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Reference Document No 14

Social transfers
in the fight against hunger

For better development outcomes and governance

April 2012

Directorate-General for Development and Cooperation – EuropeAid

Tools and Methods Series

Reference Document N° 14

Social transfers in the fight against hunger

A resource for development practitioners

EuropeAid Development and Cooperation Directorate-General
European Commission

Brussels • Luxembourg, April 2012

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The Reference Document and related documents can be downloaded from:
http://capacity4dev.ec.europa.eu/topic/fighting-hunger-food-security-nutrition

The insights, lessons and experiences on social transfers change continuously. On the platform capacity4dev.eu, an online Working Group will try to capture these changes, lessons and evolving insights:
http://capacity4dev.ec.europa.eu/hunger-foodsecurity-nutrition

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List of acronyms

ATM	Automated Teller Machine
AU	African Union
BRAC	Bangladesh Rural Advancement Committee
CaLP	Cash Learning Partnership
CCT	Conditional Cash Transfer
EC	European Commission
EMMA	Emergency Market Mapping and Analysis
EU	European Union
FAO	Food and Agricultural Organisation of the United Nations
GBS	General Budget Support
GDP	Gross Domestic Product
HLTF	United Nations system's High Level Task Force for Global Food Security
ICT	Information and Communication Technologies
IFPRI	International Food Policy Research Institute
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MIFIRA	Market Information and Food Insecurity Response Analysis
MIS	Management Information System
NEEP	(Afghanistan's) National Emergency Employment Programme
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
PIA	Project Implementation Arrangements
PIU	Project Implementation Unit
PoS	Point of Sale
PAA	(Brazil's) Food Acquisition Programme (Programa de Aquisiçao de Alimentos)
PSNP	(Ethiopia's) Productive Safety Nets Programme
PWP	Public Works Programme
SCN	UN Standing Committee on Nutrition
TA	Technical Assistance
UCFA	(HLTF's) Updated Comprehensive Framework for Action
UCT	Unconditional Cash Transfer
UN	United Nations
UNDP	United Nations Development Programme
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
VUP	(Rwanda's) Vision 2020 Umurenge Programme
WFP	World Food Programme
WHO	World Health Organisation

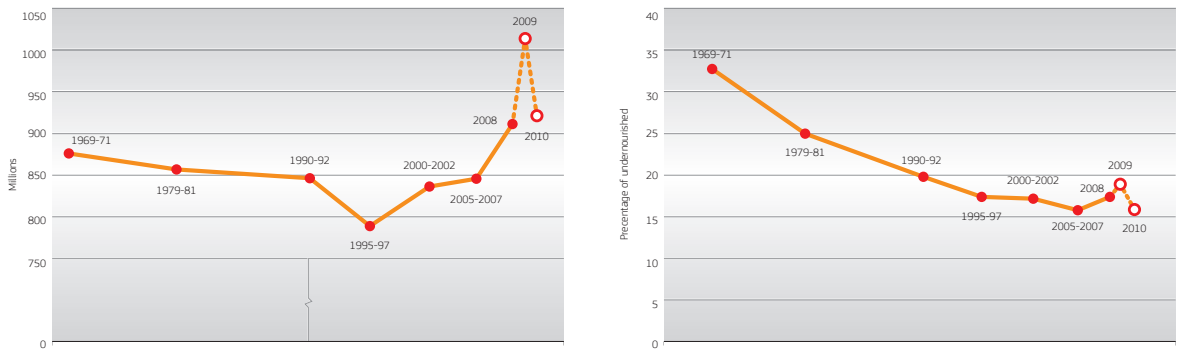
Chapter 1
Introducing social transfers

1.1. Background and rationale

The proportion of hungry people remains unacceptably high

Hunger is an outcome of food insecurity. It describes a situation where dietary intake is below the minimum dietary energy requirement. A total of 925 million people are still estimated to suffer from hunger in 2010, representing almost 16 % of the population of developing countries (FAO, 2010). While the number of people suffering from hunger in the world was declining in the 1970s and 1980s in spite of relatively rapid population growth during those decades, and the proportion of people suffering from hunger in developing countries was declining quite rapidly, these numbers have increased since the mid-1990s, with a significant worsening of a disappointing trend in **global hunger** in 2009. The Food and Agricultural Organisation of the United Nations (FAO) estimated that global economic slowdown, following on the heels of the food crisis between 2006 and 2008, deprived an additional 100 million people of access to adequate food in 2009. The estimated number of people suffering from hunger rose from 870 million in 2004–06 to 915 million in 2008 and to 1 020 million in 2009. A decline in both numbers and the proportion of people suffering from hunger is expected in 2010 as the global economy recovers and food prices remain below their peak level, yet nearly a billion people around the world remain hungry (Box 1).

Box 1: Trends in world hunger



Number (left) and proportion (right) of people suffering from hunger in the world, 1969–71 to 2010

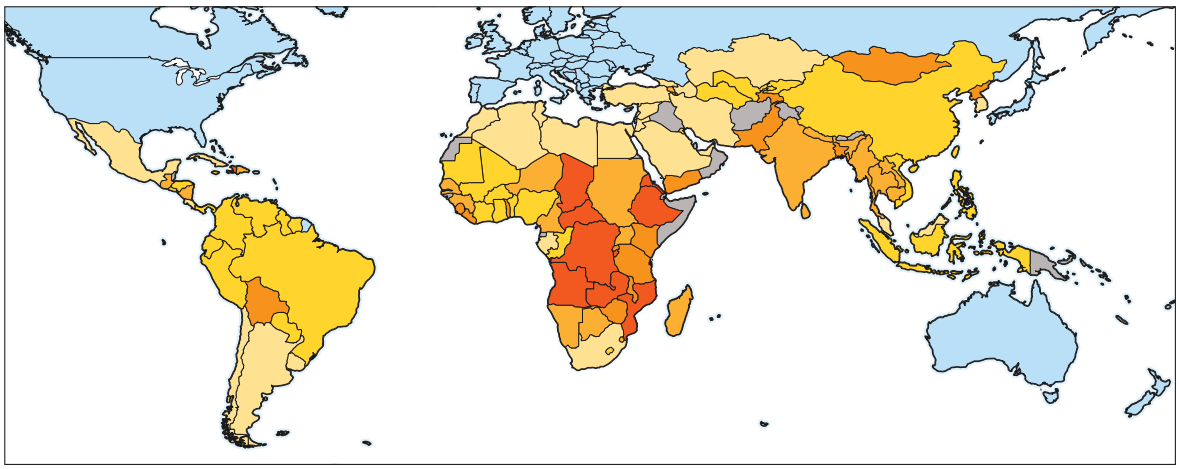
NB: Figures for 2009 and 2010 are estimates.

Source: FAO (2010).

Hunger affects all of the world's major regions. The most populated regions, Asia and the Pacific, host the highest number of hungry people. The highest rates are found in sub-Saharan Africa where around one out of three people suffer from hunger (Box 2).

Box 2: The FAO Hunger Map 2010

Percentage of the population of developing countries suffering from hunger, as of 2005–07



Prevalence of undernourishment in developing countries (2005-07)

- Very high (undernourishment 35% and above)
- High (undernourishment 25-34%)
- Moderately high (undernourishment 15-24%)
- Moderately low (undernourishment 5-14%)
- Very low (undernourishment below 5%)
- Missing or insufficient data

Source: http://www.fao.org/fileadmin/templates/es/Hunger_Portal/Hunger_Map_2010b.pdf

The global crises call for more comprehensive and innovative responses

The recent **global crises** caused a sudden worsening of underlying structural issues. Even before these food, fuel, financial and fiscal crises, hunger was on the rise. Insufficient investment has been made in the agricultural sector to ensure that supply can meet the significant increase in demand resulting from economic and demographic factors, and the persisting high incidence of poverty limits the food-purchasing power of large segments of the population.

This already fragile situation was exacerbated by a number of factors, such as the general price increase in all categories of commodities, climatic disasters in some regions, low levels of stocks, competition for oil substitutes, and the economic downturn. Unlike most food crises that have occurred in the past, the rapid increase in number and proportion of people suffering from hunger in 2009 is not a result of poor crop harvests, but is caused by the combination of high food prices in national markets and lower incomes for a large part of the population: it is therefore less a problem of availability of food, and more a problem of **access to food**. Rising global food prices translate into high food prices for net food importing countries, affecting the purchasing power of net food consumers, of which the already poor and vulnerable are most affected. Of course, for food producers, higher food prices present an opportunity if they have access to agricultural assets and inputs.

Another specificity of the recent crises is that they are affecting large parts of the world simultaneously, while previous crises tended to be confined to individual countries or to a particular region. The reduction in employment (and decline in real wages) is both internal, rendering households more vulnerable, and external, as migrant workers lose their jobs. As a result, many countries have seen a substantial decline in remittance inflows, where previously these represented an important coping mechanism in times of crisis. In addition, the **global** nature reduced the scope for real exchange-rate depreciation, another traditional national response to more localised food crises. This, in turn, prompted governments to respond with fiscal measures — such as reduced taxation and increased general subsidies — that were often highly regressive, benefiting the rich much more than the poor, at a time when the poorest required the most support.

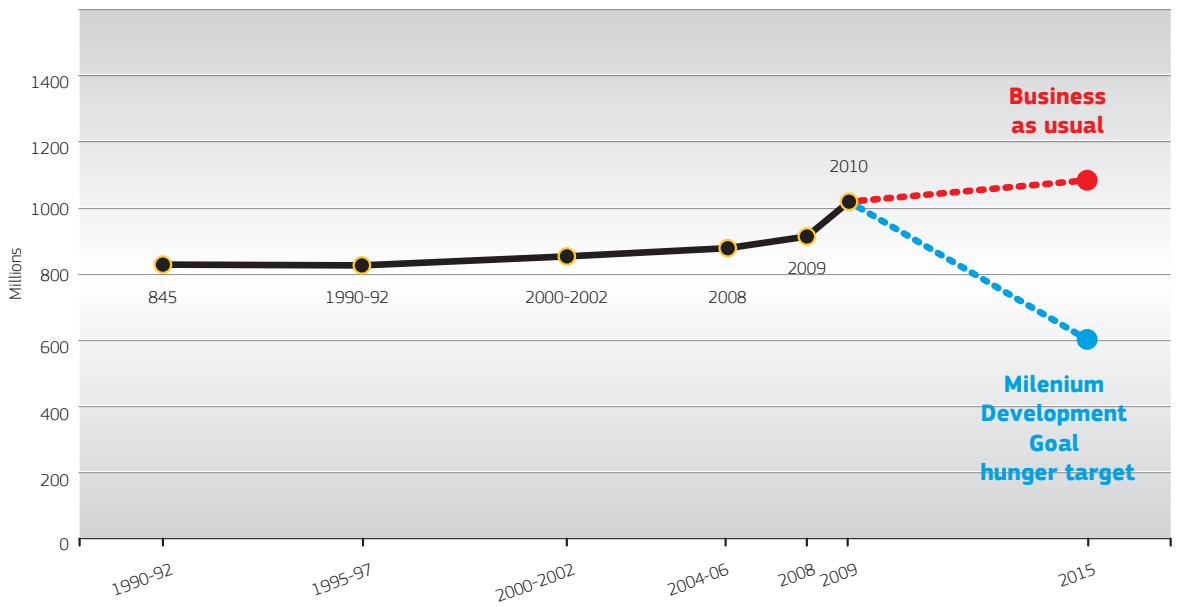
More people are becoming **vulnerable** in a context of increasing risk of hunger. The emergence of the economic crisis immediately after the food and fuel crisis has exhausted the coping mechanisms of many poor households. High domestic food prices (the consequence of the global food and fuel crisis of 2006–08), lower incomes and increasing

unemployment (both consequences of the current global economic downturn) have reduced access to food by the poor. Many households have been forced to draw down their financial, physical or human assets in order to avoid large declines in consumption.

Risk factors are expected to persist. Even if commodity prices have declined on world markets, they remain high in many domestic markets. High levels of **food prices** on both world and domestic markets are expected to linger over the next decade, and the risk of **future volatility** persists. Developing countries have become more integrated, both financially and commercially, into the world economy than they were 20 years ago, and have become more exposed to changes in international markets. **Climate change** is also expected to increase the occurrence of drought and floods, affecting both food production and food access.

The current situation calls for **innovative approaches** articulated around a twin-track intervention. In 2000, the world's leaders set a target of halving the percentage of hungry people between 1990 and 2015 as part of the first Millennium Development Goal (MDG) (Box 11). The International Food Policy Research Institute (IFPRI) warns that if past trends continue, global food security will deteriorate even further and progress toward reaching the MDG of halving the proportion of hungry people will be off-track by a wide margin (Box 3: Number of hungry people 1990–2015Box 3). They advocate for a smarter, more innovative, better focused, and cost-effective approach to reducing hunger. The five elements of the recommended 'business as **un**usual' approach are: invest in two core pillars — agriculture and social protection; bring in new players; adopt a country-led, bottom-up approach; design policies using evidence and experiments; and adhere to commitments made to policies and investments for enhancing food security (Fan, 2010).

Box 3: Number of hungry people 1990–2015



NB: The red dashed line is a linear extrapolation of the trend in the number of hungry people between 1990 and 2009. The blue dashed line shows the trend in the number of hungry that would be required to reach the MDG of halving the proportion of hungry people.

Source: Fan (2010).

Social transfers address food insecurity in the short, medium and long term

The food crisis drew attention to the **importance of social transfers** in ensuring household food security, reducing poverty and vulnerability, and supporting agricultural development. The Updated Comprehensive Framework for Action (UCFA) published in 2010 promotes a twin-track and comprehensive approach for supporting actions that

leads to food and nutrition security for all. This strategy gives social transfers a crucial role, either in the form of protective programmes (e.g. food or cash transfers to improve access to food) or as part of productive ones (e.g. seed transfers to increase food production) (Box 4: The United Nations system's Updated Comprehensive Framework for Action).

Box 4: The United Nations system's Updated Comprehensive Framework for Action

To address the rising food price crisis, the Secretary-General of the United Nations proposed the establishment of a High Level Task Force (HLTF) on Global Food Security who published in July 2008 a Comprehensive Framework for Action, a strategy designed as a response to the immediate needs of vulnerable populations as well as a contribution to longer-term resilience (the "twin-tracks to food and nutrition security"). While keeping the same basic approach, the Updated Comprehensive Framework for Action (UCFA) produced in September 2010 covers a wider range of issues and contains a more detailed treatment of all aspects of food and nutrition security than its predecessor. It is the United Nations system-wide coordinated approach for supporting country action that leads to sustainable and resilient rural livelihoods and food and nutrition security for all.

The UCFA's outcomes and actions are as follows:

Outcome 1 — Meeting immediate needs of vulnerable populations

1.1 Nutrition interventions, emergency food assistance and safety nets are enhanced and made more accessible

1.2 Food productivity by smallholder farmers is increased and food is made available quickly

1.3 Trade and tax policies are adjusted to help vulnerable groups cope with shocks

1.4 Macroeconomic implications of the food and economic crises are managed

Outcome 2 — Building longer-term resilience and contributing to global food and nutrition security

2.1 Social protection systems are more accessible and better targeted

2.2 Increases in food availability are maintained through productive and sustainable smallholder farming systems

2.3 Ecosystems are better managed for food and nutrition security

2.4 Performance of international food markets is improved

Outcome 3 — Improving information and accountability systems

3.1 Information monitoring and accountability systems are strengthened

More information is available at: http://www.un-foodsecurity.org/

Source: HLTF 2008, HLTF 2010. **Different types of social transfers**, such as seasonal cash transfers, food-for-work or vouchers, have been used in a number of countries to facilitate access to food (directly or through the market) in the short term. In the medium and long term, protective and productive social transfers also need to be scaled up as key elements of predictable social protection and food security strategies. By enhancing agricultural productivity, improving nutrition, reducing poverty or integrating environmental considerations, social transfers may help to address the structural causes of food insecurity. And by preventing the potentially irreversible impacts of malnutrition in early childhood on later life — especially on cognitive development and education outcomes — social transfers can help to break the intergenerational transmission of poverty.

The EC is placing increased focus on access to food

Box 5: The concept of food security

Food security exists — at individual, family, national and global levels — when all people at all times have physical and economic access to enough safe and nutritious food to cover their dietary needs and food preferences for an active and healthy life (Rome Declaration, 1996).

The EC's 2010 policy framework (SEC(2010) 379, COM(2010) 127 final of 31 March 2010;) to assist developing countries in addressing food security challenges is based on these Rome principles, and follows the internationally recognised four pillars:

— increasing **availability** of food;

— improving **access** to food;

— improving **nutritional adequacy** of food intake;

— enhancing **crisis prevention** and management.

In particular, it recognises that 'food security strategies need be country-owned and country-specific, elaborating an appropriate balance between support to national production and covering food needs through trade.'

Source: Authors, based on FAO (1996) and EC (2010c).

At policy level, eradication of extreme poverty and hunger is the **central objective** of the European Union's (EU) vision on development (Joint statement by the European Parliament, Council and Commission, 2006/C46/01). The EU intensively supports the poverty reduction strategies of developing countries (COM(2010) 159 final of 21 April 2010) and accompanying measures to assist them in coping with the crises (COM(2009) 160 final of 8 April 2009). The EU commitment to food security is enshrined in the Council Regulation of June 1996 on food aid policy, and has been enhanced recently by the renewed EU policy framework (COM(2010) 127 final of 31 March 2010) that aims to assist developing countries in addressing food security challenges (Box 5: The concept of food security). The latter was welcomed by the EU Member States (CEU, 2010) and sets out the European policy on food security for the coming years. In particular, the policy framework makes it a priority for the EU and its Member States to support countries in establishing and operating targeted and flexible social transfer policies adapted to local contexts. Where feasible, these policies should provide opportunities for recipients to graduate into an income-earning situation securing sustainable access to food.

