There are however potential downsides to donor-government interaction if it is not well managed. One thing that needs to be avoided is the setting-up of parallel structures by donor-funded agencies; Longley et al (2004) suggest for example that local councils have been deterred or even prevented from developing the capacity to implement social protection measures because of NaCSA's presence, reinforced by the amount of donor money that has flown throw its channels. For a major cash transfer scheme a way must be found of integrating these systems, in particular to provide adequate local oversight from elected officials.

Linked closely to this is the need for government to be in the driving seat with regards to implementation, so that donors are genuinely supporting government capacity and not being drawn into long-term management of projects. State authority collapsed in the decade before the war and then particularly during the war, and for the state-citizen relationship to be built back up it is crucial that government be responsible and be held responsible for delivery, something that the decentralisation process was specifically designed to help achieve. The prognosis for this is good in terms of the design and execution of current pilot schemes, but continuing this when faced with vastly scaled-up resources may be a challenge.

Information on Targeting Appropriate Recipients

No cash transfer scheme would be possible without information on who to target. Much of Sierra Leone's ability to monitor its economy and population was destroyed during the war, and so there are few surveys on vulnerability in the country at the household level. A household survey was conducted in 2003 / 2004 but the results are yet to be fully analysed. WFP have supported a major Vulnerability Assessment Matrix (VAM) study in collaboration with the Ministry of Agriculture, and a new VAM is currently underway; this has made it possible for them to assess food insecurity by region and on a more detailed scale, and it is possible that, together with local studies involving district-by-district expertise, adequate data could be assembled on the vulnerable population. NASSIT are also, as stated above, about to undertake a major pilot survey looking at social protection needs across the country.

There are numerous methods which can be used to target cash transfers to beneficiaries. Farrington et al. (2007) outline the following:

Individual/household assessment involves direct assessment of the household or individual. This is the most laborious of targeting methods. Other individual assessments are simpler. These include:

i. *Simple means test* with no independent verification of income, may be made on the basis of a household visit by a programme social worker using simple proxy indicators such as housing quality, food stocks etc.
ii. *Proxy means tests* are relatively rare and involve a higher amount of administrative capacity to rank households/individuals according certain characteristics such as demographic structure of the household
iii. *Community based targeting* uses a group of community members or a community leader to decide who in the community should benefit

Categorical targeting involves the definition of categories, all members of which are eligible to receive benefits. It involves defining eligibility in terms of individual or household characteristics that are fairly easy to observe, hard to falsify, and should be correlated with poverty. Categories often include:

i. *Age*: examples include cash allowances for children's healthcare or education, school feeding programmes, and non-contributory pensions for the elderly
ii. *Gender:* examples include widows' allowances, and, where girls are particularly disadvantaged, allowances to support families who keep teenage girls in school rather than having them leave for early marriage or for domestic work.
iii. *Social status:* examples in India include programmes which focus on those having low caste status. In Vietnam, pensions are paid to war veterans. In Uganda, allowances are paid to HIV/AIDS orphans.

Categorical targeting of a different kind is sought under *self-selection* programmes. Here, the access to programmes may be unrestricted, so that they may appear untargeted, but the design makes the programme attractive only to the poorest, who are likely to have lower private participation costs than the better off.

Currently the social safety net scheme uses a mixture of means testing and community targeting. Strict criteria is set on who is eligible, verifying each recipient personally, assigning an ID card and then evaluating afterwards whether these people were in fact reached by the program. Of course it is still possible for the money to be taken from the recipient after the team leaves, which is where local monitoring by government officials and civil society would come in if the program were to be greatly scaled up; unsurprisingly, this system is very staff-intensive.

Alternatively, the proposed NaCSA scheme would use the capacity of the already-established community development committees, with oversight from civil society and local government. UNICEF also suggested the use of the child welfare committees locally to target the most vulnerable. As highlighted in Section 2, to shift the burden of classification onto the community through e.g. community-based wealth ranking has (for government) the attraction of reducing costs, and possibly of achieving the more accurate classification that local knowledge can bring, but exposes the process to elite capture (Farrington et al. 2007). Furthermore, given the complex social systems and Chieftaincy powers, putting too much discretion at the hands of community welfare committees may exacerbate problems of exclusion. Certainly clear accountability targeting mechanisms are needed at the policy and implementation level, but also in ensuring that recipients know their rights and what they are entitled to receive.

Given the high poverty levels in Sierra Leone and limited administrative capacity to carry out a complex targeting procedure, an alternative would be to have a scheme with a very simple set of criteria, for example all over the age of 70, although a widespread absence of birth certificates would make even this challenging. An important question for Sierra Leone around categorical targeting is whether these simple targeting criteria may exacerbate the kind of social exclusion discussed by Richards et al (2004) and Darcy (2004) by not addressing both notions of powerlessness created by the civil conflict and existing social inequalities.

Farrington et al. (2007) also point out the importance of getting *the balance right* between precision on the one hand, and cost and ease of implementation on the other. Errors of inclusion or exclusion can be reduced but not entirely eliminated by the collection of additional data on potential beneficiaries and through more detailed criteria for inclusion or exclusion. What is critical is that targeting mechanisms need proper oversight and monitoring and evaluation. Moreover, the question in Sierra Leone is not only around how well the classification of beneficiaries can be done on the basis of survey data or by community-based wealth ranking or by some combination of these, but is also critically around the political acceptability of targeting different types of groups.

Is It Feasible?

Feasibility of a major cash transfer scheme is more of an issue than appropriateness for Sierra Leone, and there are major challenges that must be overcome before donors would be willing to support such a scheme, support that is vital given the scale of resources required relative to what is available domestically (see more detail on this below). Even an unconditional cash transfer scheme would require significant organisation and oversight to ensure the money ended up in the right hands, and if conditions such as school or health clinic attendance are desired then the monitoring needs increase. Information on who to target is also not currently available and would require a great deal of community involvement and institutional development in every location targeted by the scheme.