It is now widely agreed that hunger is best understood not only in terms of supply of food, but also in terms of the ability to gain **access to sufficient quantity and quality of food**. While the European Commission (EC) had some success in increasing the production of food through its food security programmes, it now recognises the need for a greater emphasis on the affordability of food. The Commission's response to rising global food and fuel prices put it succinctly: a 'crisis could be looming, caused not by a global lack of food, but by a deterioration in the access to food for the world's most vulnerable people' (MEMO/08/421). It is this recognition that provides the policy framework for the increased emphasis on social transfers in the EC's response to hunger. The 2011 EC communication Increasing the impact of EU Development Policy: an Agenda for Change (COM(2011) 637 final of 13 October 2011) proposes that aid should target particular areas, including 'social protection, health, education and jobs': a forthcoming communication on social protection will elaborate how this will be achieved.

Resources 1: Useful European Commission documents on food security and social transfers

— Communication, Increasing the impact of EU Development Policy: an Agenda for Change (COM(2011) 637 final of 13 October 2011)

— Social Protection for Inclusive Development – A new perspective on EU cooperation with Africa (ERD, 2010)

— Food Security Thematic Programme 2011–2013 (C/2010/9263, 21.12.2010) (EC, 2010e)

— A twelve-point EU action plan in support of the Millennium Development Goals (COM(2010)159 final of 21 April 2010) (EC, 2010c)

— An EU policy framework to assist developing countries in addressing food security challenges (COM(2010)127 final of 31 March 2010) (EC, 2010b) and Council conclusions (CEU, 2010)

— Humanitarian Food Assistance (COM(2010) 126 final of 31 March 2010) (EC, 2010a)

— Supporting developing countries in coping with the crisis (COM(2009)160 final of 8 April 2009) (EC, 2009e) and Council Conclusions (10018/09, 18.5.2009) (CEU, 2009)

— Commission's/EU's response to the high oil and food prices (MEMO/08/421, 19 June 2008) (EC, 2008a)

— The European Consensus on Development (2006/C46/01, 24.2.2006, Joint statement by the European Parliament, Council and Commission, 2006)

— Council Regulation (EC) No 1292/96 of 27 June 1996 on food-aid policy and food-aid management and special operations in support of food security (CEU, 1996)

1.2. Scope and purpose of a Reference Document

A European Commission Reference Document aims to deepen the understanding of a concept, develop knowledge, provide orientations for aid implementation, and present good practices ([1]). This Reference Document is intended as a resource to support the **practical integration of social transfers** into programmes addressing hunger in development cooperation and aims to build a better understanding of the potential role of social transfers in addressing food insecurity and, in particular, the logic behind the idea of social transfers within the access-to-food component. It seeks to take stock of good practices, experiences, and academic literature on social transfers in the fight against hunger and is based on a review of the international literature on social transfers, food security and social protection, as well as a number of case studies based on current EU Delegation and EU Member States' interventions on social transfers.

This **Reference Document** is targeted primarily at development practitioners and aid administrators working within country teams — EU Delegations and offices of Member States. In addition, it is anticipated that the discussions likely to emerge from the guidance here may prove of use to national counterparts and other stakeholders. Where the EC or Member States have funds that are centrally planned and managed, this Reference Document can also be used by head office staff to explore how social transfers could be incorporated into the projects/programmes concerned.

It is intended that this Reference Document offers **background** (terminology and basic features, arguments in favour of social transfers, field-level insights, etc.) for those who are not familiar with social transfers. It can also be a **tool** to stimulate and guide discussions for individuals already familiar with these types of interventions. This Reference Document also contains references to a number of useful **existing materials** for readers who would like to deepen their knowledge on a specific topic. It is, therefore, a resource for practitioners to refer to when they require information on a particular topic: it is not intended to be read through like a report.

([1]) The EC Tools and Methods Series includes three sub-collections: the Concept Notes offer a basic theoretical introduction to a concept; the Reference Documents seek to deepen the understanding of a concept and present good practices in order to stimulate discussions around the practicalities of aid in regard to that particular concept; and the Guidelines provide very practical guidance to EC staff for enacting that concept through the phases of the operation cycle.

1.3. Structure of this Reference Document

This Reference Document aims to answer some frequently asked questions on the use of social transfers in the fight against hunger.

- **What are social transfers?**

Chapter 2 offers an introduction to the concept of social transfer. Readers should refer in priority to Section 2.1 which presents the **definition** of social transfers and Section 2.2 which introduces the **typology** of social transfers covered in this Reference Document. In addition, readers will find, in Section 2.3, a discussion on the different **operational frameworks** under which social transfers may be implemented along the relief-recovery-development spectrum — from a stand-alone emergency risk management project to an institutionalised long-term development programme. Section 2.4 presents a quick overview of the main **policy frameworks** relevant to social transfers — social protection and food security.

- **What is the rationale for investing in social transfers?**

Chapter 3 introduces the main arguments advanced to advocate the adoption of social transfers. Five main theoretical frameworks are presented: **poverty reduction** and risk management (Section 3.1); **economic growth** and capital-based production (Section 3.2); **political stability** and state-building (Section 3.3); **social justice** and human rights (Section 3.4); and **food security** (Section 3.5). The rationale for investing in social transfers to fight hunger is discussed in greater detail in Chapter 4.

- **When is it appropriate to use social transfers in the fight against hunger?**

Chapter 4 reviews the specific roles and functions of social transfers in addressing hunger. Hunger may result from deficiencies in any of the four pillars of food security: availability, access, nutritional adequacy and/or crisis prevention and management. Section 4.1 shows how social transfers can be used to increase food production and thus the **availability** of food. Section 4.2 discusses how social transfers can help increase **access** to food in the short, medium or long term. Section 4.3 outlines how social transfers may be used to improve the **nutritional adequacy** of food intake. Finally, Section 4.4 shows how social transfers may be used to enhance **crisis prevention** and the management of food supply over time.

- **What are the key elements to consider prior to the introduction of social transfers?**

Chapter 5 discusses the preliminary diagnosis of the context that needs to take place prior to the introduction of any social transfer scheme to ensure it is anchored in the national policy environment and will build on past and current experiences: analysis of the nature and causes of **hunger** (Section 5.1); a review of existing **policy** frameworks and policy sensitivities (Section 5.2); a diagnostic inventory of existing social transfer **initiatives** and related policy measures (Section 5.3); and analysis of the **institutional** context and capacity (Section 5.4).

- **How to design a social transfer scheme**

Chapter 6 deals with design features considering the following frequently asked questions: what are the **objectives** of any new social transfer initiative (Section 6.1); how to define and reach **target** groups (Section 6.2); when and how to add a **work requirement** (Section 6.3); when and how to establish **graduation** modalities (Section 6.4); how to choose the most appropriate and feasible **transfer form** (Section 6.5); how to determine a **benefit level** that is appropriate, affordable and acceptable (Section 6.6); how to **deliver** the transfer to beneficiaries (Section 6.7); and when to attach a **conditionality** to the social transfer (Section 6.8).

- **How to manage a social transfer scheme**

Chapter 7 looks at management issues considering the **financial** (Section 7.1), **institutional** (Section 7.2) and **monitoring and evaluation** (Section 7.3) arrangements needed to run a social transfer scheme efficiently.

- **How can development partners support national social transfer initiatives?**

Chapter 8 discusses the different roles donors and other development partners may play in supporting social transfer initiatives: by making contributions to the **policy dialogue** around social transfers (Section 8.1); by supporting the development of national **capacity** to consider, design, implement and evaluate social transfer schemes (Section 8.2);

by providing additional **financial resources** to the State for social transfer schemes (**Section 8.3**); and/or by supporting **non-State actors** in delivering social transfers (**Section 8.4**).

- **Which aid delivery method should be used to support social transfer schemes?**

Chapter 9 considers the different **aid delivery methods** available to the EC. It looks at the three **approaches**: the project approach, the sector approach and the macro (or global) approach. It considers the appropriateness of supporting social transfers through the three associated **financing modalities**: the use of EC procurement and grant award procedures (**Section 9.1**); the use of common pool funds (**Section 9.2**); and the use of budget support — both sector-based and general (**Section 9.3**).

- **Where can tools and resources for learning more about social transfers be accessed?**

References to existing **additional resources** which readers may find helpful to deepen their knowledge and access practical tools useful in the design and implementation of social transfers are inserted throughout this Reference Document. **Annex 2** refers to existing relevant **training** courses and provides a list of useful partners' **websites**.

Chapter 2
Conceptualising social transfers

This Chapter considers the **concept** of social transfers. It first sets out a working **definition** (**Section 2.1**); then enumerates the different **types** of social transfers (**Section 2.2**); then considers the different **operational frameworks** under which social transfers may be implemented (**Section 2.3**); and, finally, places social transfers within different **policy frameworks** (**Section 2.4**).

2.1. Defining social transfers

There is no overall consensus on a universal **definition** of the term **social transfer** (nor, indeed, of the term **social protection**), and various stakeholders may use the terminologies **social transfer**, **social assistance** and **safety net** interchangeably. Member States and other major donors supporting social transfers may encompass different concepts under the various terms. In this Reference Document, the following definition is adopted, relating social transfers specifically to food security:

Social transfers are non-contributory ([2]), publicly funded, direct, regular and predictable resource transfers (in cash or in kind) to poor or vulnerable individuals or households, aimed at reducing their deficits in food consumption, protecting them from shocks (including economic and climatic), and, in some cases, strengthening their productive capacity.

This definition may vary slightly from definitions adopted by other players in the sector. There would usually be a consensus on seeing social transfers as **non-contributory**, **regular** and **predictable** (to encourage greater risk-taking and higher-return activities), **targeted** (in some manner) to poor and vulnerable individuals or households, financed by **public resources** (state or official development assistance), and aimed at reducing **deficits in food consumption**. Views may vary on the actual range of instruments that qualify as social transfers. For example, some actors would not consider asset/input transfers because they do not guarantee an increase of consumption (e.g. the effect of seed transfers depends on rainfall). Some actors may include, as social transfers, measures aimed at reducing the price of basic commodities or services, such as fee waivers and subsidies.

This Reference Document draws a distinction between social transfers and **humanitarian** transfers, and focuses principally on the former, even though there are many similarities, and many potential synergies and fruitful linkages that can be exploited between the two. The distinction rests principally on the objective underscoring of the intervention, with social transfer schemes designed to promote and sustain national social development, and humanitarian transfer interventions intended principally to save lives in the short term. In the context of food security, social transfer schemes are developed primarily to tackle long-term, chronic food insecurity, but may also be designed to address (low to moderate) transient, acute food insecurity whenever it occurs. Humanitarian transfers are normally delivered when, due to inadequate food consumption, compromised livelihoods or extreme coping strategies, excessive mortality ([3]) or emergency rates of malnutrition ([4]) have been reached, or exceeded, or are reasonably anticipated (EC, 2010a). This implies a certain severity and scale of need which exceeds the national disaster management capacities. Humanitarian transfers come as a complement to any existing social transfer schemes but they are framed by humanitarian principles, rather than by national development agendas, and need to be flexible and responsive (and, therefore, not necessarily regular and predictable over the longer term like social transfers). Wherever humanitarian transfers are considered within this document, it is presupposed that they are underpinned by the policy framework, and associated principles, laid down in the EC's policy on Humanitarian Food Assistance (COM(2010) 126 final of 31 March 2010). This Reference Document focuses on social transfers, recognising that the more effective (nationally owned) social transfer schemes are in fighting hunger and mitigating shocks, the less need there will be for (internationally funded) humanitarian assistance.

([2]) A non-contributory scheme is one into which the eventual beneficiary is not required to make a direct personal financial contribution.

([3]) 'Excessive' is considered to combine absolute measures in relation to established emergency thresholds (as defined by the Sphere Handbook, Unicef and the UN Standing Committee on Nutrition (SCN)), and relative measures in relation to context-specific baselines.

([4]) As defined by the UN Standing Committee on Nutrition (SCN) and the World Health Organisation (WHO).

2.2. Types of social transfers

As defined in this Reference Document, social transfers embrace a wide array of instruments (Table 1). There are different ways to classify the **types of social transfers** and the following are examples.

— **Form** of the transfer: money (e.g. social pension); food (e.g. school feeding); or other in-kind transfer (e.g. seed transfer).

— **Conditionality** ([5]) attached to the transfer; typically: a work requirement (e.g. public works, cash-for-work, food-for-work); human capital investment (e.g. cash transfers conditional on school attendance or preventive health-care); or no conditionality (e.g. unconditional cash transfer, where the recipient does not have to meet any such behavioural conditions to remain eligible for the transfer).

— **Delivery mechanism**: 'pull' mechanisms, such as the delivery of physical package (e.g. food parcel) or cash handout at a given distribution point and time; or 'push' mechanism, such as credit (e.g. bank transfer) for beneficiaries to access the necessary goods and services on the market; or a mix of both, such as vouchers (also called stamps) to access (a possibly restricted list of) goods and services on the market ([6]).

Table 1: Common types of social transfers

Cash-based social transfers	In-kind social transfers
Cash transfers	**Food transfers**
Unconditional cash transfer	School feeding
Conditional cash transfer	Take-home rations
Cash-for-work/asset	Targeted food transfers
Labour-intensive public works	Food-for-work/asset
	Food-for-training
	Preventive supplementary feeding
Near-cash transfers	**Commodity vouchers**
Value-based vouchers	Food vouchers
	Other commodity vouchers
Grants	**Asset and input transfers**
Lump sum grant	Livestock transfer
	Agricultural input transfer
	Asset transfer

NB: 'Commodity vouchers' may also be referred to as 'near-cash transfers' when they rely on the market to provide goods. The term 'public works' will often refer to all forms of social transfers conditional to beneficiaries' work requirements (i.e. proper labour-intensive public works (such as Ethiopia's Productive Safety Net Programme) as well as cash-for-work and food-for-work, and may even sometimes enclose cash/food-for-training and cash/food-for-asset).

Source: Authors.

([5]) It is important not to confuse **conditionality** (a condition with which a beneficiary is obliged to comply in exchange for receiving the social transfer (e.g. send school-age children to school, be in possession of a health monitoring card) with criteria of eligibility (criteria which must met by a person in order to be enrolled in a social transfer scheme (e.g. be over 65 or under 5).

([6]) Tokens provided to beneficiaries to access a predefined set of goods at a distribution point set up by the implementing agency do not qualify as vouchers, as understood here.

In some cases, a particular type of social transfer (e.g. agricultural input transfer) is by nature designed to assist a specific category among the poor and the vulnerable (e.g. poor farmers) and to reach a specific objective (e.g. increase food production). In other cases, a single type of social transfer (e.g. a cash transfer) can be used to achieve various objectives (e.g. increase food consumption, broaden the productive asset base, access health and education services) and to assist different categories among the poor and the vulnerable (e.g. poor farmers, needy women, children suffering from hunger). This is reviewed in **Chapter 4**.

2.3. Operational frameworks for social transfers

Each type of social transfer presented in Table 1 can be used either in institutionalised long-term schemes (i.e. legislated and organised by the state, though not necessarily administrated by it) or in stand-alone projects (often funded and administrated by international bodies). They can be considered to respond to a distinct shock in order to prevent a humanitarian crisis from developing (e.g. targeted cash/food transfers to assist people affected by an earthquake), to protect the poor and the vulnerable suffering protracted poverty and deprivation (e.g. cash transfers to help the poorest meet their minimum food requirements) or to support long-term development (e.g. conditional cash transfers to support human capital development).

For various reasons that are presented in the following chapter (**Chapter 3**), any country should maintain a **minimum set of social transfers** as part of its development strategy. In 2009, in the context of a global crisis threatening to wipe out decades of investment in favour of human development and in pursuit of the MDGs, the United Nations established the Social Protection Floor Initiative aimed at building a basic set of social protection guarantees for all citizens, including a basic set of essential social transfers (Box 6). In Africa, the African Union adopted the Social Policy Framework which recommends the introduction of a minimum set of social cash transfers (Box 7).

Ideally, such social transfers should thus be **institutionalised** (i.e. regulated but not necessarily administered by the state), guaranteed by law, financed in a sustainable manner, and providing transfers on a regular and/or predictable basis. Such transfers differ from charity-based handouts by the fact that they constitute an entitlement to citizens and an obligation on the state. When fully institutionalised, social transfers may be qualified as a **social guarantee**: they are (implicitly or explicitly) part of a country's social protection (or social development) policy and contribute to ensuring food security for all.

While this is highly desirable, all these principles cannot be achieved overnight, and the operational framework for social transfers will necessarily follow different institutional **trajectories** in different countries. The ultimate goal, however, should not be forgotten, and adequate attention should be paid to strengthening (or, at least, not weakening) the state's capacity to take over and play its regulatory role.

Box 6: The United Nations' Social Protection Floor Initiative

The recent global food, fuel and financial crises pushed many national, regional and international bodies to consider renewed investments in social protection mechanisms. In 2009, the United Nations system's Chief Executives Board for Coordination promoted the establishment of a social protection floor (SPF) as one of the nine initiatives in response to the financial crisis (CEB 2009). And in June 2011, the International Labour Conference's 100th Session concluded its discussions on the role of social security with a commitment to establishing national social protection floors aiming at extending at least a minimum level of social security to all, as part of comprehensive social security systems (ILO 2011a).

Social protection floors comprise a basic set of social guarantees for all (horizontal dimension) and the gradual implementation of higher standards (vertical dimension) as an integrated set of social policies designed to guarantee income security and access to essential social services for all, paying particular attention to vulnerable groups and protecting and empowering people across the life cycle. Guarantees include (ILO 2011b):

— basic income security, in the form of various **social transfers**, such as pensions for the elderly and persons with disabilities, child benefits, income support benefits and/or employment guarantees and services for the unemployed and working poor;

— universal access to essential affordable **social services** in the areas of health, water and sanitation, education, food security, housing, and others defined according to national priorities.

There is no one-size-fits-all solution when implementing the SPF. In the interest of realising individuals' human rights to social security and essential social services, countries that adopt the SPF develop nationally-defined strategies for the progressive realisation and sustainability of national social protection floors as well as higher levels of social protection. Building on existing social protection mechanisms, these strategies may include a mix of interventions — contributory and non-contributory, targeted and universal, public and private instruments, etc. — that is appropriate to the national social, economic and political context of a given country.

Several countries have undertaken efforts to implement components of their national SPF. In 2010, the High Level Social Protection Floor Advisory Group was established as part of the Social Protection Floor Initiative in order to enhance global advocacy and provide guidance on the conceptual and policy aspects of the SPF. The group published the flagship report 'Social Protection Floor for a Fair and Inclusive Globalization' (also known as the "Bachelet Report") (ILO 2011). A review of successful SPF initiatives was compiled (UNDP 2011) and costing tools and assessment protocols have been developed and tested under the framework of the SPF Initiative.

The concept of nationally-owned Social Protection Floors can provide a well defined basis on which to build coordinated and indeed joint support for social protection with partner countries which decide to develop them.

More information is available at: http://www.socialprotectionfloor-gateway.org.

Source: CEB 2009, ILO and WHO 2009, ILO 2011, UNDP 2011.

Box 7: The African Union's Social Policy Framework for Africa

During the first session of the African Union (AU) Conference of Ministers in Charge of Social Development organised in Windhoek, Namibia, in October 2008, Ministers adopted the Social Policy Framework (SPF) to guide African Union (AU) Member States as they develop and/or implement appropriate national strategies and programmes. This guidance was ratified by African Heads of Government in January 2009.

It sets out a vision for African societies based on social solidarity, equity of choice, and freedom from discrimination and poverty. In doing this, it moves away from treating social policy as subordinate to economic policy, and recognises the importance of social development both as a goal in its own right, and as a means of creating the conditions for sustainable and inclusive growth.

Social protection appears as the first of the eight pillars of the regional plan set out in the SPF. The policy reads: 'Investment in and access to social protection is still low in many countries. Social protection and social security will be built gradually, based on comprehensive longer-term national social protection action plans.' Measures recommended include introducing and extending publicly financed non-contributory cash transfer schemes.

In terms of social transfers, the SPF recommends that African countries should 'ensure relevant social protection, including income transfers, to support the poorest families in their efforts to mitigate the economic and social impacts ... on the most vulnerable such as the elderly, children and the sick.'

The SPF is available online (http://www.un.org/ageing/documents/SocialPolicyFrameworkforAfrica.pdf).

The second session of the AU Conference of Ministers in charge of Social Development held in Khartoum, Sudan, in November 2010 focused on strengthening the Implementation Strategy of the SPF, with a role envisioned for the AU Commission in supporting knowledge development, capacity-building and lesson learning. More information on this conference is available on the AU website (http://www.au.int/en/dp/sa/content/2th-session-african-union-conference-ministers-charge-social-development-khartoum-sudan).

Source: http://www.africa-union.org; http://www.ipc-undp.org

Different operational frameworks for social transfers can be distinguished (Table 2) as, for example, the following.

- **One-off food/income transfer projects** — under this operational framework, short-term transfers (such as food parcels, supplementary feeding) would be provided to hungry or vulnerable households or individuals in anticipation of, in response to, or for recovery from a distinct shock, mitigating its negative impacts and preventing a large-scale humanitarian crisis from developing; in low-income countries, such projects would often be funded and administered by international actors on an ad hoc basis.

- **One-off input transfer projects** — transfers (such as seeds, tools, agricultural inputs) are provided to support food-insecure income earners to maintain or diversify their livelihood; the actual increase in income for the households may depend on external factors (e.g. rainfall in the case of seed transfers); such transfers are rarely regular nor predictable (e.g. they are provided once during the planting season, or after a drought, but with beneficiaries having no guarantee of receiving them again the following year if things again go wrong); and they are often not financially sustainable.

- **Regular schemes** — under this operational framework, transfers (e.g. cash, food, vouchers) are provided to reduce households' consumption deficit on a regular basis (e.g. monthly or quarterly); beneficiaries are informed of the expected duration of the project; there is no guarantee by law, and transfers may stop if funding dries up or political priorities change.

- **Integrated schemes** — under this desirable operational framework, social transfers (e.g. social pensions, child benefits, disability grants) constitute an entitlement guaranteed by law that (eligible) citizens can claim; the state has an obligation to deliver these **social guarantees** to **all** its eligible citizens, and to ensure it maintains the required administrative and financial capacities to do so; social transfers are provided under an integrated scheme and linked into other services (e.g. home-based care), programmes (e.g. nutritional education) and sectors (e.g. education and health).

Table 2: Indicative operational frameworks for social transfers

	One-off food/ income transfer project	One-off input transfer project	Regular scheme	Integrated scheme
Level of national ownership	Often driven by international actors	No or limited institutionalisation	Weakly or fully institutionalised	Constitutionally enshrined
Context	Fragile/risk-prone situations	Low-income country	Low- to middle-income country	Middle- to high-income country
Characteristics				
Regular/predictability	No	No	Yes	Yes
Guaranteed by law	No	No	No	Yes
Financially sustainable	No (largely aid-based)	Poorly (external funding and/or public grant)	Fairly (based on predictable donor funding and/or tax and public subsidies)	Yes (largely tax-based)
Regulated by the state	No (or in a very limited manner)	Poorly	To some extent	Yes (provider and regulator)
Policy framework	Emergency food security and livelihoods and/or disaster risk reduction	Food security strategy and/or social protection strategy	Social protection strategy and/or food security strategy	Integrated social protection (policy) framework
Examples	Senegal's urban voucher programme	Kenya's seed fairs; Mali's seasonal cash transfer pilot project	Burkina Faso's school feeding programme; Zambia's cash transfer pilot project; Ethiopia's productive safety net programme	South Africa's child benefits; Brazil's conditional cash transfers
Main challenge	State-building: international community to assist populations in need without weakening state legitimacy and capacity	Predictability: transfer providers to improve predictability to allow greater risk taking for higher return on investments	Institutionalisation: government to support financial viability, development of complementary social services, and social guarantees	Dynamism: government to ensure permanent adjustment of the system and its integration within broader social and economic policies

Source: Authors.

These different frameworks should not necessarily be seen as a sequence: for example, a one-off social transfer project responding to short-term needs (e.g. recovery after an earthquake) will not be expected to evolve into a social guarantee (Box 8) or even into a regular (predictable) transfer scheme. The social guarantees approach provides an innovative way forward to integrate a rights-based perspective into social policy. It implies a shift in focus from 'what can we afford to finance with the available social policy budget?' to 'how should the entire budget be allocated so that we can provide agreed upon minimum standards in public services to all citizens' (World Bank, 2007b). Such an approach invites policymakers to design policies considering the neediest and most vulnerable (e.g. malnourished children living in poor households in remote areas), rather than national or regional averages, so that **all** entitled citizens can enjoy their rights.

Box 8: What are social guarantees?

Social guarantees are sets of legal or administrative mechanisms that determine specific entitlements and obligations, related to certain rights, and ensure the fulfilment of those obligations on the part of the state. Social guarantees have five key characteristics: (i) they have a legal expression that results in an explicit state responsibility; (ii) they are constructed in reference to a specific rights-holder; (iii) they involve mechanisms of access and redress; (iv) the mechanisms that they envision are defined in a precise manner; (v) they are flexible and revisable. As a result, they facilitate the reduction of opportunity deficits across social groups.

Source: World Bank (2007b).

These indicative operational frameworks are presented here to emphasise that the long-term objective, common to national and international emergency-response and development actors, should be the establishment of a set of institutionalised, predictable social transfer schemes. In normal times, such schemes can respond to long-term needs and in times of crisis, they should ideally be expanded and adapted to respond to additional short-term needs. They constitute an entitlement to citizens and thus contribute to reinforce the **social contract** between the state and its citizens. While social transfers may initially be developed under a food security (or other) policy framework, and whilst they may continue to play a role as agricultural (or education or other) policy instruments, once they become enshrined as social guarantees they become (explicitly or implicitly) part of a national social protection policy.

2.4. Policy framework for social transfers

Social transfers are commonly developed either under a social protection **policy framework**, or a food security strategy. Indeed, the two policy arenas are complementary: social protection offers potential solutions to the challenge of household food insecurity, and many social protection programmes are targeted at farmers and aim to protect their livelihoods or promote food production. Good coordination is thus needed between 'economic' ministries (e.g. Agriculture) and 'social' ministries (e.g. Social Welfare) to maximise the synergies between social protection and food security interventions. Examples where this coordination and harmonisation is occurring include Ethiopia (Box 9) and several countries in Central Asia.

It is necessary to link social transfers to other sectors, programmatically and institutionally, both to maximise outcomes and for effectiveness/efficiency reasons (e.g. to ensure that social transfer recipients do have physical access to quality education and health services). Adopting a **multi-sectoral approach** and promoting cross-sectoral coordination is critical. In a context of budgetary constraints, social expenditures are to be consolidated and duplication is to be avoided. An existing social transfer scheme introduced with a narrow education sector perspective, for example, could possibly be adjusted to incorporate food security concerns. It is crucial to build consensus among governmental bodies and development partners.

Box 9: Ethiopia — combining social protection and food security objectives

Ethiopia's Productive Safety Net Programme (PSNP) was launched by the Ministry of Agriculture and Rural Development in 2005, with financial support from several donors including the EC, with three components that support over 8 million Ethiopians:

- Public Works — temporary employment on rural infrastructure activities for eligible households with labour capacity (> 80 % of beneficiaries);
- Direct Support — unconditional cash transfers for eligible households with no labour capacity (< 20 % of beneficiaries);
- Livelihood Packages — inputs and training for alternative income-generating activities.

The PSNP explicitly combines social protection and food security objectives. Cash or food transfers help to smooth consumption and protect household assets in the short term. Physical infrastructure created by public works (e.g. soil and water conservation, terracing and feeder roads) aims to boost or stabilise food production and integrate rural markets, stabilising food prices. Activities supported through livelihood packages (e.g. beekeeping for honey production, forage production for livestock fattening) should increase household incomes and diversify risk away from crop farming.

Through the combined impacts of these interventions, the PSNP aims to 'graduate' food-insecure beneficiaries into 'food sufficiency' within 3 to 5 years. This is a rare example of a social protection programme identifying a pathway out of dependence on transfers, towards sustainable food security. According to the Graduation Guidance note, 'A household has graduated when, in the absence of receiving PSNP transfers, it can meet its food needs for all 12 months and is able to withstand modest shocks.'

Source: Authors, based on European Commission (2007), Support to the Productive Safety Net Programme, Ethiopia.

A situation of chronic or seasonal food insecurity calls for the establishment of permanent regular social transfer schemes with mechanisms to increase their coverage during downturns — along with other measures and policies to tackle the root causes of food insecurity (and poverty). Such permanent, predictable schemes should (eventually) be developed (explicitly or implicitly) within a social protection framework and turned into guaranteed entitlements for eligible citizens (Box 10).

Box 10: Social transfers, social protection and food security

Social transfers are an instrument to provide income, consumption or asset support directly to households in need. They can be used in relief, recovery and development contexts.

Social protection is defined in the European Report on Development (ERD) as 'A specific set of actions to address the vulnerability of people's life through social insurance, offering protection against risk and adversity throughout life; through social assistance, offering payments and in kind transfers to support and enable the poor; and through inclusion efforts that enhance the capability of the marginalised to access social insurance and assistance'.

Food security is an outcome. A social protection system can be applied to achieve food security. Because social protection offers social guarantees — institutionalised, predictable and sustainable — it offers an appropriate framework to address structural causes of food insecurity.

Source: Authors, based on ERD (2010).

Resources 2: Useful resources on social transfers in the framework of social protection

— Safety Nets How-to Online Toolkit: a resource guide for practitioners (World Bank's website)

— For Protection & Promotion: the Design and Implementation of Effective Safety Nets (Grosh et al., 2008)

— Designing and implementing Social Transfer Programmes: a policy manual (Samson et al., 2010)

— Cash Transfers — Evidence Paper (DFID, 2011)

Chapter 3
Justifying social transfers

Proponents of social transfers **justify** them for a variety of different reasons, and advance a range of different arguments to advocate their adoption. Some of the main justifications are introduced in this Chapter. They include: **poverty reduction** and risk management (**Section 3.1**); **economic growth** and capital-based production (**Section 3.2**); **political stability** and state-building (**Section 3.3**); **social justice** and human rights (**Section 3.4**); and **food security** (**Section 3.5**), which is introduced in this Chapter, but discussed in greater detail in **Chapter 4**.

3.1. Poverty reduction and risk management

Social transfers are widely used as part of poverty reduction and risk management strategies. In that respect, social transfers can help achieve four specific objectives (Devereux and Sabates-Wheeler, 2004).

Provision

Firstly, social transfers have an immediate impact in reducing **inequality and extreme poverty**. The minimal function of social transfers are thus to 'make poverty survivable or more bearable' (Grosh et al. 2008:13). At global level, the World Food Summit set a goal of reducing, between 1990–92 and 2015, the number of people suffering from hunger by half, and MDG 1, Target 1c, is to halve, between 1990 and 2015, the proportion of people who suffer from hunger (Box 7: The African Union's Social Policy Framework for Africa). The objective of the EC food security development cooperation is oriented to this MDG 1 to 'eradicate extreme poverty and hunger'. A significant amount of MDG progress has been achieved in recent years, but the overall evidence suggests that improvements have often not reached those who most need them (Unicef, 2010). Even if the MDGs are to be achieved at a global level, they will not be achieved evenly in each country — many are substantially off-track — nor within countries. An estimated 1 billion people will still be living in absolute poverty and deprivation, many of them chronically poor. Poverty reduction instruments will still be needed. Among them, social transfers present great potential to address the inequality in MDG achievements, both between and within countries.

Prevention

Secondly, social transfers help households **manage risk**. They prevent people from disinvesting and adopting damaging coping strategies — including reducing food consumption or taking children out of school. Households affected by shocks (e.g. drought, long-term illness of a breadwinner, conflict) that reduce their income or assets may resort to costly coping mechanisms (e.g. selling productive assets, cutting back on the feeding or

Box 11: Millennium Development Goal 1 — targets and indicators

Goal 1: Eradicate extreme poverty and hunger

Target 1a: Halve, between 1990 and 2015, the proportion of people whose income is less than USD 1 per day

1.1. Proportion of population below USD 1 (PPP) per day

1.2. Poverty gap ratio

1.3. Share of poorest quintile in national consumption

Target 1b: full and productive employment and decent work for all, including women and young people

1.4. Growth rate of GDP per person employed

1.5. Employment-to-population ratio

1.6. Proportion of employed people living below USD 1 (PPP) per day

1.7. Proportion of own-account and contributing family workers in total employment

Target 1c: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

1.8. Prevalence of underweight children under five years of age

1.9. Proportion of population below minimum level of dietary energy consumption

Source: http://www.un.org/millenniumgoals

schooling of children) that make them fall into or perpetuate poverty. Poor and vulnerable households may also manage risks ex ante by investing in lower-risk livelihoods which minimise the variance of their income, but provide a lower return on investment (e.g. low-risk but low-return crops, diversified rather than high-return activities). Studies indicate that the poor sacrifice as much as a quarter of their income in return for greater security (Dercon, 2006). Regular and predictable social transfers reduce the incidence of negative coping mechanisms, and may encourage poor households to take greater risks for higher return on investments. However, 'for social transfer programmes to deliver this insurance effect, they must provide a credible ex ante guarantee of quick assistance in time of need — something that few programmes to date have done' (Grosh et al. 2008:20).

Promotion

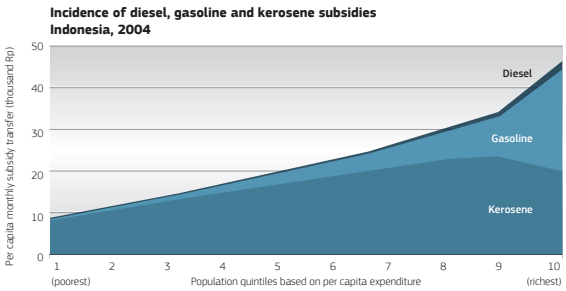
Thirdly, social transfers contribute to **human and productive capital accumulation**. They enable households to make better investments for their future, both with regard to the human capital of their children and the livelihoods of household earners. In contributing to capital accumulation, social transfers play a promoting role for poor households and can help break the intergenerational transmission of poverty. Cash transfers, for example, can improve beneficiary households' access to food, health services and education, and ease human capital development (Box 26). Lump sum grants, asset and input transfers directly aim at developing the household asset base. But evidence also shows that smaller transfers provided over a reasonably long period can help households invest in productive assets. In aggregate, social transfers can thus support (pro-poor) economic growth. Of course, social transfers cannot play this promoting function in isolation: they need to be developed within broader social and economic policies — quality food needs to be available on markets, health and education services need to be supplied, economic opportunities need to be accessible, infrastructure needs to be built, etc.