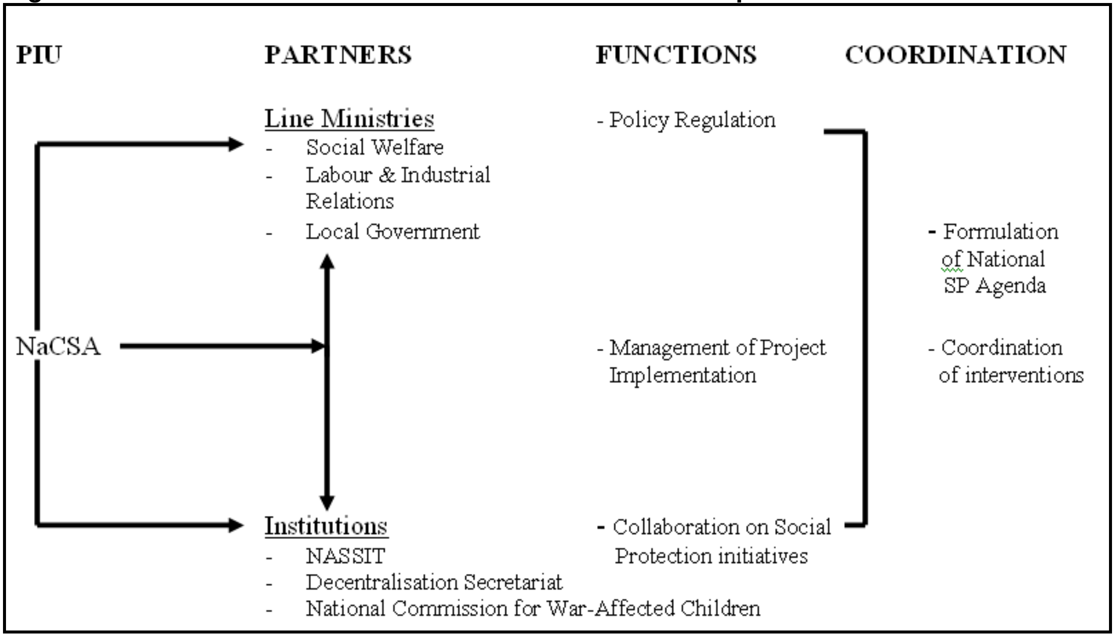
Capacity in the various MDAs is not geared towards the large-scale implementation of projects. A large cash transfer scheme implemented by a new agency could require the creation of a Project Implementation Unit and would certainly involve the hiring of substantial additional staff. If however a model similar to that currently used by NaCSA were envisaged, then it could be that fewer new staff would be needed for its implementation, particularly if the monitoring and evaluation exercise could be adequately conducted by local councils, community development committees and civil society.

NaCSA hence have some of the institutional capacity required, but it is as yet unclear how many additional staff would need to be employed by the community development programme (to be renamed the social protection programme); this is subject to the precise nature of the scheme. The interrelated nature of any such scheme is ably demonstrated by the following NaCSA schematic (Figure 1), which demonstrates a possible model for collaboration between departments.

Most of these major institutions could be expected to fulfil their allotted oversight and coordination roles given appropriate support either through official government funding or through donor assistance. The key question of how the correct beneficiaries would be identified and paid without leakages or diversion of funds however without doubt needs serious thought. NaCSA have clearly started this process and are to be commended for doing so. Much however remains to be done before donors will be convinced that such a scheme is viable in the Sierra Leone context.

What is clear is that major improvements in the coordination between government agencies would be required, particularly so that parallel structures are not set up that undermine progress being made in other areas, a concern most obviously pertinent in the question of the precise role of local councils in such a scheme.

Figure 1: NaCSA Schematic on Possible Institutional Setup



Source: National Commission for Social Action (2006)

As for exact proposals for delivery mechanisms, that would depend on the precise scheme under discussion. It is clear however that large sums of money must flow through the formal banking system, which may currently not be sufficiently developed, especially in rural areas. Alternatively, other innovative methods need to be designed, whether involving communities or other elements of civil society. Accountability and transparency will be critical, and although these systems are currently developing particularly through the decentralisation process, is may yet be too early.

There are therefore some very hard problems to be overcome. Lessons from the Ministry of Labour social safety net scheme emerging in the coming months will be critical, as will any experiences through a future NaCSA pilot scheme. If these schemes are a success then they could potentially demonstrate that a major cash transfer program is feasible in a Sierra Leone context and convince donors to back such a plan.

5. Affordability

Sierra Leone has an extremely limited budgetary envelope as a result of low GDP and low revenue collection effort, as is common among post-conflict countries. It is also a highly aid-dependent country, with close to 50 percent of the government budget having been provided in recent years by direct donor budget support and indirect project support.

Expenditure plans as decided in the annual budgetary process can be fragile, dependent on domestic revenue and donor support reaching predicted levels; domestic borrowing is limited under the Poverty Reduction and Growth Facility (PRGF) agreed with the IMF. Nevertheless, it is well worth taking a look at current budgetary provision for social security to give an idea of the kinds of resources that are available within government.

We will then outline a series of potential cash transfer schemes together with an estimate of their total costs, in order to illustrate the amounts required to finance a full scheme.

Available Resources

Unfortunately, data for 2004 and 2005 was not available from the Budget Bureau due to problems with data records, so instead budgeted figures are presented for the period 2006-2009 (see Table 3).