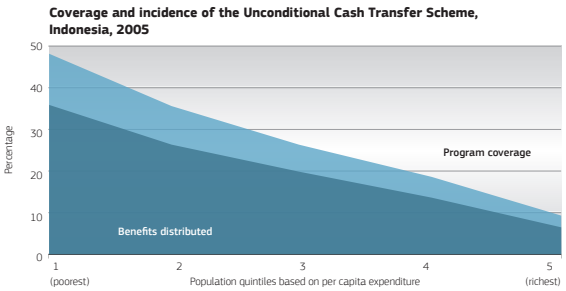
Transformation

Lastly, social transfers may help governments to make **beneficial reforms**. They complement economic policies which support growth and poverty reduction over the long term, but do not protect the poorest efficiently (e.g. flexible labour market). Social transfers also help government introduce reforms, as part of structural adjustment policies, that will be beneficial over the medium term, but which would severely affect some categories over the short term. Social transfers can also be used to replace ineffective social programmes. Indonesia and Yemen, for example, introduced cash transfers to compensate for the removal of expensive yet inefficient general subsidies (Box 7: The African Union's Social Policy Framework for Africa). Social transfers, along with other social protection measures, can thus replace less efficient or equitable expenditures, and allow a shift from redistribution towards the rich (as manifested in such policies as fuel subsidies and free higher education which concern goods or services primarily consumed by the richest quintiles) to genuine redistribution towards the poor. They can also be used explicitly to tackle issues of social justice, by challenging social exclusion and marginalisation (**Section 3.4**), and by countering gender discrimination (Box 13).

Box 12: Indonesia — from general subsidies to targeted cash transfers

For many years, Indonesia maintained universal price subsidies on fuel, with price levels fixed well below world prices. By 2005, with the rise in world fuel prices, the cost of the subsidy was equivalent to 5 % of GDP. As is common with such subsidies, they were highly regressive — benefiting the richest quintiles the most. The Government of Indonesia reduced the universal fuel subsidies in 2005, freeing up USD 10 billion. These savings were reinvested in a newly established USD 2.4 billion targeted unconditional cash transfer scheme reaching about 34 % of the population — poor and near-poor households — and the remainder was used to support development programmes in education, health, rural development and infrastructure.





Source: Grosh et al. (2008) based on World Bank (2006a).

Box 13: Social transfers and gender

Poverty is gendered, and social transfers should take account of this.

In many countries, women tend disproportionately to be the heads of low-income, often single-parent households where the risk of poverty is greatest; women are often disadvantaged in access to household resources (especially cash) and to potential technologies for delivery (e.g. mobile phones); girls are often discriminated against in schooling; and women are more likely to be involved in informal-sector employment or agriculture where statutory social protection measures are least effective. So, targeting cash transfers at women, building their negotiating power within households, ensuring the use of appropriate transfer technologies, paying higher benefits to households that send girls to school, and thereby providing mothers with greater opportunities to re-enter the labour market are all measures that make significant sense in terms of using social transfers to reverse gender discrimination.

And, yet, a recent review by the ODI suggests that, with one or two notable exceptions such as the BRAC's 'Challenging the Frontiers of Poverty Reduction' and Peru's 'Juntos', social protection is frequently 'gender-blind', and that 'gender issues have been integrated unevenly at best'. It gives four main reasons for this: (i) the poor use of evidence in programme design on the different ways in which women experience poverty and vulnerability compared with men; (ii) a blueprint approach to operations that lacks the flexibility to consider the ways in which gender relations shape programme opportunities and outcomes; (iii) a lack of investment in capacity-building for programme implementers about these dimensions; and (iv) an absence of gender-sensitive indicators in programme monitoring, evaluation and learning systems.

The review recommends, learning from experience, that gender-sensitive social protection can be strengthened as follows:

- sensitivity to women's changing needs throughout their life cycle and their income; generation responsibilities, including support for nursing and pregnant women, childcare facilities that are culturally sensitive;
- equal transfers (and wages on public works schemes) for men and women, and ensuring that women have access to their own income;
- investing in community assets that reduce women's vulnerabilities, such as time poverty;
- linking to complementary programmes such as vocational, extension and financial services and awareness-raising, to leverage gains from cash targeted at women and enhance their capacities for, and access to, work that is adequately paid;
- involving women in programme governance and decision-making, backed by mentoring and capacity-building to ensure meaningful participation;
- carefully assessing the strengths and weaknesses of conditional transfers: those designed to address girls' specific vulnerabilities to lower human capital development can raise public awareness, as can activities to promote women's skills and community participation, but they may also entrench women's traditional roles and exacerbate women's disproportionate time poverty, and so need careful monitoring;
- promoting the active involvement of men if a conditional and community approach is adopted; and
- embedding sex-disaggregated monitoring and evaluation indicators within programme design.

Source: Holmes and Jones (2010).

3.2. Economic growth and capital-based production

The view that there is an inevitable trade-off between social protection and economic growth is not supported by evidence and is most likely to be wrong, as the world's most productive economies tend to have strong social protection systems (ILO, 2005). On the contrary, social protection can be characterised as a productive factor. There

are even arguments to see social protection as inherent to capitalist production (Scholz, 2005) (Box 14). Such an argument may appear inappropriate to many low-income countries whose economy remains largely rural, but is likely to receive more attention in debates around poverty reduction in urban areas and in (less aid-dependent) emerging economies.

Box 14: Social protection as inherent to capitalist production

Why does social protection exist in Europe but exists only to a lesser extent in other parts of the world? Why are countries like China, South Korea and Thailand currently systematically developing social protection systems, while others are not? Why did social protection only start emerging around 200 years ago? Searching for an economic explanation for the existence of social protection, Scholz advances three main reasons.

— Social protection accounts for the **depreciation of labour.** Social protection instruments — including social transfers — maintain the production factor labour. If capital needs replacement in order to maintain capitalist production in the long term, then labour needs similar replacement. The financial industry organises and finances the replacement of capital stock as it is consumed during production. Social protection organises and finances the replacement of labour.

— Social protection helps maximise **labour productivity.** Social protection contributes to maximising and maintaining the productivity of employed labour (i.e. of those who remain within the production process). It does so by keeping out of the production process those who are not — or not yet, or no longer — working productively. These may include children, the disabled, the sick, the illiterate, the unemployed, and the elderly.

— Social protection helps maintain **low-cost mass production**. By providing those who lack an income of their own with cash or services for their living expenses, social protection provides all with consumption opportunities. As a consequence, it contributes to guaranteeing full sales for modern mass-produced goods and services.

For these three primary reasons (and more), capital-based production cannot be sustained without social protection. Thus, it is no surprise to see countries like China, South Korea or Thailand developing their social protection systems as they adopt the capitalist model.

Source: Authors, based on Scholz (2005).

An emerging evidence base suggests that well-designed social transfers also promote **pro-poor economic growth**. Policymakers have the opportunity to invest in social transfers and engineer a virtuous circle of increased equity-promoting growth. Social cash transfers, in particular, hold the potential to promote pro-poor growth through at least eight paths (Samson, 2009):

- social cash transfers help create an effective and secure state;
- social cash transfers promote human capital development, improving worker health and education and raising labour productivity;
- social cash transfers enable the poor to protect themselves and their assets against shocks, enabling them to defend their long-term income-generating potential;
- social cash transfers mitigate risk and encourage investment (the downside of the riskiest and yet most productive investments often threatens the poor with destitution);
- social cash transfer programmes can be designed to combat discrimination and unlock economic potential;
- social cash transfers support the participation of the poor in labour markets (searching for a job is often expensive and risky);
- social cash transfers stimulate demand for local goods and services;

- social cash transfers create gains for those otherwise disadvantaged by economic reforms, helping to build stakeholder support for pro-poor growth strategies.

Research on the effects of social transfers on the **local economy** remains insufficient, but available studies provide positive examples. Well-designed social transfers play a significant role in ensuring that economic growth reaches the poor and helps to extend economic opportunity to the most vulnerable. In Mexico's Progresa programme, an increase in consumption and productive assets was observed among non-beneficiary households in programme areas — and more strongly among non-beneficiary households with low asset levels at the start of the programme. In Lesotho and South Africa, social transfers appeared to support trade, with traders flocking to locations for pension payments. In Bolivia and Zambia, some beneficiaries use part of the transfer to support agricultural activities. On the other hand, the concerns raised in the theoretical literature that social transfers have a negative effect on labour supply and savings rates are not supported by the available empirical evidence (Scott, 2009), with evidence of increased rates of labour market participation, particularly for women, from Brazil and South Africa.

Resources 3: Useful resources on the link between social transfers and economic growth

— Social Transfers and Growth in Poor Countries (Scott, 2009)

— Social Cash Transfers and Pro-Poor Growth (Samson, 2009)

— Social Transfers and Growth. A Review (Barrientos and Scott, 2008)

— Social protection and economic growth in poor countries (DFID, 2006b)

— Social protection as a productive factor (ILO, 2005)

3.3. Political stability and state-building

It is crucial to recognise the **political dimension** of social protection instruments and, among them, social transfers. This is often the primary motivation for governments to introduce social transfer schemes. When Bismarck initiated the first notable social protection scheme in Germany in the 1880s, his motivations were largely political. The obligatory social insurance scheme he introduced was aimed at reinforcing state legitimacy among the working class. It was a key element of a strategy to contain the development of the socio-democratic movement. In the post-Second World War context, social protection was also used as a policy element in the East-West conflict.

Social transfers have been used in various developing countries as **state-building instruments**. In the occupied Palestinian territories, donors have been supporting the payment of social allowances to the poorest segment of the population and to key workers delivering essential public services since 2006 ([7]). This substantial donor support is explicitly at the core of a strategy to build the authority of the Palestinian Authorities ([8]). In Afghanistan, an impact assessment of the National Emergency Employment Programme (NEEP), a public work scheme, concluded that the NEEP was more important for institution building than for income transfers per se (Ahmed, 2010).

Social transfers contribute to **nation-building**. Germany, after reunification, and South Africa, after the end of the Apartheid regime, provide two successful examples of the contribution of social protection to stable democracies. In the European case, de Neubourg (2009) shows that universalist benefits (e.g. unconditional cash transfer for all children/families) have contributed most to the stability of nations. He argues that means-tested or conditional transfers divide, rather than unite, exclude the not-so-poor middle- and low-income classes who, nevertheless, have to contribute to the system, and require implementation capacities that young democracies hardly ever have — with the risk of contributing to corruption and poor governance. Basic universalist benefits also appear to be affordable, adequate and relevant. And it is suggested that they are potentially strong building blocks for the stability of fragile

([7]) Through the funding mechanism TIM (Temporary International Mechanism) and then PEGASE (mécanisme Palestino-Européen de Gestion et d'Aide Socio-Economique).

([8]) To date, little attention has been paid to the impact of these social transfers on poverty or to the appropriateness of the delivery mechanism (quarterly cash payment through bank offices) for beneficiaries. Rather, most efforts have been put into ensuring a secure (from a donor's perspective) delivery process and timely payment of social benefits and salaries.

nations. In Sierra Leone, social transfers were used in a post-conflict situation to promote the reinsertion of ex-combatants into their communities. And in Nepal, social transfers represent a peace dividend.

There is anecdotal evidence (from middle-income countries) that conditional cash transfers have additional **empowerment and accountability effects**. In Mexico, conditional cash transfer (CCT) beneficiary parents are putting greater pressure on teachers to reduce their absenteeism (Levy (2006) cited in Grosh et al. (2008)). And in Brazil, some analysts attributed the higher than expected voter turnout among the poor at the 2006 presidential election to the workings of the extensive Bolsa Família conditional cash transfer programme (Hunter and Power (2007) cited in Grosh et al. (2008)). Social transfers may thus have indirect effects that increase the inclusion of the voice of the poor. In lowering inequalities in education, social transfers contribute to lowering the inequality in autonomous income, and may ensure the nation-building benefits of shared education (Grosh et al., 2008). This suggests that social transfers may play a transformative role in society.

Institutionalised, regular and predictable social transfers, developed as part of broader social protection policies, not only protect individuals but also the **whole of society**. Predictable transfers constitute a social contract that binds a government to its citizens. Social protection can reduce social conflicts and criminality, and ease necessary reforms in mitigating their negative effects. Lower inequality and greater social stability also support greater productivity and economic growth.

3.4. Social justice and human rights

Social transfers are useful instruments to realise **human rights**. Social transfer policies — along with other social protection instruments — are implied in a number of international legal instruments, including: the Universal Declaration of Human Rights (UN 1948) (Poverty is gendered, and social transfers should take account of this.); the International Covenant on Economic, Social and Cultural Rights (UN, 1966); the Declaration on the Rights of Disabled Persons (UN, 1975); the Convention on the Rights of the Child (UN, 1989); and the International Labour Organisation Convention No 102 ([9]). A **right to social protection** would be closely linked to other essential obligations to ensure, among others, the right to food (Box 16), access to basic social services, decent living standards for all, and assistance to persons in times of crisis. It would also have to include civil and political rights — to respect the principle of the **indivisibility** of rights. So rather than talking of a **human right to social protection**, one should recognise that 'all human rights standards can be relevant for (social protection) and that (social protection) policies and programmes are instruments to realise human rights' (Piron, 2004:12).

Box 15: The Universal Declaration of Human Rights — the right to social protection

Article 22: Everyone, as a member of society, has the right to social security and is entitled to realisation, through national effort and international cooperation and in accordance with the organisation and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

Article 23.3: Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

Article 25: (1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control; (2) Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

Source: http://www.un.org/en/documents/udhr/index.shtml

([9]) The text of this Social Security (Minimum Standards) Convention of 1952 and its ratifications can be found online (http://www.ilo.org/ilolex/cgi-lex/single.pl?query=011952102@ref&chspec=01).

The Human **Right to Food** adds to food security. In the Rome Declaration on World Food Summit in 1996, Heads of State or Government reaffirmed 'the right of everyone to have access to safe and nutritious food, consistent with the right to adequate food and the fundamental right of everyone to be free from hunger.' In his work, Amartya Sen, winner of the 1998 Nobel Prize in Economics, concluded that in many famines in which millions of people have died, there was no overall decline in food availability, and starvation occurred as a consequence of failed distribution systems and the lack of purchasing power of the poor. This led him to propose **entitlement** or a kind of right of the hungry to have employment so that they can buy food, and to focus on developing **capabilities** to be able to choose a valuable life that is worth living — emphasising, among others, the freedom from hunger as a fundamental freedom (Sen, 1999). Drèze and Sen (1989) suggest that the State is responsible for taking effective steps, including enacting laws, to ensure food security for all ([10]). Under the right to food: states have obligations and are accountable; individuals are rights holders; the right to food links to all other human rights; principles of non-discrimination, participation and rule of law are integral to the right to food; and implementing the right to food includes administrative and judicial recourse mechanisms (FAO, 2005).

The EC has recently commissioned the desk study 'EC activities in the **Right to Food** area and on the relationship between Food Sovereignty and the Right to Food', which concludes that:

> The European Union believes that democracy and human rights are universal values that should be vigorously promoted around the world and they are integral to effective work on poverty alleviation and conflict prevention and resolution. The EC has made human rights a central aspect of its external relations. From the EC Treaty, to the European Consensus on Development, to several EC Strategies and Council Communications, the EU and EC provisions and statements underpinning the right to food are substantial. Particularly after the recent food, fuel and financial crises, the EU, MS (Member States) and Commission work has intensified addressing food governance at various levels and affirming the commitment to food security in realisation of the right to food and its relevance to Policy Coherence. (Venetsanou, E., 2010: vi-vii)

Box 16: The Right to Food

Every human being has the right to adequate food and the fundamental right to be free from hunger, according to international human rights law. This is called 'the Right to Food' in short: the right to adequate food covers quantity, quality, and cultural acceptability.

States have the obligation to respect, protect, promote, facilitate and provide the right to food. Some obligations are immediate; others should be realised progressively to the maximum of available resources.

The right to food is not the right to be fed, but primarily a right to feed oneself in dignity. Only if an individual is unable, for reasons beyond his or her control, to provide for themselves, does the state have obligations to provide food or the means to purchase it.

Source: FAO (2005).

A **rights-based approach** to social protection (and food security) considers social transfers to be a right and entitlement that citizens can claim, and places clear obligations on states to guarantee social protection (and food security). Designing and implementing social transfer schemes with a rights-based approach implies paying particular attention to a number of elements, including the following (based on Piron, 2004).

- **Providing at least a minimum level of, and equal accessibility to, social benefits** — low-income countries may require international assistance to meet these obligations, while they increase their own available resources (through expenditures prioritisation, improvement of the taxation system, economic growth, etc.).
- **Paying attention to the principles of inclusion, equality and non-discrimination** — participation and accountability are also required to realise rights and inform the design of social transfers and the broader social and political contexts within which they operate.

([10]) This would be the authoritative interpretation of Article 11 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) outlined in the General Comment 12 of 1999 (ESC, 1999).

- **Recognising the importance of citizenship** as a mechanism to ensure that rights are specified as claimable, concrete entitlements — this requires paying attention to the various political incentives associated with various types of social transfers, which can solidify citizenship bonds or further patron-client relations as a result of the degree of discretion or their informality.

- **Developing a sound system of monitoring and evaluation** of performance and impact that ensures the participation and inclusion of beneficiaries.

- **Setting up various channels of contestation and accountability** — both demand-side actions to claim rights and supply-side reforms to guarantee the delivery of rights.

- **Building the capabilities of actors and institutions** — progressive building of sustainable structures and capabilities of individuals and groups to be aware of rights and entitlements, claim them or deliver them.

Notably, States Parties to the **International Covenant on Economic, Social and Cultural Rights** have the obligation to respect, promote and protect and to take appropriate steps to achieve progressively the full realisation of the right to adequate food (Article 11 ICESCR) (UN, 1966). This means that states should respect existing access to the resources which people need to feed themselves and they should protect people from the intervention of third parties hindering this access to food. Only the third dimension of states' obligations is proactive: when access to food is not available to groups in society, states should take steps to create an enabling environment for people to feed themselves. Many states that have ratified the ICESCR may not be held fully accountable to their citizens because they do not systematically monitor the situation of food insecurity and do not make information publicly available. Furthermore, it is difficult to say whether they are, indeed, taking the steps to realise all obligations progressively 'to the maximum of available resources' (FAO, 2005). Few developing countries have developed such a social guarantee system.

Social guarantees are sets of legal and administrative mechanisms which specify rights and obligations (at legal, institutional, instrumental and financial levels) that states should meet to realise a given right. While the realisation of the right to food is progressive, the social guarantee entitling citizens to a specifically defined level of food assistance in case of displacement constitutes an immediate obligation for the state. A social guarantee system essentially guarantees a set of basic social minimum (which the state can provide) to all and promotes a shift in approach, from 'What can be financed with the available social policy budget?' to 'How should the global budget be allocated in order to provide the minimum standards set in public services for all citizens?' A social guarantee system enables the state to provide: (i) clarity on the minimum norms — which can be reviewed on a continuous basis; (ii) a framework for equity among those who receive services from various suppliers (public, private, voluntary); (iii) a framework to bring redress if the minimum norms are not respected; (iv) a process for citizens' participation in the supply of public and private services. Such an approach was successfully applied in Chile and South Africa, for example, where it contributed to increased social inclusion (World Bank, 2008b).

By providing for the subsistence of those unable to provide for themselves, social transfers promote the right to adequate food. However, for the right to food to be fully realised, a state has the obligation, not only to fulfil (aid the deprived) but also to respect (avoid depriving) and protect (from deprivation). When introducing social transfers, a state should consider whether appropriate arrangements are in place to fulfil its **primary obligation** to respect and not to interfere with its citizens' enjoyment of their right to food. A state has a duty not to eliminate a person's only available means of subsistence, as well as a duty to protect people against deprivation by other people of the only available means of subsistence.

Linking social transfers to local production can be an instrument that governments use to promote local production but also to meet the needs of the most vulnerable, as part of productive social transfer schemes. The Government of Brazil adopted such an approach in investing in a large programme of food acquisition from smallholder farmers (over USD 1.1 billion over 2003–08). In 2008, the Food Acquisition Programme (Programa de Aquisiçao de Alimentos, PAA) purchased food from 120 000 family producers and reached 16.8 million people affected by social and food vulnerability. The PAA is one element of the Fome Zero (Zero Hunger) policy framework whose goal is both to promote the right to adequate food and ensure the principle of food sovereignty in the country (Box 17: Brazil — Fome Zero's axes, programmes and actions).

Box 17: Brazil — Fome Zero's axes, programmes and actions

1. Food Access

- Income: Bolsa Familia
- Food Programs
  - School Meals (PNAE)
  - Distribution of Vitamin A and Iron
  - Food to Specific Population Groups
  - Food and Nutrition Education
  - SISVAN
  - PAI
- Local and Regional SAN Networks: Popular Restaurants, Community Kitchens, Fairs, Urban Agriculture and Food Banks
- Water:Cisterns

2. Strengthening of Family Agriculture

- Financing of Family Agriculuture
  - PRONAF:
    - → RuralInsurance and Crop Insurance
- Food Acquisition Program(PAA)

3. Income Generation

- Social and Professional Qualification: PLANSEC/ Bolsa Familia
- Social Economy and Productive Inclusion
- Oriented Productive Microcredit
- SAN Regional Arrangements:CONSADs, Territory of Citizenship

4. Articulation, mobilization and social control

- Reference Centers for Social Assistance (CRAS) and Integral Family Attention Program (PAIF)
- Social Control Councilis and Committees
- Citizenship Education and Social Mobilization
- Donations
- Partnership with enterprises and entitles

Source: Zero Hunger The Brazilian Development Strategy: Economic Growth with Social Inclusion, Adriana Arnha, MDS; http://www.fomezero.gov.br

Resources 4: Useful resources on rights-based approaches to the fight against hunger and poverty

- Right to food — Voluntary Guidelines (FAO, 2005)
- Rights-based approaches to social protection (Piron, 2004)
- Realizing Rights Through Social Guarantees: An Analysis of New Approaches to Social Policy in Latin America and South Africa (World Bank, 2008b)
- Independent Expert on Human Rights and Extreme Poverty (http://www.ohchr.org/EN/Issues/Poverty/Pages/PovertyExpertIndex.aspx)

3.5. Food security

Social transfers may be used to address the **immediate causes** of food insecurity in the short term as well as the **underlying and structural causes** of food insecurity in the medium and long terms.

Social transfers can enhance food security in the **short term** by providing food (e.g. household food parcels, preventive supplementary feeding) or the means to access it (e.g. cash transfers, vouchers) (**Section 4.2**).

In the **medium term**, social transfers, such as agricultural inputs, cash grants, or livestock can directly support household activities that produce food and income (**Section 4.2**). There is also evidence that small food or cash transfers aimed at directly increasing food consumption, **if** provided over long enough periods, may be partially invested in productive assets that will increase households' ability to produce food and income. In Bangladesh, for example, BRAC's Challenging the Frontiers of Poverty Reduction Programme ([11]) transfers useful assets (e.g. a dairy cow, poultry, sewing machine or rickshaw) to poor families, as well as a cash stipend to support immediate food consumption and prevent the household from selling that asset in times of stress (Box 40). Another example of this two-pronged approach comes from an EC-supported cash transfer project in Lesotho (Box 18: Lesotho — supporting both immediate basic needs and long-term food security). This project also brings together government departments that have primary responsibility for social welfare and for agriculture, in a way that could lead to a coordinated system for delivering both social protection and food security to poor citizens.

Box 18: Lesotho — supporting both immediate basic needs and long-term food security

The main component of this social protection project is a quarterly cash grant that is delivered to up to 60 000 Orphans and Vulnerable Children (OVC) in Lesotho. The transfers are expected to be spent on meeting children's immediate basic needs, such as food, health and education, but the project also has longer-term food security for OVC as a primary objective, and achieving this requires more than cash transfers.

Complementary activities include training in conservation agriculture techniques, development of school gardens and home gardens, and facilitating access to communal fields for OVC without land. Achieving synergies between social protection and food security requires coordination between the Department of Social Welfare, Child Welfare Division (which administers the cash grant), and the Ministry of Agriculture and Food Security (which administers agriculture programmes in Lesotho).

Source: Unicef (2009).

Social transfers enhance **longer-term** food security at household and national levels if they are invested in health or education (**Section 4.2**), thus helping to prevent the transmission of poverty from one generation to the next. There is well-established evidence that educated mothers have better nourished children (leading to improved cognitive development and educational outcomes), and that educated farmers produce higher yields. So, the linkages between education and food security are strong, and there is also convincing evidence that cash transfers are spent on school fees and related education costs. Social transfers in the form of public works projects can also enhance long-term food security if they create useful assets that support agricultural production and livelihoods (e.g. terraces or irrigation canals). Well-designed public works have the potential to contribute both to short-term social protection and to long-term food security. The pathways for these synergies are illustrated by the case of the Productive Safety Net Programme in Ethiopia, which is supported by the EC (Box 9).

Finally, in the **very long term**, the presence of social transfers, and in particular of social pensions, may have a direct impact on reducing fertility, thereby reducing population growth and enhancing the prospects for global food security in developing countries with high birth rates. A study in sub-Saharan Africa suggests that the presence of a high-coverage non-contributory old-age pension led to a reduction in fertility in the range of 0.5 to 1.5 fewer children per woman depending on model specification (Holmqvist, 2010a). Decisions about having children are influenced by the costs and benefits. People may choose to incur the additional costs associated with having more children in order to provide a better guarantee of care in their old age, but if they are confident that a pension will contribute

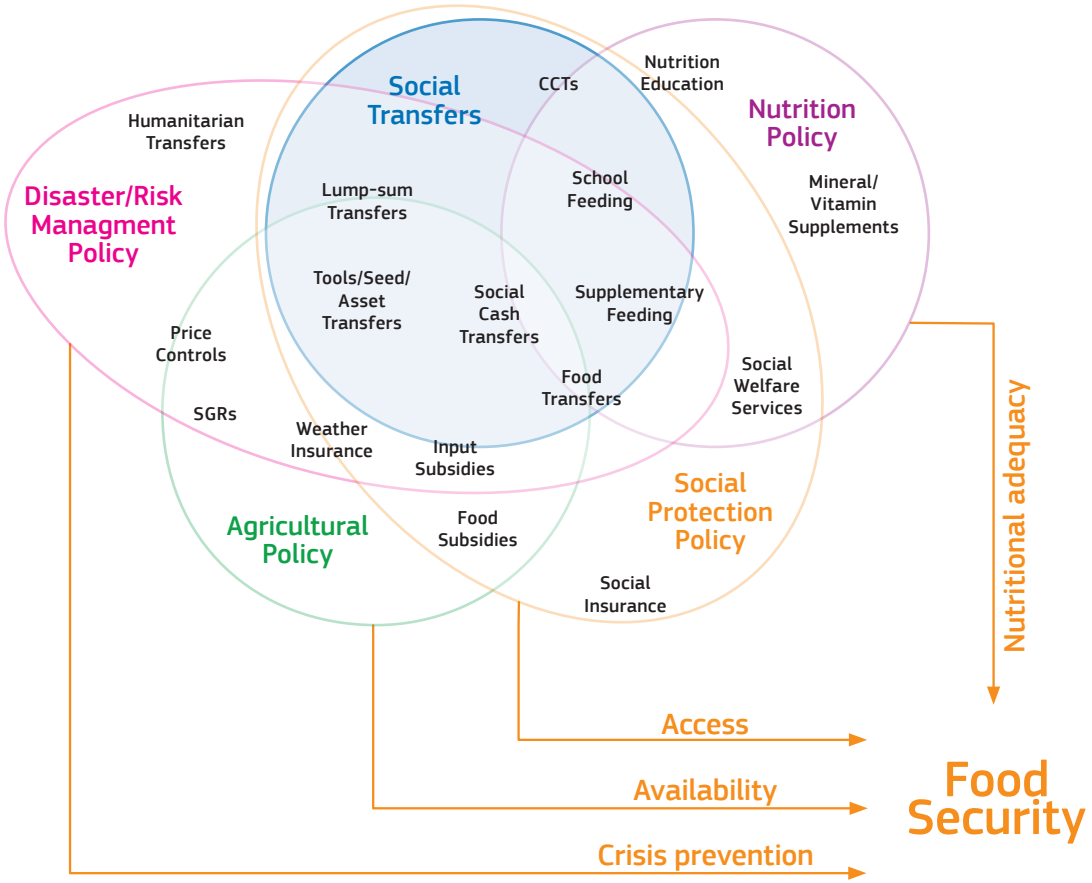
([11]) BRAC (originally Bangladesh Rural Advancement Committee, but now normally just referred to as BRAC) is a development organisation founded in Bangladesh in 1972.

to that care, then they will choose to have fewer children. The assumption that children may serve as a parental investment in old-age care, and that the existence of public old-age pensions reduces that motive, holds equally true in sub-Saharan Africa as in Organisation for Economic Cooperation and Development (OECD) member countries.

Chapter 4
Using social transfers to fight hunger

Hunger may result from deficiencies in any of the **four pillars of food security**: availability, access, nutritional adequacy, and crisis prevention and management. While in the past, food crises were often the result of the unavailability of food (e.g. due to failed production), food insecurity is now increasingly the result of the inability of people to afford food commodities available on the market. Understanding the exact immediate as well as underlying and structural causes of food insecurity is crucial to be able to determine appropriate responses. This chapter reviews the use of social transfers to support each of the four food security pillars (Box 19: Social transfers in the framework of food security), and how social transfers can be designed to: increase **availability** of food (**Section 4.1**); improve **access** to food (**Section 4.2**); improve **nutritional adequacy** of food (**Section 4.3**); or enhance **crisis prevention** and management (**Section 4.4**).

Box 19: Social transfers in the framework of food security



NB: CCTs: Conditional Cash Transfers; SGRs: Strategic Grain Reserves.

Source: Authors.

4.1. Social transfers to increase availability of food

The first pillar of food security is the physical **availability of food** for everyone. This involves 'offering enough foodstuffs to meet everyone's needs through national farm production, distribution and imports, as well as adequate local and national policies in these sectors' (EC, 2009a:7). Social transfers contribute to increased food production (Box 21) by directly providing inputs or assets, and by helping to build productive assets.

Social transfers can directly increase **agricultural productivity**, ideally through a comprehensive system approach. The provision of sufficient quantities of inputs, particularly high-quality seeds and fertilisers, was considered a major priority for coping with the high food-price crisis (FAO, 2009a). During the peak of the food crisis, very high priority was given to the provision of basic inputs for agricultural production, particularly seeds and fertilisers, with the objective of maintaining and improving the productive capacity of agriculture, especially for small farmers. However, the FAO warns that input provision should not be conducted in isolation, but rather 'implemented through a comprehensive system approach, coupled with a medium-term strategy to improve the efficiency of the whole production and marketing chain for inputs, as part of the development of more efficient agricultural systems' (FAO, 2009a).

The FAO also encourages paying more attention to the **livestock and fisheries** sectors, which can play very positive roles in income generation and nutrition (as key sources of proteins and micronutrients). There, again, any social transfer intervention should be part of 'a global approach covering all elements of the value chain and emphasising downstream activities — from both a physical and an organisational viewpoint — as much as production itself. (...) Environmental and ecological considerations and the management of natural resources, particularly soil conservation, should be more systematically integrated into all programmes aiming to boost production' (FAO, 2009a).

Timing of delivery, and appropriateness and quality of **inputs/assets** provided are crucial — yet are common shortcomings. To be successful, such initiatives may need to be complemented by training sessions — possibly provided on a food-for-training or cash-for-training basis to compensate beneficiaries for any transport and incidental costs incurred — to improve production techniques, or on processing and marketing. The provision of livestock also requires linking to, or provision of, veterinary services. The FAO has had some experience in supporting access to veterinary services through a voucher system (e.g. in Tajikistan).

In recent years, there has been increasing use of **market-based mechanisms** for delivering such social transfers. NGOs such as Catholic Relief Services or Oxfam have been promoting the organisation of seed fairs and livestock fairs. Beneficiaries are provided with vouchers (either value-based or commodity-based) and can come to choose their inputs/assets themselves. Competition between participating traders is expected to lower prices for the beneficiaries as well as non-beneficiaries attending the fair. These fairs are also an opportunity for farmers/breeders to exchange information and be informed about the latest innovations.

Positive synergies can be established between long-term social transfers and **agricultural development** initiatives towards poverty and hunger reduction. For example, mobile phones (e.g. used to deliver cash transfers in Kenya) have the potential to link small farmers to market information services, to facilitate their participation in markets and their use of new cost-efficient technologies. Public works programmes may be designed to build productive assets (e.g. terraces) and develop rural infrastructure (e.g. roads, marketplaces) which support product marketing. Agricultural development also indirectly supports the 'access to food' dimension of food security. As indicated in the World Bank's World Development Report 2008, agriculture can be a powerful engine of economic growth and poverty alleviation in the least developed countries ([12]).

([12]) Unfortunately, public investment in agriculture tends to be lowest in countries where the socioeconomic role of agriculture is largest — around 4 % of agricultural GDP in agriculture-based economies, and around 15 % in urbanised developing countries. This calls for the allocation of a higher level of ODA to agriculture: 'the most rapid progress in reducing food insecurity was made when the level of ODA allocated to agriculture was much higher than it is today' (FAO, 2009a).

Box 20: The Comprehensive Africa Agriculture Development Programme's Pillar III

The Comprehensive Africa Agriculture Development Programme (CAADP) has been endorsed by African Heads of State or Governments as a vision for the restoration of agricultural growth, food security, and rural development in Africa. The CAADP is a strategic framework to guide country development efforts and partnerships in the agricultural sector and directs investment to four mutually reinforcing and interlinked pillars:

— Pillar I: extending the area under sustainable land management and reliable water control systems;

— Pillar II: improving rural infrastructure and trade-related capacities for market access;

— **Pillar III: increasing food supply, reducing hunger and improving responses to food emergency crises**; and

— Pillar IV: improving agriculture research, technology dissemination and adoption.

Pillar III aims to increase food supply and reduce hunger across the region by raising smallholder productivity and improving responses to food emergencies. It focuses on the chronically food-insecure, and on populations vulnerable to, and affected by, various crises and emergencies, in order to ensure that the CAADP agenda simultaneously achieves the agricultural growth agenda and the Millennium Development Goal targets for addressing poverty and hunger (MDG 1 aims to cut extreme poverty and hunger in half by 2015).

This focus draws together the central elements of the CAADP vision to ensure that growing agricultural productivity, well-integrated markets and the expanded purchasing power of vulnerable groups combine to eradicate hunger, malnutrition and poverty.

The objectives of Pillar III are to:

— improve domestic production and marketing;

— facilitate regional trade in food staples;

— build household productivity and assets.

The CAADP's Pillar III Framework for African Food Security (FAFS) is available online (http://www.caadp.net/pdf/CAADP %20FAFS %20BROCHURE %20indd.pdf).

The CAADP's Pillar III FAFS Country Implementation Guide is available online (http://www.caadp.net/pdf/CAADP %20Pillar %20III %20FAFS %20Country %20Implementation %20Guide.pdf)

Source: http://www.caadp.net/pillar-3.php

Box 21: Evidence of the positive impact of cash transfers on food production

Social transfers can generate a positive impact on the supply of food. Under the Kalomo social cash transfer scheme in Zambia, 29 % of income transferred was invested, either in purchases of livestock, farming inputs, or informal enterprises; seven times as many households owned goats (MCDSS/GTZ, 2005); and ownership of chickens increased by 15 percentage points (MCDSS/GTZ, 2007). An evaluation of the Mchinji cash transfer programme in Malawi, found that 50 % of recipients reported being more likely to produce crops since receiving the cash transfer (Miller et al., 2008).