Line item by line item in Table 3, central government expenditure on programs that could broadly be construed as social protection are as follows:

(1) The Youth Empowerment Programme under the Office of the Vice President.
(2) Ministry of Social Welfare, Gender and Children's Affairs: Social Assistance Programmes.
(3) National Commission for War Affected Children Welfare Payments
(4) NaCSA Social Action Support Programme and National Social Action Programme – Total government expenditure on NaCSA projects. Only domestic contributions are counted for the purposes of this exercise, but foreign contributions are also listed for information purposes.
(5) Socially Oriented Outlays – This refers to part of the funding for the Ministry of Labour social safety net.
(6) Mining Cadastre Payments to Affected Communities – Government refunds a small proportion of the export taxes collected on diamond exports and sends it back to the mining communities as a form of social protection.
(7) Ministry of Labour Social Assistance Program – This refers to part of the funding for the Ministry of Labour social safety net.

Clearly these programs do not all comprise direct welfare payments, and together they include a wide range of objectives, from directly supporting children affected by the war, to redistributing some of the revenue earned from diamond mining, to creating jobs for the youth. However, this at least gives some indication of the magnitude of resources that are currently budgeted by government for social protection purposes.

Table 3: Budgeted Government Expenditure on Social Protection 2006-2009

MDA	2006	2007	2008	2009
Office of the Vice President				
Youth Empowerment Programme	0.0	154.4	229.8	356.2
Ministry of Social Welfare, Gender and Children's Affairs				
Social Assistance Programme Expenses	27.3	0.0	0.0	0.0
Welfare Payments (Social Assistance)	0.0	7.9	15.7	17.6
Gender and Children's Affairs Division				
Social Assistance Programme Expenses	65.9	0.0	0.0	0.0
Welfare Payments (Social Assistance)	0.0	50.9	56.8	63.4
Nat Commission for War Affected Children				
Social Assistance Programme Expenses	173.8	0.0	0.0	0.0
Welfare Payments (Social Assistance)	0.0	159.0	177.4	198.0
National Commission for Social Action				
Social Action Support Programme (Domestic Cont)	202.5	432.4	4307.9	0.0
National Social Action Programme (Domestic Cont)	236.2	401.5	430.8	0.0
Social Action Support Programme (Foreign Cont)	*972.0*	*6022.2*	*3015.5*	*0.0*
National Social Action Programme (Foreign Cont)	*0.0*	*5559.0*	*4307.9*	*0.0*
Socially Oriented Outlays				
Socially Oriented Outlays	67.5	453.4	483.6	526.0
Ministry of Agriculture and Food Security				
NERICA Project (Domestic Cont)	410.0	600.0	550.0	500.0
Seed Multiplication Project	120.0	300.0	150.0	200.0
NERICA Project (Foreign Cont)	3200.0	3840.0	1350.0	135.0
Ministry of Mineral Resources				
Mining Cadastre	103.8	104.5	116.6	130.1
Ministry of Labour, Industrial Relations & Social Security				
Social Assistance Programme Expenses	117.5			
Welfare Payments (Social Assistance)		118.3	132.0	147.3
Total Social Protection (excluding foreign contributions)	1524.6	2782.1	6650.5	2138.6
Total Govt Education Spending (recurrent)	n/a	16095.6	17592.8	19640.9
Total Govt Health Spending (recurrent)	n/a	10980.3	12253.1	13676.2
Non-Interest Non-Salary Recurrent Expenditure	104249.4	110491.7	124234.1	137523.0
Social Protection as a Percentage of NSNIR	**1.46%**	**2.52%**	**5.35%**	**1.56%**
Social Protection Expenditure Per Capita	**$0.30**	**$0.56**	**$1.33**	**$0.43**

NB Exchange rates from the IMF

By adding these items up (*Total Social Protection (excluding foreign contributions)*) we arrive at an estimate of total government spending on a broad definition of social protection: approximately US$ 1.5 million in 2006 and US$ 2.8 million in 2007. Below this row, for purposes of comparison, are two rows containing estimates of recurrent government expenditure on education and health *(Total Govt Education Spending (recurrent)* and *Total Govt Health Spending (recurrent)*), which in 2007 are budgeted at US$ 16.1 million and US$ 11.0 million respectively. As can be seen, government spending on education and health is substantially higher than that on social protection.

The row below these figures contains the total Non-Salary, Non-Interest recurrent (NSNIR) expenditure of government (approximately US$ 104.2 million in 2006). This is the most appropriate figure to judge the proportion of government expenditure on social protection as against competing priorities, excluding as it does wages to government employees and interest on government debt. Taking social protection as a percentage of this figure in the penultimate row shows that 1.5 percent of the 2006 recurrent NSNIR budget was allocated to social protection, 2.5 percent in 2007, with indicative figures of 5.4 percent in 2008 and 1.6 percent in 2009. The larger figure in 2008 is primarily due to higher projected government contributions to NaCSA in that year.

In recent years, NSNIR spending has totaled approximately one third of total government spending and around 7 percent of GDP; the amounts predicted to be spent on social protection as a percentage of these figures are therefore much smaller again, between 0.3 to 0.6 percent of government spending between 2006 and 2009, and between 0.1 percent and 0.2 percent of GDP.

In terms of expenditure per capita, the final row in the table divides government spending on social protection by 5.0 million, the Sierra Leone population measured by the 2004 Census, to arrive at between US$ 0.30 and US$ 1.33 per capita per year, a very small amount. Education and health spending by the government is higher, but still under US$ 5 per capita per year, despite the fact that expenditure in this area is prioritized under the current PRSP. This demonstrates very limited government resources.

Resource Requirements

So how much money is actually required for a cash transfer scheme? A summary of current global cash transfer programs by Barrientos and Holmes (2006) includes, amongst many others, examples from Lesotho (unconditional, non-contributory pension scheme for the over 70s) which costs around 1.4 percent of GDP, similar schemes in Namibia and South Africa which cost 2 percent and 1.4 percent of GDP respectively, an unconditional child welfare transfer scheme in South Africa that costs 0.7 percent of GDP, as well as examples from Latin America including the PROGESA scheme in Mexico which costs around 0.3 percent of GDP (ibid).