Regular social transfers provided over a reasonably long period can help households to smooth consumption and invest in productive assets. Beneficiaries of Mexico's Oportunidades conditional cash transfer scheme invested about 12 % of their transfers (Gerber, Martinez and Rubio-Codina, 2006), and beneficiaries of food-for-work programmes implemented in northern Kenya during the lean season were able to purchase additional agricultural inputs which contributed to increase net returns from their farms by 52 % (Bezuneh, Deaton and Norton, 1988). Devereux (2006) points out that in addition to the form of the social transfer (either in cash or in commodities) its regularity alone can influence beneficiary behaviour — either negatively (e.g. expectations that food aid will be delivered could cause farmers to neglect their crops) or positively (e.g. saving up to purchase productive assets).

In remote rural areas of South Africa, cash transfers stabilise the demand for food, reducing market risk and supporting local agricultural production (Samson et al., 2004). The direct and indirect effects of Bangladesh's Food-for-Work (FFW) programme significantly raised agricultural production in the country (Devereux et al., 2006). Malawi's Targeting Inputs Programme (TIP) contributed to a significant increase in the annual maize harvest (Devereux et al., 2007). Zimbabwe's Protracted Relief Programme generated over two months of additional food supply in an average beneficiary's household (Devereux et al., 2007).

Source: Authors, based on Vincent and Cull (2009) and Samson and Cherrier (2009).

4.2. Social transfers to improve access to food

In the framework of food security, social transfers are mainly used to ensure **access to food**. This second pillar of food security — economic and physical access to food, basic needs (health, education, etc.) and adequate resources — involves 'stable markets, affordable prices for local populations, decent incomes and adequate purchasing power, thus enabling households to cover their food needs' (EC, 2009a:7). Social transfers may be used as instruments of **food assistance** to ensure an immediate access to food, or to improve households' **income** (and thus, indirectly, access to food) in the medium term, or to develop households' **human capital** through improved education and health (and thus the ability of its members to earn better incomes and better access food) in the long term.

Access to food in the short term through provision of food assistance

This section discusses various forms of social transfer that support access to food in the **short term**, namely food assistance, in both rural and urban environments, either through institutions (e.g. school feeding) or directly to households.

Food assistance is defined as the set of instruments for addressing the food needs of vulnerable people. It can take the form of in-kind food transfers (food aid), vouchers and cash transfers. Food insecurity does not necessarily call for food assistance, and food assistance does not necessarily imply assistance in the form of food. Food aid should be seen as one of many options within a broader range of measures to assure needy people's access to food.

Resources 5: Useful resources on food assistance

— Revolution: From Food Aid to Food Assistance (Omamo et al. (eds), 2010)

— Unveiling Social Safety Nets (Gentilini and Omamo, 2009)

— Vouchers and Cash Transfers as Food Assistance Instruments: Opportunities and Challenges (WFP, 2008b)

— Humanitarian Food Assistance (COM(2010) 126 final of 31 March 2010) (EC, 2010a)

— Food aid and food assistance in emergency and transitional contexts — A review of current thinking (Harvey et al., 2010)

— Emergency food security interventions (Maxwell et al., 2008)

The following different **forms of transfers** can be considered to provide food assistance:

— **cash transfers**: provision of money;

— **value-based vouchers**: enabling beneficiaries to purchase items for a fixed monetary value in selected stores, often with a list of forbidden items;

— **commodity-based vouchers** ([13]): enabling beneficiaries to purchase a fixed quantity of food commodities or any other essential items;

— **food transfers**: provision of food aid either directly or through a coupon system whereby beneficiaries are provided with coupons to redeem their food aid package in a given location.

These are not mutually exclusive alternatives, but rather potentially complementary options. Ethiopia's PSNP, the social safety net of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and many other projects aimed at providing access to food around the world, provide a combination of food and cash.

Cash-based transfers (cash transfers and vouchers) are increasingly used to provide food assistance. Markets in developing countries function better than they have in the past and the EC recommends delivering assistance in the form of cash or vouchers where possible, and using in-kind food aid only where food insecurity is due to a shortage of food, rather than to such problems as access to food (EC, 2010a; FAO, 2007).

([13]) Vouchers are also refer to as ***near-cash transfers***, because they share a similar market-based approach with cash transfers under which beneficiaries are provided with purchasing power to access commodities. The terms ***food stamp***, ***coupon*** and ***voucher*** are often used interchangeably. Here, the term ***voucher*** will refer to near-cash transfers, and the term ***coupon*** will refer to a food aid-based system (as opposed to market-based system).

Box 22: Evidence of the positive impact of cash transfers on food consumption

Spending on food in households receiving cash has been consistently shown to increase. Households in Afghanistan spent 90 % of the wages earned in Oxfam's public works programme on food (Oxfam, 2005). An extensive assessment of Ethiopia's Productive Safety Net Programme found that three quarters of participants consumed a greater quantity and quality of food compared with the previous year, and were more likely to retain their own food production for household consumption, and less likely to sell assets in order to buy food (Devereux et al., 2007; Slater et al., 2006). Social pension recipients in Lesotho report spending two thirds of the transfer on food (Nyanguru, 2006). Households receiving social grants in South Africa spend a significantly greater share of their income on food than do comparable households not receiving transfers (Samson et al., 2004). With Brazil's social pension, 42 % of the transfer is allocated to purchasing more nutritious food (Beales, 2007; Kugel (2007) cited in Samson et al. (2007)). In Colombia, participation in the Familias en Accion scheme increased food consumption by 15 % compared to the previous year (Ayala et al., 2005). Progresa beneficiary families in Mexico increased their food expenditure by one third more than non-beneficiaries (Sedlacek et al., 2000).

This increased expenditure on food consumption translates into a broad range of improvements in different indicators for hunger and nutritional status. In South Africa, self-reported hunger rates for both children and adults fell in households receiving child grants and social pensions (Samson et al., 2004). Participants in Zambia's pilot cash transfer scheme who reported feelings of still being hungry after a meal fell from 56 % to 35 %, and the percentage of households subsisting on one meal per day fell from 19.3 % to 13.3 % (MCDSS/GTZ, 2007).

Source: Samson and Cherrier (2009).

The use of **vouchers** has been increasingly explored, especially as a response to urban food insecurity induced by high food prices. In areas where markets are functioning, cash-based transfers are more appropriate. Vouchers can be preferred over cash to influence the purchase of certain items for nutritional or other reasons, such as promoting locally produced goods and thus supporting the local economy. In the West Bank, vouchers are provided for dairy products, 80 % of which are produced locally, and which respond to widespread folate deficiency. Vouchers may also be preferred when beneficiaries express concerns for insecurity or possible mismanagement of cash — in Burkina Faso, very poor women indicated they were more comfortable with a voucher (Box 23: The use of food vouchers to address urban food insecurity).

Box 23: The use of food vouchers to address urban food insecurity

Burkina Faso — The Urban Voucher Programme (UVP) assisted over 30 000 households in two towns over 18 months (January 2009 –June 2010). Vouchers rather than cash were used to ensure that transfers were spent on food, for better security of beneficiaries, and to prevent mismanagement of the cash (as expressed by women in focus group discussions). The voucher option also allowed a restriction of the list of accessible commodities to locally produced goods. Rice might be preferred by some beneficiaries, but it is imported and much more expensive than maize. The voucher value was set at XOF 1 500 (EUR 2.3) per person per month, with a ceiling of XOF 9 000 per household, which corresponded to 22 % of the poverty line, or 15–18 days of cereal needs. Accessible commodities were maize, vegetable oil, sugar, salt and soap (locally produced or packaged goods). Beneficiaries (women) collected their vouchers monthly in one of the 20 distribution sites, and redeemed them in one of the participating shops (one for 200 beneficiary households on average) — selected in collaboration with the Ministry of Trade and paid by the microfinance institution. Some 99 % of beneficiaries redeemed all of their vouchers within the 2 days following the voucher distribution. Nutritional supplements were also distributed through health centres: Plumpy-Doz (or enriched flour Nutrifaso-Gret) to all children aged 6–24 months with an up-to-date health record, and CSB to all pregnant and lactating women during the lean season. It had been envisioned that the project would continue on a long-term basis and be progressively handed over to the national authorities, but the project had to be terminated due to lack of funding — from both donors and the Government of Burkina Faso.

West Bank — The UVP has been providing 32 000 people with vouchers in four urban centres since early 2009. Beneficiary households receive NIS 200-worth of vouchers per month (EUR 40), which they can redeem against bread, eggs, milk, yogurt, cheese and *lebaneh* (all locally produced products), with (imported) vegetable oil, pulses and salt also on the list of authorised items. Dairy and pulses are of particular nutritional value given dietary deficiencies of iron and folate in Palestinian beneficiaries. Within the range of authorised products, beneficiaries buy Palestinian produced goods almost exclusively. Beneficiaries indicated that the voucher 'forces' them to buy certain products that they might not otherwise prioritise, although they recognise the nutritional value of dairy for their children in particular. The programme envisions switching to e-vouchers (using smart cards and terminals in shops) by 2011, and is working closely with other major social transfer providers (Ministry of Social Affairs and UNRWA) to operate in synergy and plan a progressive handover to the national authorities.

Source: Authors, based on information from EU Delegations.

Resources 6: Useful resources on the fight against hunger in urban settings

— FAO publications on urban nutrition (http://www.fao.org/ag/agn/nutrition/urban_publications_en.stm)

In-kind **food transfers** are useful in situations where markets are not functioning properly, particularly in emergency contexts. School feeding programmes are often run on a permanent basis in a context of chronic food insecurity. There are mixed findings about this type of programme, and their design must be carefully analysed. An impact evaluation of school feeding in Burkina Faso reported that only take-home rations appeared to have a positive impact on the nutritional status of younger siblings — while in-school meals did not show any impact on the nutritional status of the pupils (Kazianga et al., 2008). And a recent evaluation in Kenya concludes: 'With regard to nutritional outcomes, then, the school meal provides important access to a nutritional meal, but the school lunch does not compensate for the inadequate diet intake at home, especially among the rural poor. This finding is further supported by the evidence that many households prepare less food at home when the child receives a meal at school. (...) Most directly, there is an economic benefit to the household from the school meal. In terms of cash savings (reduced food purchase), it represents between 4 % and 9 % of annual household income' (Finan et al., 2010: iii). Building on a number of meta studies of the empirical effectiveness of school feeding (e.g. Adelman et al., 2008; Bundy et al., 2009), the EC concludes that 'it is unlikely that school feeding is the best use of limited resources for addressing food insecurity and malnutrition in most contexts' and that 'there is the real risk that school feeding diverts limited resources away from general ration programmes, or other more appropriate forms of livelihood support' (EC, 2009g: 8).

Increasingly, **local purchasing** has been promoted and better linkages between food assistance programmes and support programmes to small farmers have been established. Local procurement, in combination with school feeding or the use of vouchers or cash transfers for beneficiaries, is being actively explored as a possible means to achieve sustainable long-term programmes and, at the same time, to use the purchasing power of the programme as a force multiplier and a stimulus for the local agricultural economy (Bundy et al., 2009).

Access to food in the medium term through support to livelihoods

Different types of social transfers may be considered to support households' livelihoods in the **medium term**, including small regular transfers, lump sum cash transfers, asset/input transfers, and public works. A livelihood approach to social transfers appears particularly interesting as a means of ensuring access to food in pastoralist areas, and is briefly discussed later.

Small regular transfers (either in food or in cash) provided over long enough periods have proven to increase households' ability to acquire productive assets and produce food and income. Beneficiary households of Bolivia's Bonosol programme in poor rural areas experienced an average increase in food consumption of almost 165 % of the value of the transfer. This was achieved through the investment of part of the transfers in agricultural inputs. Assets acquired through the transfer not only improve productivity but can subsequently provide the collateral necessary for accessing credit (Martinez, 2005).

Using **lump sum grants** in development contexts presents a number of limitations (Box 24: The use of lump sum cash transfers in developmental contexts). To work well, they need to be complemented by small, regular transfers and advisory services. Lump sum transfers may be limited to those who have entrepreneurial skills. Lump sums may be more prone to corruption measures than small, regular transfers. The higher level of benefit makes them more attractive and subject to diversion for political purposes. The fact that lump sums are often made in single payments does not offer the possibility to amend any falsified eligibility list — unlike in the case of small regular transfers. Also, prospects for successful investment decrease when the size of the transfer is many times larger than annual income (Farrington and Slater, 2009).

Box 24: The use of lump sum cash transfers in developmental contexts

There is a tendency to consider funds for productive investment as a form of social protection, but these can specifically benefit the poor only when closely managed. The Bangladesh Chars Livelihoods project provides an example of this, supporting female-headed households in the purchase of a cow, providing support on husbandry and veterinary care, and providing a small monthly stipend to prevent enforced sale of the assets during the period before benefits (in the form of milk and calves) come on stream. The project appears to have been successful, but with inevitably high management costs.

Where they are less closely managed, lump sum transfers for productive investment are better regarded as enterprise funds than as a form of social protection. The evidence from Lesotho and elsewhere suggests that an 'open to all' approach results in a high degree of failure, even where support (in the form of business planning, skills enhancement, etc.) is provided. This is partly attributable to the uneven distribution of entrepreneurial skills across the population, and the limited extent to which such skills can be 'taught'. Also notable is a potential gender bias in such approaches, since women appear to face greater constraints in making productive investments than men.

Where an enterprise approach is to be introduced, the evidence suggests that individual transfers should be limited to the equivalent of 0.5–3 times the average per capita national income. If more is paid, there is a risk that transfers will be spent on investments beyond the range with which the poor are familiar, or will be dissipated, or serve as a disincentive to work. Where a more socially protective approach rather than an enterprise approach is required, policymakers would be better advised to introduce small, regular cash transfers rather than lump sums.

Source: Farrington and Slater (2009).

Resources 7: Useful resources on lump sum cash transfers

— Lump Sum Cash Transfers in Developmental and Post-Emergency Contexts: How well have they performed? (Farrington and Slater, 2009)

As discussed in the previous section (**Section 4.1**) **asset and input transfers** can help food-insecure income earners engage in higher-return or more diversified livelihood strategies which will improve their access to food in the medium term. Malawi's Starter Pack Initiative provided 10 kg of fertiliser along with seeds to smallholder households and enabled beneficiaries to invest in their own plot during the planting season instead of resorting to casual labour to ensure their immediate survival (Cromwell and Harnett, 2000). In a country like Malawi, where the vast majority of the poor are subsistence farmers, the multiplier effect of such an approach is such that the value of benefits produced is about double the cost of the inputs provided. As an alternative to traditional input distributions, seed vouchers and fairs have been introduced — notably in semi-arid regions in response to prolonged drought (Kenya, Mauritania, Mali, Niger, etc.) ([14]). In contrast to the 'package of inputs' approach which can undermine biological diversity and leads to mono-cropping (Thompson et al., 2007), seed vouchers and fairs encourage farmers to maintain crop diversity on their farms, contributing to socio-ecological resilience.

Public works provide employment opportunities to food-insecure income earners, enabling them to access food in the short term. They may also contribute to the improvement of local infrastructure (e.g. roads) or household assets (e.g. terraces) which will help improve livelihood opportunities and returns in the medium term. In practice, public works schemes have shown mixed results, with the value of the newly created infrastructure often found to be low (Scott, 2009). Public works may also be designed to (re)train participants and ease their access to the labour market. In Chile, Colombia and Mexico, participants were found to have a higher probability of finding a job. However, skill development remains relatively limited in most countries: most public work schemes are currently ill-designed

([14]) Beneficiaries are given vouchers to purchase seeds (or any other input) at locally organised seed fairs. Farmers and local traders are encouraged to bring their surplus seeds to fair sites where voucher holders are able to select seeds of their choice. On completion of the seed fair, seed retailers redeemed their vouchers for cash.

to respond to structural unemployment — being too limited in time or in scale, or creating infrastructure which is not economically productive (Box 39). India's National Rural Employment Guarantee Act provides an interesting example of a large-scale permanent programme offering legally enshrined unemployment benefits. A similar programme in Bangladesh is also being scaled up, through a USD 150 million loan from the World Bank ([15]).

A livelihood approach to social transfers appears particularly useful in fighting hunger among **pastoral communities**. Pastoralists have been largely ignored in the development of social protection policies, which were originally designed for a sedentary population. Until recently, formal social assistance in pastoral areas has been largely inappropriate. The continued delivery of inappropriate emergency assistance does not increase pastoralists' resilience to shocks, and only works to undermine local coping strategies. A recent ODI report noted: 'Excessive and poorly targeted food aid continues to be widely applied in response to the cycle of drought that is an inevitable part of livelihood patterns in pastoral areas. Food aid distribution is so prevalent and entrenched that it has contributed to pastoral communities' increasing reliance on external support. Given that any emergency livelihood response — other than responses to rapid-onset crises — suggests a failure of actors to adequately address underlying causes of vulnerability, a different approach is called for' (ODI, 2009a).

Livestock play a key role in the livelihoods of (agro-)pastoralist communities, and ensuring access to food among pastoral communities requires specific interventions. Options to consider include destocking for disposal, supplementary feeding, and livestock distribution (or restocking) (Watson and Catley, 2008). Recently, attempts have been made to design social transfers that are more appropriate for pastoral communities, for example in Ethiopia and northern Kenya (Ethiopia — Ethiopia's PSNP now includes a pastoral programme that addresses the different risks and vulnerabilities of pastoral livelihoods in the regions of Afar and Somali and in pastoral areas of Oromiya and the Southern Nations, Nationalities and Peoples (SNNP) region. The programme uses public works and transfer payment mechanisms tailored to the needs of pastoralists. It is also designed to fit organically with the institutional structures in these areas.). These recognise that, while the young and strong men (not likely to be the most vulnerable) tend to move with the cattle, the women, children and elderly usually stay behind in one location. Appropriate programmes need to consider this to ensure that the most vulnerable to food insecurity are captured with their real needs and locations, making **gendered approaches** even more central here than they generally are in the design of social transfers.