The recent National Commission for Social Action (2006) briefing paper on cash transfers says the following on affordability:

> *“Resource affordability is critical to the success of the CCT and an overall social protection agenda. It is more a function of political will and less so (though important) of actual resource availability. Experience across continents and in Africa in particular has shown that social protection spending is less than 1% of GDP and ≤ 3% of*

> *government spending. Therefore, social transfer programmes are generally affordable in a wide range of low income countries including Sierra Leone."*

This being said, we here propose several options for cash transfer schemes, together with an estimate of resource requirements:

(1) Scaling Up the Ministry of Labour Social Safety Net Model

The Social Safety Net pilot has to date reached approximately 7,000 people in 7 chiefdoms. The coordinator of the program suggested that the process of identifying the extremely vulnerable (those with no family ties, and no possibility of generating income for themselves, focusing primarily on the elderly but also on children and the disabled) was identifying around 1,000 recipients per pilot chiefdom. His estimate is that if this were scaled up to the 149 rural chiefdoms and 21 urban wards, they would be looking at around 170,000 recipients nationwide.

Current benefits are Le 100,000 (approx. $30.90) per person per quarter year, so total benefits (at Le 3,238 to the US$) would be:

(170,000 recipients x US$ 123.50) + 10 percent admin costs = **US$ 23.1 million** (1.5 percent of GDP)

This scheme certainly has the benefit of very limited dependency issues since those targeted are unlikely ever to have the choice of working, and it is hard to argue against the aim of supporting the most vulnerable.

Donors in Sierra Leone have expressed concern about supporting a scheme that did not directly support productive economic activity. However, similar schemes have found favour in Zambia and Malawi, making it possible that support could be found. Furthermore the scheme as currently implemented by the Ministry of Labour has major administration costs in terms of human input to identify and verify the most vulnerable, and ensure that they receive the correct payments. The reason this is a particular problem is precisely because those targeted are often the least mobile, and the least able to press their own rights faced with national and local authorities.

It remains to be seen whether this scheme is viable, and much would depend on the reports forthcoming from the pilot scheme.

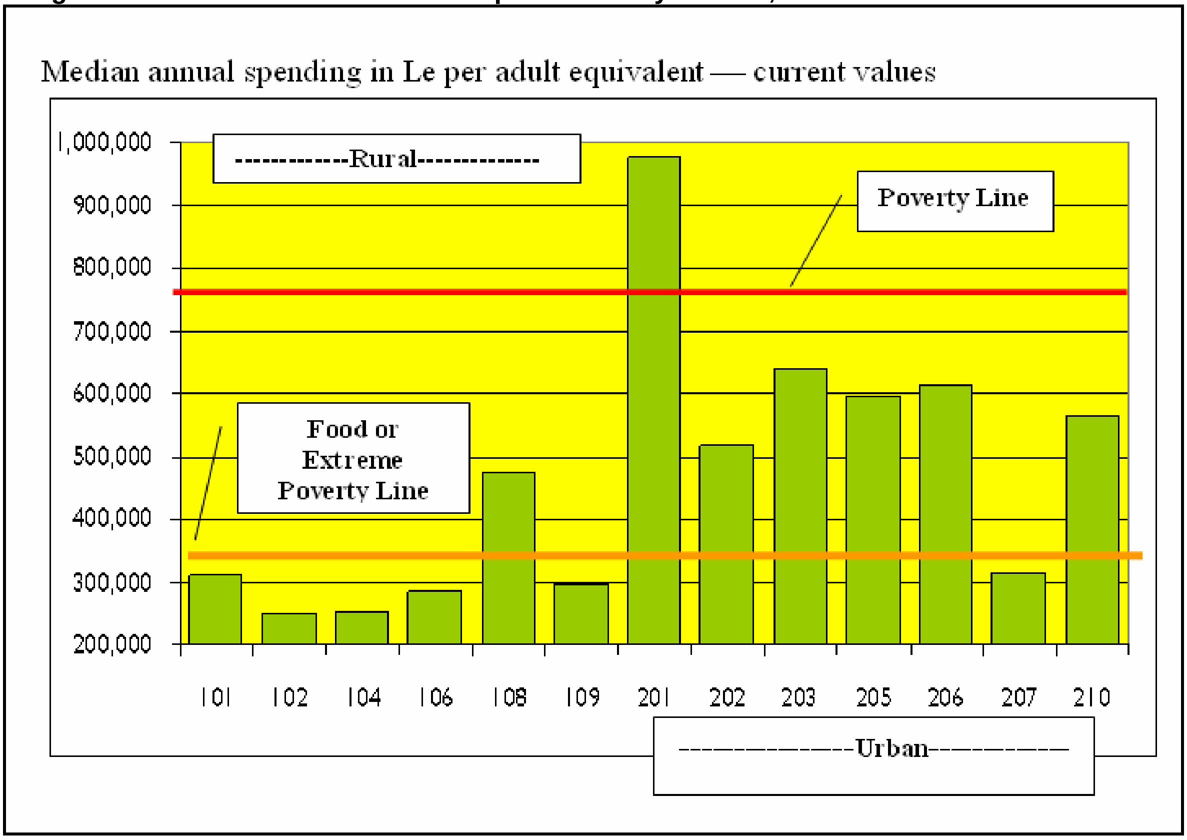
(2) Target the Bottom 10 Percent – Close the Poverty Gap

According to the PRSP poverty analysis, itself coming from the 2003/2004 Sierra Leone Integrated Household Survey (SLIHS) with 3,500 observations, the average Sierra Leonean was 29 percent below the poverty line of Le 770,648, leaving a shortfall of Le 223,488 at 2004 prices, or Le 351,500 at 2007 prices. Clearly the poorest will have an income lower than this amount. The extreme poverty line (the money needed to pay for the most basic subsistence existence) stands at Le 347,983 at 2004 prices or Le 547,288 at 2007 prices.

Jackson and Wiggins (2007) estimate the poverty gaps for 13 clusters of Sierra Leone households, using information contained in the SLIHS survey. As can be seen from Figure 2, rural poverty is much more severe than urban poverty (although measurement error, particularly with regard to non-monetary consumption in the regions is likely to account for at least some of this shortfall, otherwise a lot more people would be dying of hunger in the country). But the majority of the country is clearly extremely poor indeed.

These clusters would not be useful for targeting individual households, but do help us to understand the kinds of resources needed to eliminate extreme poverty. See Annex 3 for more detail.

Figure 2: Sierra Leone Household Expenditures by Cluster, 2003–04



Source: Jackson and Wiggins (2007)

The clusters represent varying numbers of households, but the dominant clusters are 101 (which refers to rural smallholder farmers), 109 (rural smallholders with large families), and 202 (urban informal workers). But in any case, with one exception the income estimates for the rural groups are similar as are, with two exceptions, the urban group estimates. Le 150,000 a year would be enough to lift the majority of rural households above the extreme poverty line and allow them to afford expenditure on key food items, given the likely distribution of household expenditure around the median. Le 150,000 a year would also lift many urban households well towards the $1 a day line.

Roughly two-thirds of the population of Sierra Leone lives in rural areas. Targeting the bottom 10 percent of the rural and urban households - 500,000 people gives 100,000 households with a (generously small) average household size of 5 - with a once yearly payment of Le 250,000 (approx. US$77.20, or just over Le 150,000 at 2004 prices) would cost:

(100,000 households x US$ 77.20) + 10 percent admin costs = **US$ 8.5 million** (0.6 percent of GDP)

This scheme would have major distribution consequences, in that the poorest would jump above many others. This might make it difficult to implement and prone to conflict over who receives the money, given that data on household expenditure is not likely to be easy to collect or transparent. But if well implemented it would all but eliminate the most extreme poverty in Sierra Leone, and greatly reduce the poverty severity index. Its impact on the US$ 1 a day total however would not be great.

(3) Support Vulnerable Children (NaCSA Model)

The NaCSA pilot proposal suggests targeting 2,000 of the most vulnerable children in 5 of the poorest rural districts, giving US$12 per child per month, which they estimate to be enough to cover basic service fees in schools and health clinics.

Estimates of the number of children in Sierra Leone are extremely unreliable. If we suggest however supporting 200,000 children nationwide then we would get the following cost:

(200,000 recipients x US$ 144) + 10 percent admin costs = **US$31.68 million** (2.1 percent of GDP)

Similar concerns to option (1) over the link to productive economic activity in the Sierra Leone context mean there is a question mark over whether this sort of scheme would be supported. However, its resonance with the Millennium Development Goals together with demonstrated support for similar schemes in other countries could, if the scheme is well targeted and managed, mean it finds favour with funding bodies.

Is It Affordable?

The lack of domestic funding is readily admitted by all concerned, and indeed mirrors the situation in other African countries where donor money is often sought both for pilot cash transfer schemes and the full programs. In Sierra Leone, the money for the Ministry of Labour pilot is being provided by Government using money originally obtained by monetising humanitarian aid, but this is not a sustainable position particularly if scaling up is required. NaCSA meanwhile are in the process of soliciting funds for their own pilot scheme.

Estimates for scaling up the Social Safety Net or NaCSA proposals suggests a cost of around US$ 20 million to US$ 30 million, or 1.5 to 2 percent of GDP. Alternatively, targeting the poorest 10 percent of the population would seem to be a cheaper option at under US$ 10 million or 0.7 percent of GDP. Both schemes however are well above what government currently spends in total on social protection, even including schemes such as agricultural extension which, from a political perspective, are unlikely to be transferred to a cash transfer scheme given the current focus on food security by the Sierra Leone government.

Furthermore, the cost of any cash transfer needs monitoring and evaluation components built in right from the beginning. This has been vitally important to the successes of other schemes in Latin America and India, not only in improving impacts but also in garnering political support for the scheme.

Successfully implemented, these schemes would however make a significant dent in extreme poverty and vulnerability in Sierra Leone. Donor support will hence be a critical factor behind any successful scheme in the country, which makes a demonstration that the sorts of problems outlined in previous sections can be solved even more vital. The annual budgets for WFP and other donors are significant (in the tens of millions of dollars) so the money could be available if a persuasive enough case were to be made.

6. Concluding Remarks

A national cash transfer program would be a very major undertaking for Sierra Leone. This is not least because there were no formal safety nets in existence before the war, so there is no institutional memory or structures to build back on. There were and are informal community-level safety nets that NGOs and government are trying to reinforce with a number of programs, but there is currently a lack of understanding about the potential linkages and complementarities between these informal and formal safety-nets.

However, concerns as to the capacity of government can be overblown, and the level of activity and enthusiasm surrounding the decentralisation process, for example, demonstrates the size of task the Government and wider society is capable of even now. There are however a number of very significant concerns that will have to be addressed before such a project would be viable.

Are cash transfers appropriate in a country moving from relief to development?

There are three key issues around the appropriateness of cash transfers in Sierra Leone, as a country in the midst of moving from relief to development.

One of the biggest challenges is overcoming a fear of dependency. International experience suggests that there is no evidence that humanitarian aid causes “laziness” or dependency on programmes at the expense of people wanting to rebuild their own livelihoods. However, what is needed at the outset is a more thorough understanding of what Sierra Leoneans need in order to build sustainable and resilient livelihoods. For some this may entail a long-term safety net in the form of cash to meet income and consumption needs, for others it might be a combination of meeting short term needs whilst giving people the “hand-up” to engage in the productive economy. What is important for stakeholders is that cash transfers are seen to engage and link with wider growth and employment strategies to ensure programme sustainability, but this shouldn’t be done at the expense of meeting more short- to medium-term needs either.