Box 25: Social transfers for pastoralists in Ethiopia and Kenya

Ethiopia — Ethiopia's PSNP now includes a pastoral programme that addresses the different risks and vulnerabilities of pastoral livelihoods in the regions of Afar and Somali and in pastoral areas of Oromiya and the Southern Nations, Nationalities and Peoples (SNNP) region. The programme uses public works and transfer payment mechanisms tailored to the needs of pastoralists. It is also designed to fit organically with the institutional structures in these areas.

Kenya — In the arid and semi-arid lands of northern Kenya, the Hunger Safety Nets Programme has started delivering cash transfers to some of the substantially pastoral communities. This has entailed the establishment of a robust information, communications and financial infrastructure, including the establishment of over 150 agents equipped with new Points of Sale (PoS) devices. Using new high-tech wireless portable devices within a sophisticated computing system, these PoS devices have been configured to accept premiums for specially designed Index-Based Livestock Insurance contracts and to register indemnity payments when necessary.

Source: Authors, based on information from EU Delegations.

([15]) Public works are further discussed in Section 6.3.

Resources 8: Useful resources on social transfers in pastoral areas

— Livelihoods, livestock and humanitarian response: the Livestock Emergency Guidelines and Standards (Watson and Catley, 2008)

— Social protection in pastoral areas (ODI, 2009a)

— Livestock Emergency Guidelines and Standard (LEGS, 2009) and LEGS electronic decision-making tool (http://www.livestock-emergency.net)

Access to food in the long term through investment in human capital

Social transfers are also a useful instrument in developing human capital ([16]) and improving access to food in the **long term**. Indeed, higher educational attainment and improved health and nutrition are strongly correlated with higher productivity and earnings. Several types of social transfers may be considered to specifically improve human capital, including school feeding and conditional cash transfers, but also unconditional cash transfers.

School feeding programmes may increase school attendance, cognition, and educational achievement, particularly if supported by complementary actions such as deworming and micronutrient fortification or supplementation (Bundy et al., 2009). The empirical evidence suggests that in-school feeding has a positive impact on school participation where initial indicators of school participation are low and food insecurity high, and that appropriately designed programmes can make a significant contribution to bridge any gender gap in access to education (EC, 2009g). However, if there is some evidence of school feeding improving school performance, it is uncertain that it contributes to long-term cognitive improvements (through better nutrition and mental development) and overall learning outcomes. In discussing the effectiveness of school feeding modalities, Bundy et al. (2009) recognise a particular need for better data on the cost-effectiveness of the available school feeding approaches and modalities. Furthermore, the EC warns that, in some cases, 'school feeding can exacerbate educational problems by increasing school attendance without commensurate increases in other educational resources' and concludes that school feeding programmes cannot be delivered as a stand-alone activity, but should rather be embedded in a wider set of actions that improve the quality and accessibility of education (EC, 2009g:7).

Resources 9: Useful resources on school feeding

— Learning From Experience: Good Practices from 45 Years of School Feeding (WFP, 2009a)

— Feed Minds, Change Lives — School Feeding: Highlights and New Directions (WFP, 2009b)

— Rethinking School Feeding — Social Safety Nets, Child Development, and the Education Sector (Bundy et al., 2009)

— Impact Evaluation of WFP School Feeding Programmes in Kenya (1999–2008): A Mixed-Methods Approach (Finan et al., 2010)

— Directorate-General for Humanitarian and Civil Protection (ECHO), Guidelines for Funding School Feeding (EC, 2009g).

Conditional cash transfers (CCT) transfer cash and require that households make regular use of education and health services. Nearly every solid CCT scheme evaluation has found a positive effect on school enrolment (Fiszbein and Schady, 2009). These effects are sometimes found among some age groups and not others. Overall CCT effects are larger on children making the transition from primary to secondary school and among households that are poorer at baseline. In Mexico, Oportunidades appears to have had positive spillover effects as school enrolment increased even among

([16]) Human capital refers to the stock of skills, education, health, and personality attributes embodied in individuals and the ability to perform labour so as to produce economic value.

children ineligible for transfers — possibly because of peer effects (Bobonis and Finan (2008) cited in Fiszbein and Schady (2009)). With regard to the use of health services, most evaluations found no effects on immunisation rates but positive effects on growth and development monitoring visits to health centres by children (Fiszbein and Schady, 2009) ([17]).

Box 26: Brazil — social transfers for human capital development

Description — In 2003, the Government of Brazil integrated four social cash transfer schemes (school and health grants, cash transfer for cooking gas, food card programme) into one single programme called Bolsa Família. In 2006, it reached 11.1 million families (24 % of the population). It provides poor families with children up to 15 years old and/or pregnant or breastfeeding women with a monthly transfer that varies depending on per capita family income and family size and composition. Part of the benefit is conditional on compliance with health and nutrition requirements for children from birth to age 6 and for pregnant and lactating women; enrolment in school and attendance of at least 85 % for each child of school age; and participation in nutritional education. In 2006, the programme cost about 0.36 % of GDP.

Impact — **Targeting efficiency** — 75 % of the transfers reached families in the poorest quintile, while those in the two poorest quintiles received 94 % of the benefits. **Impact on household consumption** — the shares of income spent on food and child health, education (school books and stationery) and child clothing and shoes have increased significantly. **Impact on education** — the probabilities of absence and dropping out were found to be, respectively, 3.6 and 1.6 percentage points lower within the beneficiary families. However, children in beneficiary families were found to be 4 percentage points more likely to fail to advance from primary to secondary school in similar socioeconomic conditions. This finding seems to reflect the fact that some of these students never entered the foundation stages of primary education. **Impact on health** — no impact of the programme on levels of vaccination of children was found. This might reflect limitations in the quantum of health services available. **Impact on food security** — the income transferred increased the probability that a family could achieve food security by 52 %. The outcome of this increase is the reduction of chronic malnutrition for children from 0 to 6 years old by an estimated 30 % and for children from 6 to 11 months by 62 %. **Impact on employment** — rates of participation in the labour market in beneficiary families were found to be 2.6 percentage points higher than for non-beneficiaries, with female labour participation 4.3 percentage points higher in beneficiary families compared to non-beneficiaries, and participation rates 8 percentage points higher for beneficiary families in the poorest income-distribution decile.

Effect of conditionality — It is difficult to distinguish the income increase effect and the conditionality effect. Studies on the impact of the parallel programme providing unconditional rural pensions have also indicated an increase in the level of school attendance. In other words, raising income can, itself, lead to better education for children. But, on other hand, the conditionality clause has played an important role in the identification of supply shortfalls. The lack of impact on levels of child vaccination reinforces the argument that conditional cash transfers can achieve their fundamental objectives only if there is already an appropriate social, health and educational infrastructure in place offering good and accessible services.

Source: Authors, based on evidence reported in Grosh et al. (2008) and ILO (2009).

The attachment of conditions to social transfers is not the only way to promote human capital. **Unconditional Cash Transfers** (UCTs) have also demonstrated positive effects on the use of education and health services. Households receiving pensions in South Africa and Namibia spent 40 % and 14 % respectively on healthcare and medicines (Chapman, 2006). In Ethiopia, Lesotho, Mozambique and Zambia, studies showed that children benefit from UCT even though they are not the programmes' primary targets (Devereux et al., 2005). In Bolivia, the Bono Solidario UCT programme was also found to have positive effects on children's human capital (Martinez (2005) cited in Grosh et al. (2008)). The social pension in South Africa has been estimated to increase school enrolment of children living in three-generation households by about 3.1 %, with a stronger effect among the poor (about 5 %) and among girls, who were found to be around 7 % more likely to attend school if living with a pensioner (Samson et al., 2004). And studies of the impact of pensions in Brazil and South Africa provide clear evidence of improved nutritional status of not just the elderly recipients, but also of their household members, including a significant reduction in the stunting rates of children (Box 27).

([17]) The conditionality issue is further discussed in Section 6.8.

Box 27: Evidence of the positive impact of social transfers on human capital development

Health — In Mexico, stunting was found to have decreased by more than 10 % as a result of Oportunidades transfers; infant morbidity was reduced by 25 % and illness in the under-fives by 12 % (Barham (2005) and Hernández et al. (2004) cited in Adato and Bassett (2008)). Incidence of illnesses reduced from 43 % to 35 % in the Zambia social cash transfer scheme, and incidence of partial sightedness halved from 7.2 % to 3.3 % (MCDSS/GTZ, 2007).

Education — Using data from the national household survey in 2000 in South Africa, modelled data show that household receipt of an (unconditional) old-age pension or child support grant is associated with a 20 % to 25 % reduction in the school non-attendance gap (Samson et al., 2004). In Brazil, participants in the Bolsa Família scheme are 20 % less likely to have a one-day absence from school in any given month; they are 63 % less likely to drop out of school and 24 % more likely to advance an additional year than comparable children in non-participant households (Veras (2007) and IPC (2007)). A review conducted in 32 countries of sub-Saharan Africa found that the first year of school feeding assistance increased absolute enrolment by 28 % for girls and 22 % for boys (Gelli, Meir and Espejo, 2007).

Source: Authors, based on the Social Transfers Evidence Database http://socialtransfersevidence.org/.

Resources 10: Useful resources on social transfers to improve human capital

— Using social transfers to improve human capital (DFID, 2006a)

— Lasting Benefits: the role of cash transfers in tackling child mortality (Yablonski and O'Donnell, 2009)

Finally, access to food by households can be supported indirectly through other **social policy instruments** such as fee waivers for health or education, general health subsidies, free primary education, food and agricultural input subsidies, contributory unemployment and retirement benefits, and scholarships. These are outside the scope of this Reference Document. However, they need to be taken into account in any situation analysis. Such instruments may as well improve households' food security status through important substitution effects.

4.3. Social transfers to improve nutritional adequacy of food intake

The third pillar of food security seeks to improve the **nutritional adequacy** of food, and secure positive nutritional outcomes, through the better utilisation of food and of related resources (drinking water, drainage, healthcare). This involves 'supplying an adequate and balanced diet in a way that satisfies the physiological needs (nutrition) of populations and enables people to lead healthy and active lives. Using food appropriately presupposes a nutritional balance and an adequate supply of micronutrients (vitamins, minerals, etc.)' (EC, 2009a:8).

Well-designed social transfers have a positive impact on the **nutritional status** of beneficiaries. If poverty is a cause of hunger, malnutrition can be a cause of poverty since it may reduce people's mental and physical capacities. Hunger, undernutrition and food insecurity prevent destitute populations from escaping poverty as they lower people's capacities to study, work and take care of themselves and their families. Ultimately, human capital in society as a whole is affected. Addressing undernutrition, especially during the critical window between conception and the age of 2 years, improves cognitive development, raises educational outcomes and thus increases the potential of beneficiaries to earn better incomes in the future, thereby ensuring better access to food.

Social transfers enable households to improve their **diet** in quantity and quality. This is particularly important for pregnant and lactating women and children, for whom social transfers reduce constraints on accessing adequate care. The prevalence of malnutrition is higher in low-income countries, and within these countries, among the poorest income quintile: severe stunting (in 50 countries combined) is almost three times higher among the poorest wealth quintile (18.0 %) compared with the richest wealth quintile (6.2 %). Through addressing income poverty and the economic determinants of undernutrition, social transfers can have a direct impact on the three underlying causes:

increasing access to food and dietary diversity, improving quality of care (particularly for women and children) and increasing access to healthcare. Indirectly, social transfers have beneficial impacts on childcare and child-feeding practices by, for example, removing the need for both parents to undertake work, leaving them the choice to spend more time at home and care for their children, and facilitating access to healthcare for vulnerable children.

Undernutrition is the main cause of mortality for children under 5 years in low-income countries, and has negative consequences on the development of malnourished survivors throughout their lifetime. It is crucial to intervene at an early stage to prevent undernutrition during foetal development and the early years of life. The most cost-effective nutrition interventions are those that target the first 24 months of life, and those that promote maternal nutrition and thus intrauterine growth. Social transfers can also be used as a means to deliver nutrition-specific actions such as the distribution of **food supplements** to pregnant/lactating women and children under the age of 2 years, or food/cash to attend **nutritional training**. **Supplementary feeding** can be used to boost nutritional status and prevent undernutrition.

Providing food to school-age children cannot reverse the damage of early nutritional deficits. **Take-home rations** can contribute to enhanced growth of young children (pupils and their younger siblings) presumably by increasing the availability of food or financial resources in the household (Bundy et al., 2009). **School meals** can have a significant impact on the growth of school-age children (Kristjansson et al. (2007) cited in Bundy et al. (2009)), but the effect is small and unlikely to reverse the consequences of earlier undernutrition.

Current micronutrient deficiencies are widespread and can have irreversible effects. It is estimated that half of the schoolchildren in poor communities in sub-Saharan Africa and in India are deficient in iron. Infection with common roundworms and bilharzia (schistosomiasis) also tends to be most prevalent and intense in children of school age. There is good evidence that activities complementary to school feeding, especially **deworming** and **micronutrient supplementation and fortification** can offer important nutritional (as well as educational) benefits. Deworming through schools appears as a safe, cheap — less than USD 1 per year per child to treat all the common worms — and remarkably cost-effective intervention (Abdul Latif Jameel Poverty Action Lab (2005) cited in Bundy et al. (2009)).

When evaluated, the impacts of **cash transfers** on nutritional status are unambiguously positive (Box 22: Evidence of the positive impact of cash transfers on food consumption). Cash recipients are less reliant on staple foods. They tend to consume a more **diverse diet** than recipients of commodity vouchers or food, and vouchers tend to allow for greater dietary diversity than traditional single-commodity food aid (Meyer, 2007).

Box 28: Evidence of the positive impact of cash transfers on food utilisation and nutritional status

Improved food utilisation translates into a broad range of improvements in different indicators in nutritional status. Height-for-age and weight-for-height indicators are significantly better in households receiving social transfers (Duflo, 2003). Participants in Zambia's pilot cash transfer scheme who reported feelings of still being hungry after a meal fell from 56 % to 35 %, and the percentage of households subsisting on one meal per day fell from 19.3 % to 13.3 % (MCDSS/GTZ, 2007). Participation in Nicaragua's Red de Protección Social (RPS) reduced the rate of stunting by 5.3 % (Schady, 2006). Colombia's Famílias en Accion scheme increased food intake and the availability of goods in households by 15 % between 2002 and 2005, resulting in improved nutritional indicators, including child growth and weight (Ayala et al., 2005). Likewise, food-for-work (FFW) projects in Bangladesh significantly improve nutritional outcomes (Devereux et al., 2006) and Mexico's Progresa documents significant improvements in infant nutrition, which are relatively permanent, yielding benefits long after the transfers have ceased (Szekely (2001) cited in Britto (2005)).

In Bangladesh, BRAC's Challenging the Frontiers of Poverty Reduction (CFPR) programme has led to an improvement in calorie intake from 1 632 kcal per day to 2 236 kcal per day (from below to well above WHO minimum recommended levels) (Haseen, 2006). In a cash-for-work project of the Chars Livelihoods Programme, beneficiary women gained weight and increased their middle upper-arm circumference (MUAC) significantly during the seasonal hunger period whereas non-beneficiary women lost weight and MUAC. The mean differences between beneficiary and non-beneficiary groups were 0.88 kg and 2.29 mm respectively. Children in beneficiary families showed significantly greater mean improvements in height (+ 0.08 cm), weight (+ 0.22 kg) and MUAC (+ 1.41 mm), and were significantly less wasted than non-beneficiary children. Overall, cash-for-work households spent more on food and ate more protein-rich food than non-beneficiary households. And, for households who received assets, seasonal hunger reduced from an average of 43 % to 13 % (Mascie-Taylor et al., 2010).

With Brazil's social pension, 42 % of the transfer is allocated to purchasing more nutritious food (Beales (2007) and Kugel (2007) cited in Samson et al. (2007)). South Africa's child support grant increased the height of its beneficiaries by 3.5 cm if it was paid during their first year and for two out of the three first years (Aguero et al., 2007). Mexico's social cash transfer scheme has resulted in reduced stunting and decreased levels of iron-deficiency anaemia decreased by 18 % (Coady, 2003).

Source: Authors, based on the Social Transfers Evidence Database http://socialtransfersevidence.org/.

Resources 11: Useful resources on nutrition

— Addressing Undernutrition in External Assistance (EC, 2011)

— Scaling Up Nutrition — A Framework for Action (SCN, 2010)

— The neglected crisis of undernutrition: DFID's Strategy (DFID, 2010)

— Interim Position Paper on Nutrition in Emergencies (EC, 2010d) (not available online)

— Hungry for Change: an eight-step, costed plan of action to tackle global child hunger (Save the Children, 2009)

— The Pan African Nutrition Initiative (NEPAD, 2008)

— Repositioning Nutrition as Central to Development — A Strategy for Large-Scale Action (World Bank, 2006b)

— Information from the REACH partnership (http://www.reach-partnership.org)

4.4. Social transfers to enhance crisis prevention and management

The fourth pillar of food security is concerned with enhanced **crisis prevention** and management. As the EC's 2010 policy framework states: 'Rural producers and communities need to be resilient against the effects of food-related crises. While short-term responses to crises often require the mobilisation of ad hoc humanitarian instruments, other mechanisms and capacities need to be built and maintained to reduce the risks of crises occurring and to manage their effects. Close linkage between humanitarian and development actors and instruments is essential and should be promoted using Linking Relief Rehabilitation and Development (LRRD) principles' (EC, 2010b:6). This section considers the use of social transfers as a response to **sudden shocks**; as a response to **cyclical stresses**; and as a response to **longer-term threats**.