Furthermore, cash transfers may be able to bridge the divide which exists between “welfare” and “growth”. Darcy (2004) argues that social policy should be prioritised in a post-conflict context to help provide an enabling environment for growth. Indeed, while social protection and cash transfers may be seen as welfare if they are targeted to the very elderly or the disabled who cannot engage in the productive economy, emerging evidence suggests that cash transfers, even as a hand out, can contribute to multiplier effects in the local economy and stimulate local trade. If targeted to economically active individuals, cash transfers can also potentially increase local demand for other goods, such as agricultural inputs. The fungibility of cash between welfare (e.g. health, education, basic needs) and productive (e.g. agriculture) domains is a significant strength of cash transfers over other inputs or resource transfers which are often sold to meet other needs.

Finally, the focus on social protection to address social risks, as well as economic risks, is very important in post war Sierra Leone. As Longley et al. (2004) argue, the key to appropriate social protection mechanisms in post-conflict situations lies in an adequate definition and understanding of vulnerability that incorporates notions of powerlessness. Already most of the existing social protection interventions heavily emphasise the need to address social cohesion and re-build social capital. In the case of cash transfers, who they are targeted at will have an important bearing on the ability to address the inequality of these underlying relationships. Furthermore, cash transfers are not a panacea for development and it is clear that they will need to be implemented with complementary interventions. In this regard, programmes to address the root causes of vulnerability and poverty in Sierra Leone will be crucial.

Are cash transfers feasible in a country recovering from civil war?

Accountable and transparent checkpoints will be required, built into government and local government but also involving civil society groups, together with clear advocacy and information channels so that people who are entitled to receive cash know why and what to expect (and additionally, people who are not receiving it also know why). Transparency is the way to ensure that the system is not subverted, but will not happen without great commitment and effort from all stakeholders.

Limited infrastructure combined with emerging institutions means that the possibility for diversion of resources will be a serious challenge, but as the PETS surveys demonstrate it is not one that is insurmountable.

Whilst various government ministries are currently running a number of social protection programmes, they are relatively small and face challenges to scaling up in the short to medium term. NGO and UN agencies play a key role in supporting government to implement programmes, both in terms of working with Ministries and decentralised offices in skills building as well as the physical delivery of additional programmes. Implementing a cash transfer scheme would necessarily involve international actors, both in financing and implementing a programme, and a key issue to consider here is how such a programme can support the move to government implementation in the long run. Closely working with district and local councils through the decentralisation process will be one way of supporting this.

Are cash transfers affordable in Sierra Leone?

Any potential cash transfer programme will need financial support from donors. The amount of budget which is currently used for social protection programmes highlights the critical need for long term additional resources; expenditure on social protection works out at just US$ 1.5 million or US$ 0.30 per person in 2006 and US$ 2.8 million or US$ 0.56 per capita in 2007.

International experience suggests that between 1 to 2 percent of GDP is required for a viable national scheme, as opposed to the 0.1 percent to 0.2 percent currently being spent in Sierra Leone.

To illustrate the level of resources required, several indicative options for cash transfer schemes are proposed:

(1) Scaling Up the Ministry of Labour ‘Social Safety Net’ Scheme:

- 170,000 recipients = US$ 23.1 million (1.5 percent of GDP)

(2) Target the Bottom 10 Percent: Close the Poverty Gap

- 100,000 households = US$ 8.5 million (0.6 percent of GDP)

(3) Support Vulnerable Children (NaCSA Model)

- 200,000 recipients = US$ 31.68 million (2.1 percent of GDP)

Whether or not a cash transfer scheme is affordable will therefore depend critically on donor support and political will. Current donor programmes in Sierra Leone run into tens of millions of dollars, so there is definitely the potential for heavy funding, if a viable and well-run scheme is proposed and demonstrated.

In summary, whilst there are significant challenges to implementing a cash transfer in Sierra Leone, emerging evidence from existing programmes within the country, as well as increasing international experience of cash transfers being implemented in difficult contexts shows that there are innovative ways to overcome many of the barriers. The following bullet points suggest some areas for further research:

- Data on poverty and vulnerability in Sierra Leone is thin, but it is vital that any social protection programme is designed around an understanding of the economic and social needs of the poor in Sierra Leone. The survey which NASSIT are carrying out on identifying social protection needs is a significant step towards this
- Targeting mechanisms for social protection and cash transfers are an important feature of any social protection programme, and will be vital in implementing a cash transfer programme. More information on the successes or challenges of existing programme targeting would be useful
- The political context around cash transfers in Sierra Leone is an area which needs more research and would provide more understanding about the potential drivers of cash transfers in the country, as well as the potential for institutional co-ordination and key policy making around cash transfers
- Finally, internationally the debates and experiences around cash transfers are moving quickly. An important and interesting area for Sierra Leone to gain more knowledge in would be different kinds of delivery mechanisms, especially where innovative technologies (such as mobile phones) are being used in different parts of Africa where infrastructure and financial systems are limited.

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Annex 1: List of Interviewees

Ministry of Finance, EPRU	Alimamy Bangura, Director Lansana Fofanah, Economist
Ministry of Labour	Paul Fomba, National Coordinator of the Social Safety Net Programme Abu Bakarr Sadique Kamara
Ministry of Agriculture Forestry and Food Security	Musa Foday, Deputy Director
Ministry of Education	Mr Taylor, Director General Robert Bangura, Director of Primary Education
Ministry of Health	Clifford Kamara, Director of Planning and Information
Ministry of Finance Local Government Finance Department	Sheku A.F. Bangura, Director
Ministry of Mines	Femi I. Kamara, Assistant Director,
Ministry of Social Welfare	Teresa Vamboi, Policy Director
NASSIT	Mr Edmund Koroma, Director General Joseph Kamara, Acting Head of Research, Ministry of Finance Peter Kenha, Head of Public Relations
World Bank	Osman S. Ahmed, Advisor, SL Country Programmes
Institutional Reform and Capacity Building Project (IRCBP)	Liz Foster, Evaluations Unit
DFID Sierra Leone	Jane Hobson, Social Development Advisor
Irish Aid	Grainne O'Neill, Country Director
European Union	Marcus Handke, Head of Section Social Services
UNDP	Bernard Mokam Mojuye, Country Director Samuel Harbor, Deputy Resident Representative (Programme) Wahab Lera Shaw, Programme Specialist Graham Chipande, Senior Economic Advisor Lorna French, Programme Specialist, Recovery and Peace Building
UNICEF	Maud Fortuyn, Project Officer
WFP	Lansanah Wonneh, Country Officer
GTZ	Madame Nour, Country Director
GOAL	Flora Hillis, Country Director
Save the Children SL	Virginia Perez, Acting Country Director
World Vision	Miles Harrison, Director Tom Roberts, Agricultural Economist
CARE	Brian Larson, Country Director Garth Van't Hul, Deputy Country Director
Oxfam	Justin Morgan, Programme Programme Manager
Consultant	Alfed Sandi, Executive Director, CORD-SL.

Annex 2: Details of social protection interventions

Type of social protection	Project name	Implemented by	Funded by	Target groups	Location	Activities
Agricultural inputs	Monetization for Rehab & Development	Catholic Relief Service*	USAID/FFP		Koinadugu & Kailahun	Sensitization, training, **agric inputs,** food for work, FFS, heart model, community clinic points
	Post war Reconstruction and Recovery	Lutheran World Federation (LWF)/Dept for World Services*	FinnChurch Aid/DIDC		Kenema, Kailahun, Pujehun	**Seed/tools distribution**, extension services
	Sealing the Past Facing the Future-SEFAFU	Christian Children's Fund (CCF) Inc.		child protection	Kailahun	**Provision of input for crop production,** counselling and psychological care, IGA activities, economic skills development, sensitization and awareness raising, capacity building
	Training and empowerment of sexually abused women&girls	Children Associated with the War (CAW)	NaCSA	sexually abused women & girls	Waterloo	HIV/AIDS social event village, HIV/AIDS football gala, Community sensitization, **Agric support tools/seedlings,** Case management of social workers, Monitoring, evaluation and reporting, Institutional support to CAW
	Community Action for Self-reliance and Reintegration	ABC-Development	Kerkinacite		Kambia	**Farm input, seed input**, cash loan
	Support to sustain	Ameener Agricultural	Ameener		Port Loko, Kambia	**Seed Supply**

	Agricultural Dev. For food security	Development Project				
	Agriculture	Christian Community Development Programme (CCDP)	AVW1		Tonkolili	**Seed rice distribution**, Basic agric practice training
	Vegetable Cultivation	Chibuzor Human Resource Development Org. (CHIDO)	GTZ-FSR	GTZ-FSR	Kono	Training, Food for work, **seeds and tools suppls.**
	Integrated Food Security	Foundation For Integrated Development	P.H.P-USA		Pujehun	**Provision of tools & seed,** Processing Shreds, Training, Cassava Grating Machines
	Sustainable Livelihood and Social Development for rural communities in SL	The Methodist Church Sierra Leone Relief and Development Agency	Bread for the World		Bonthe	Distribution of **Agricultural inpu**t, capacity building
	Food Production Income Generation Programme	Community Programmes For Women*	OSIWA	women	Port Loko	**Distribution of Cassava cuttings,** potatoes vines and cassava grating machine for women
	Improved Food Security for Rural Communities	Community Programmes For Women*	CFLI		Port Loko	**Distribution of seeds, tools for veg. garden**
	Agricultural Inputs Distribution	Ministry of Agriculture	Government of Sierra Leone	groups of female headed or elderly headed households, youth		**Inputs** disbursed on rotational basis, a-10% return expected but challenges experienced in achieving this

				groups and amputees		
Cash transfer	Pension Project	Missionaries Friends Association	Friends from Italy	Double amputees	Country Wide	**Provision** of pension to double Amputees
	Social Safety Net Programme (Pilot)	Ministry of Labour		The elderly and most vulnerable (those without any form of support)	North, South and East districts (7,000 people)	**Direct cash transfer.** Transfer of Le 100,000 every 3 months for 6 months
Cash-for-work	Public Works Programme	NaCSA	African Development Bank and the Islamic Development Bank, and some government funding	-unemployed youth -women -handicapped	National	**Public works** (The wage rate ranged from Le 2,500 to Le 4,000 depending on location, 40% of project funds go on wages (below $2.50 a day), the rest on capital equipment for the works)
	Youth Employment Scheme	Ministry of Youth and Sports	Government of Sierra Leone	-Ex-combatants -Unemployed youth -Returnees -Refugees	National	**Public works,** payment of Le150,000 per month (US$50 a month, US$2 a day), work includes cleaning streets, data clerks, work in agriculture
	Pilot cash-for-feeder road	GOAL		Men and women able to work	Kenema	**Public works,** payment of Le4,000 a day (US$1.30), programme runs for 3-4 months
Food-for-work	Vegetable Cultivation	Chibuzor Human Resource Development Org. (CHIDO)	GTZ-FSR		Kono	Training, **Food for work,** seeds and tools suppls.

	WFP Programme	WFP, with partners				**Food-for-work**
One-off assistance	LINKS**	ARC International*	USAID	for economic activity	Kono, Kailahun, Koinadugu	**Start-up grants**; microloans; business development training
	LINKS**	ARC International*	UNDP		Kono, Kailahun, Koinadugu	**Start-up grants;** microloans; business development training
	Women's Empowerment Programme	Foundation For Integrated Development	VGIF-USA		Bo	Training in various skills, provision of machines and **start-up-kits**
		UNDP		ex-combatants and unemployed youth	National - 15,000 youths	As part of the DDR process: youths given training, **food and start-up kits**
		GTZ		Youth groups	Freetown (approx.604 youths)	GTZ trained youth groups, gave them **start up tools and a month's payment** before they were able to go out and get sustainable business for themselves in the waste management sector
		World Vision				Support to agricultural inputs shops in the form of training and **investment capital** (inputs)
	Income generating	NGOs	UNICEF	Girls left out of DDR process		Provided income generating activities through supporting NGOs to provide material to generate cash – they are given **skills training and then an in-kind start up kit**
Food aid		WFP with partners, e.g. CARE, World Vision		Most vulnerable		**Food aid**
Health fee	Health fee	Ministry of Health		Most	Northern and Eastern	**Health fee waivers**

waivers	waiver			vulnerable	provinces (around 24,144 girls reached)	
In-kind assistance	Assistance to host Communities	Lutheran World Federation (LWF)/Dept for World Services*	ACT International	disaster-related	Pujehun	**Distribution of Non-food Items**
	Child Hope Rehabilitation Project	Inter-African Committee SL (IACSL)	Inter-African Committee. (IAC Geneva)	Vulnerable street children	Moyamba	To provide **Basic education, health, food, shelter and clothing**
	Aged Care Services	African Family Support Services	SAFFS (UK)		W/Area	**Clothing, feeding & medication**
	Girl-Mother Support	Youth Development Movement (YDM)	Trocaire		Western Area	Provide **basic food/ Medication** Evaluation, Guidance, Counseling, Coordination
	Orphan Care and Small business training and credit support	Hands Empowering the Less Priviledge in Sierra Leone (HELP-SL)	Muslim Aid-UK		Pujehun	Provision of **educational & other support packages**
	Charity Sierra Leone	Orphans Outreach Evangelical International Ministry*	Christian African Relief Trust (CARTY) Huddersfield England, UK		Western Area	**Distribution of various items** to needy and other target groups
In-kind assistance/scholarships for education	Education	Christian Extension Services – SL	USAID/World Education	Girls	Koinadugu	**Scholarships for primary school girls**
	Ambassadors Girls Scholarship Program	Forum for African Women Educationalists- FAWE SL*	American Education Initiative Scholarship	Girls	Kailahun, Kenema	**Scholarship for 750 girls**

			Program			
	Scholarships	Initiative for Changing Lives for Ultimate Disability Empowerment	I.G Coming Memorial Fund/AJRA F	Disabled children and youth		Assistance to **access primary, secondary and tertiary institutions**
	School Fees Project	Missionaries Friends Association	Friends from Italy	students	Western Area	Provision of **school fees**
	Support to the Girl child	Ministry of Education			National	Equivalent value of Le250,000 to **girl children in the form of fees and school materials** (value decreased as girls go up the grades)
	Community Education Investment Programme and Community Rapid Education Programme	NGOS	UNICEF	Ex-combatants	national (6,500 children)	Providing **in-kind educational assistance** through two programmes through schools so as not to alienate the core target group of ex-combatants
School fee subsidy		Ministry of Education	Government of Sierra Leone	School children	national	**School subsidies** are delivered to schools through banks
School feeding	Education Project	Cotton Tree Foundation Sierra Leone	Inter Mission Word & Deed	School children	W/Area urban W/Area rural	Provision of structure, school materials, **feeding**
	School Feeding	Ministry of Education and WFP	Government and WFP	School children	Northern (7 districts) 271,000 pupils benefiting	271,000 pupils receive **school feeding**

Sources: NGO Fund Tracking Survey, Interviews

Annex 3: Household Clusters

The idea of clustering was to identify and model a set of typical (representative) households that would reflect the different circumstances — above all in patterns of earnings and expenditure — of Sierra Leonean households. A purely statistical exercise, the approach is not intended to provide a taxonomy of national households, but simply to make the household data more accessible.

Data from the Sierra Leone Integrated Household Survey (IHS) of April 2003 to April 2004, a survey of some 3,720 households and 23,022 individuals within them, were used to cluster the households. Households were first divided into two sets, one urban and one rural. Variables used to cluster both sets of households included: demographic statistics, sources of incomes, education, and assets. In addition, for rural households, variables reflecting agriculture and road access were added.

Clustering was carried out by using the K-means function of SPSS, searching for as many as ten clusters for each of the two sets of households. Of the ten urban clusters generated, three were discarded, and of the ten rural clusters, four were discarded, since in both cases they had too few cases in them — four or less — to be representative.

Descriptions and key statistics for each of the groups are displayed in Table 4 below, taking medians to represent the central tendency within the group.

Table 4: Summary of Household Clusters

	Description	No. of Cases	Annual Exp.	Pov. gap	% Poor	Family Size
Rural						
101	Smallholders	1439	310686	59.70%	94.50%	5
102	Eastern Tree Croppers	256	250650	67.50%	98.80%	6
104	Eastern Coffee Farmers	68	253535	67.10%	97.10%	5
106	Southern Palm Oil Smallholders	37	284757	63.10%	100.00%	6
108	Prosperous Smallholders	21	474781	38.40%	71.40%	6
109	Smallholders with Large Families	481	295571	61.60%	98.30%	8
Urban						
201	Educated Salary Workers	150	975517	0.00%	40.00%	5
202	Urban Informal Workers	418	516100	33.00%	68.70%	6
203	Urban Working Class	126	638749	17.10%	58.70%	6
205	Urban Business	182	593933	22.90%	68.70%	6
206	Transfer Dependent	162	613200	20.40%	64.80%	5
207	Peri-Urban Smallholders	215	314458	59.20%	98.10%	6
210	Urban Elderly	14	565311	26.60%	71.40%	2

Source: Jackson and Wiggins (2007)

For our purposes, we are mainly interested in the median annual expenditure in each group, in order to judge what broad level of resources is required to lift people out of poverty in Sierra Leone. At the median level of spending, all clusters are below the poverty line except for the urban salaried workers; and all rural clusters, plus the peri-urban farmers, are below the level of food poverty — and in most cases by large margins. Urban groups are notably better off than rural. For full details, see Jackson and Wiggins (2007).