Social transfers as a response to sudden shocks

As with humanitarian food assistance transfers, social transfers in **emergency and post-emergency** situations, are increasingly cash-based (cash, food vouchers, seed fairs, etc.). The main prerequisites for cash-based transfers are that the market is able to provide sufficient supplies rapidly, and that a cash injection would stimulate the local economy without causing inflation — in particular, increases in basic commodity prices. The Cash Learning Partnership (CaLP), a forum for a global discussion of cash-based responses and related work in emergencies, the Emergency Market Mapping and Analysis (EMMA), and the MIFIRA (Market Information and Food Insecurity Response Analysis) are tools used by humanitarian staff in sudden-onset emergencies to improve humanitarian emergency response by encouraging and assisting relief agencies to better understand, support and make use of local market systems in disaster zones. These humanitarian initiatives and tools can equally be used to support the design and implementation of social transfers in emergencies. In post-emergency contexts, lump sum transfers appear to perform well where local markets (e.g. for building materials and productive assets) have not been too severely disrupted; where recipients are familiar with the types of investment they need to make to replace lost assets; and where the proportion of cases in which funds are misdirected or dissipated appears to be low (Farrington and Slater, 2009).

When one-off project-based transfers are used to respond to **long-term needs** such as chronic poverty or food insecurity, the regulation of such transfers should ultimately be handed over to the authorities and institutionalised. To do so, there is a need to bring in adequate expertise as early as possible to map out how to move from emergency food aid towards institutionalised social transfers. Such a process was successfully completed in Kosovo (Box 32: Kosovo — from emergency food aid to institutionalised social cash transfers). In Palestine, the WFP and the Palestinian Authorities' Ministry of Social Affairs are working in close collaboration to plan a similar process in advance. The recent humanitarian response to the earthquake in Haiti might also yield valuable lessons.

While social transfers may prove useful to mitigate the impact of a crisis, experience has shown that it is difficult to start such a scheme from scratch and get it up and running **during** a crisis ([18]). One key lesson learnt from the East Asian financial crisis is that social transfer schemes should be built during good times — to help alleviate poverty among the chronically poor and those suffering from non-economic shocks — and expanded during bad economic times (APEC, 2001). Ideally, social transfer mechanisms should be designed to accommodate rapid adaptation, redesign, re-targeting and scaling up. The more effective they are in mitigating shocks, the less need there will be for humanitarian assistance.

Finally, when sudden shocks are manifested in **higher food prices**, it is very important for cash transfers to be flexible to maintain their purchasing power. Recent experience in Ethiopia has shown that the unindexed PSNP in many cases was not able to prevent livelihood erosion and loss through distressed asset sales, and that in such circumstances beneficiaries expressed a preference for a return to in-kind food transfers (Sabates-Wheeler and Devereux, 2010). Social transfers need to be indexed to consumer prices, or to the value of a basket of essential goods, in order that any gains in terms of increased or diversified consumption are not jeopardised in situations where prices rise.

([18]) The Food Facility was established by the EC as an instrument to respond to the crisis induced by high food and fuel prices. In the Near East, it enabled the UNRWA to expand its existing project right away, whereas in Senegal, the World Food Programme faced internal and external challenges to launch an innovative urban food voucher project aimed at assisting urban households affected by the crisis. The project eventually started nearly 20 months after the peak of the food price hike, when many households would already have resorted to damaging coping mechanisms.

Resources 12: Useful resources on social transfers as a response to sudden shocks

— The Cash Learning Partnership: http://www.cashlearning.org

— Papers presented at the Unicef-ODI conference 'The Global Economic Crisis — Including Children in the Policy Response' in 2009 (http://www.unicef.org/socialpolicy/index_50299.html)

— The Use of Cash and Vouchers in Humanitarian Crisis (EC, 2009c)

— Guidance for Responses from the Human Development Sector to Rising Food and Fuel Prices (World Bank, 2008a)

— Implementing Cash Based Interventions (ACF, 2007)

— Guidelines for Cash Transfer Programming (ICRC and IFRC, 2007)

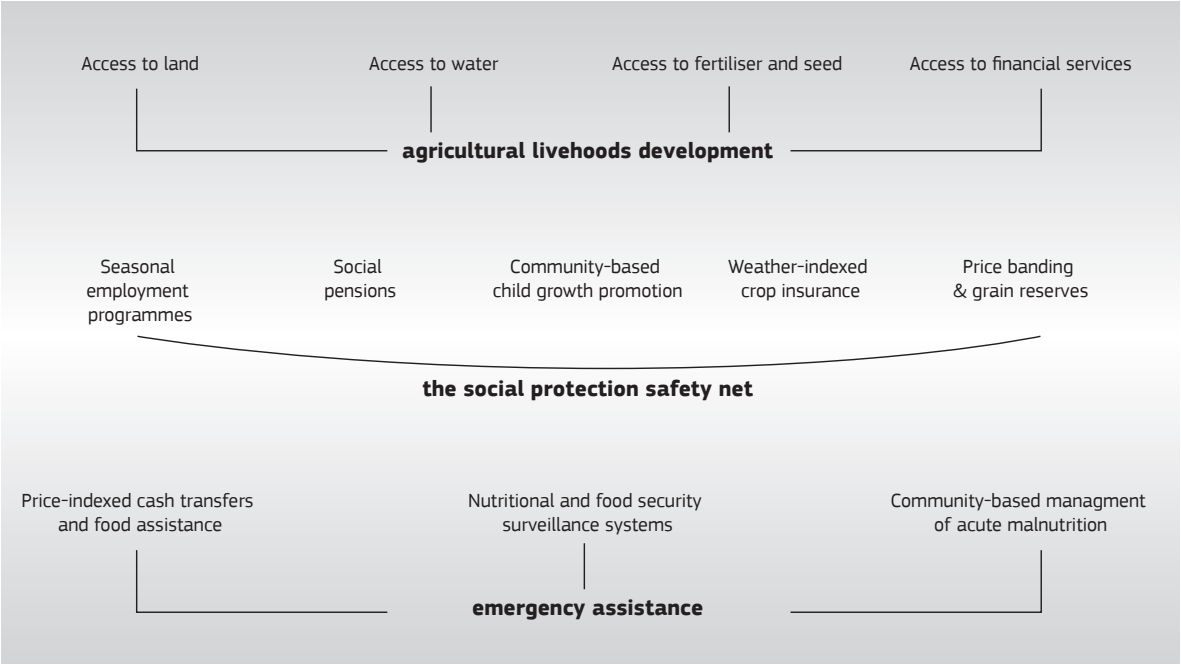
— Cash transfer programming in emergencies: a practice guide (Oxfam, 2006a) and Pocket Cards (Oxfam, 2006b)

Social transfers as a response to cyclical stresses

In a **situation of seasonal food insecurity**, the establishment of permanent and reliable social transfers, along with mechanisms to increase their coverage during downturns is much more appropriate than running short-term ad hoc food assistance projects alone. Hauenstein Swan et al. (2009) proposed a threefold intervention framework for fighting seasonal hunger (Box 29: Intervention framework for fighting seasonal hunger). The proposed permanent, predictable schemes (labelled 'safety net') should (eventually) be developed within a social protection framework and turned into guaranteed entitlements for needy citizens (Box 10).

Box 29: Intervention framework for fighting seasonal hunger

The following diagram arranges anti-seasonal-hunger interventions into a single integrated framework, divided into categories of 'emergency assistance', 'the social protection safety net', and 'agricultural livelihoods development'.

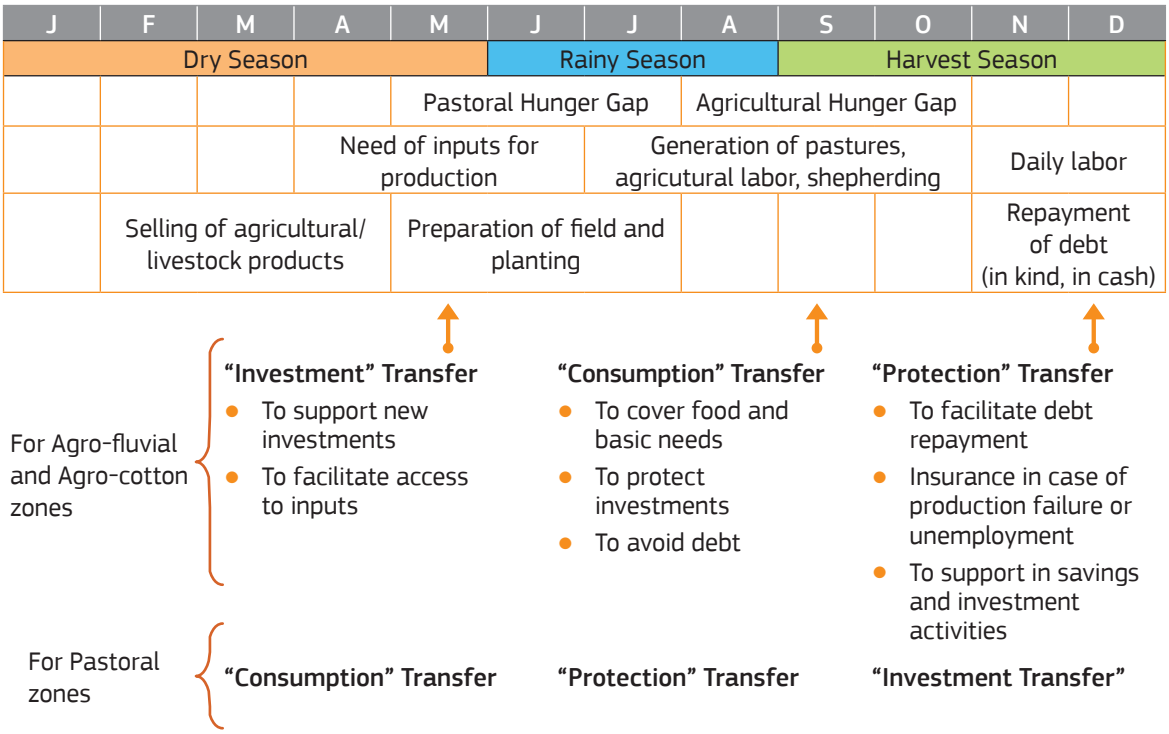


Emergency assistance measures are targeted at people who are suffering from seasonal hunger and need immediate help. The social protection safety net attempts to prevent families from falling into hunger in the first place, through a mix of employment, nutrition, price control and other policies. Agricultural livelihoods development initiatives focus on improving productivity through better access to key inputs, and thus try to work towards a future where rural households have high enough (and stable enough) incomes that they will rarely need to access the social protection safety net.

Source: Hauenstein Swan et al. (2009).

Box 30: Seasonal cash transfer pilot project

In January 2010, a seasonal cash transfer pilot project was launched in two food-insecure regions of the Sahel. A total of 1 000 very poor households were to receive cash transfers of CFAF 95 000-110 000 in three instalments throughout one seasonal calendar year. Each transfer had a specific purpose in relation to the season for which it was given.



Note: As the hunger gap of pastoral populations is earlier on in the year, they will begin with receiving the consumption transfer versus the investment transfer that will be first given to the agro-fluvial and agro-cotton zones.

Transfers were conditional on households' participation in savings and investment training and community health promotion workshops. Such predictable cash transfers were expected to: (i) enable very poor households to purchase enough food in markets, allowing them to better meet their food needs throughout the year; (ii) enable them to purchase essential non-food items and pay off some existing debt, which would minimise their need to resort to harmful coping strategies and therefore allow them to better protect the few livelihood assets they have; and (iii) give them the ability to use some portion of their cash transfers to make small investments that would contribute to developing a source of income (such as gardening tools or chickens for rearing), thus providing further livelihood protection through asset building.

This tailor-made livelihood-based seasonal approach presents a great potential to support the UCFA's twin-track comprehensive approach to food security, providing immediate assistance when it is most needed and strengthening livelihoods. The programme had a clear learning objective of testing the appropriateness and feasibility (and promoting the use) of cash-based social transfers in those regions. Yet a number of factors may limit the extent to which the pilot project can genuinely inform the development of a national social transfer programme. The targeting system, based on the Household Economy Approach, requires substantial technical and financial resources, time and community mobilisation. The project attempted to enrol all the households classified as very poor in one intervention area, nearly 30 % of households (40-50 % of individuals). Such a coverage rate might prove financially unsustainable at the national level. While national and decentralised authorities were intended to be closely involved in the supervision of the project, international NGOs directly managed the implementation of this pilot, potentially limiting the national bodies' ownership. The size of the project was very limited, and the evaluation method, based on observations and beneficiary reviews (with no control group), cannot provide solid enough evidence on the impact of the intervention.

Source: Authors, based on World Bank (2010a).

Resources 13: Useful resources on social transfers as a response to cyclical stresses

— Seasonality and social protection in Africa (RHVP/Wahenga, 2010a)

— An integrated intervention framework for fighting seasonal hunger (Hauenstein Swan et al., 2009)

Social transfers as a response to longer-term threats

In **situations of state fragility**, well-designed social transfers also help to reduce social conflicts and criminality rates, and strengthen the relationship between the nation and its citizens. Social (armed) conflicts often arise from very unequal distributions of revenues within the national territory. Social transfers are useful instruments for redistribution. National social (cash) transfer schemes support state-building and social stability (Box 31: National social cash transfer schemes in fragile settings). Numerous researchers have suggested that simplicity and transparency should be encouraged when the administrative capacity is limited, when patronage politics are a concern or when the primary objective is to strengthen social cohesion (Mkandawire, 2005; de Neubourg, 2002, 2009). Universal benefits (e.g. unconditional cash transfer for all children/families) are more likely to contribute to the stability of nations than poverty-based transfers.

Box 31: National social cash transfer schemes in fragile settings

Occupied Palestinian territories (oPt) — The Palestinian Authorities (PA) manage the recently established Palestinian National Cash Transfer programme, a merger of the EU-funded Special Hardship Cases programme and the World Bank-funded Social Safety Net Reform Project (SSNRP). The Ministry of Social Affairs is responsible for identifying eligible beneficiaries — based on a recently updated proxy means test — and for providing them with vouchers to receive funds through the Bank of Palestine. The Ministry of Finance Project Coordination Units in the West Bank and Gaza is responsible for ensuring timely and accurate payments are made to beneficiaries. Currently, the scheme assists nearly 50 000 families across the oPt. It is one of the most advanced social cash transfer schemes in the Middle East-North Africa region that can be scaled up in times of crisis. The impact evaluation of the SSNRP provided insight into the programme's positive impact. The next challenges include: increasing the scale of the programme while ensuring fiscal sustainability; developing a handover plan from donor funding to PA funding over the medium/long term; promoting a rights-based approach (rather than the current resource-based approach); increasing payment frequency (from quarterly to monthly); and developing links with other social assistance schemes (health fee waivers, food aid, livelihood promotion, etc.) under a social protection strategy. The EC and the World Bank are working in close collaboration to provide funding and technical assistance to the PA on these issues.

Yemen — The Government of Yemen (GoY) established the Social Welfare Fund (SWF) in 1997 to compensate the poor for the removal of general subsidies. Today, the scheme is also seen as a key instrument for the promotion of food security — an issue that the GoY recently recognised as a top national priority. The scheme is fully government-funded. The EC has been providing technical assistance since 2002, mainly focusing on preparing a new policy and legal framework, and on the institutional development process. The World Bank has been providing technical assistance since 2008 to develop a new targeting approach based on a proxy means test. The challenge now is to exclude beneficiaries who are no longer eligible according to the new criteria without generating social instability, and to include new ones without overstretching administrative and financial capacities. To date, donors have been reticent to financially support the scheme — and, instead, have been supporting projects such as the World Food Programme's food distributions. Recent improvements in the scheme's design and implementation process, and the subsequent reduction in fiduciary risks, may now attract some donors to help smooth the transitional process. However, uncertainties remain about the capacity of the scheme to absorb more funding in a sustainable manner. Another major challenge is related to the country's high dependence on food imports. The country's vulnerability to high global food prices calls for a careful design of the scheme (e.g. with price-indexed benefit levels), along with complementary measures aimed to improve food availability through a combination of increased productivity, imports and market stability.

Source: Authors, based on information from EU Delegations.

Disaster Risk Reduction (DRR) is a means of building humanitarian prevention and emergency sensitivities into development programmes, and can be seen as a means of strengthening livelihood security — and indirectly, food security. DRR measures are designed to protect the livelihoods and the assets of communities and individuals from the impact of hazards. Vulnerability to food insecurity must be considered from two perspectives: (i) the structural or underlying vulnerability of a population ([19]); and (ii) vulnerability to particular external shocks ([20]). The internal capacity to cope depends on the options open to people in response to a shock, and may depend on assets, social networks and political status. A well-established long-term social transfer scheme may contribute to reducing poverty, building asset bases and strengthening social networks. The transfers may directly prevent people from reverting to negative coping mechanisms, and indirectly improve people's ability to cope with future shocks. It can also potentially be scaled up in times of crisis to provide the required extra protection.

Social transfers can support **climate change adaptation**, helping limit losses in food production caused by droughts, floods and freezing weather due to climate change effects, and protecting individuals affected by changing and increasing climate-related shocks. Climate change alone is estimated to increase the number of people suffering from hunger by between 40 million and 170 million (Easterling et al., 2007). Social transfers as instruments associated with disaster risk reduction, social protection and livelihoods approaches can play an important role in contributing to the various features of adaptive capacity needed to cope with, and respond to, climate variability, hazards and change, in both the short and the longer terms (Jones et al. 2010). The presence of social transfer schemes to protect those most vulnerable to climate risks — with low levels of adaptive capacity — will help prevent damaging coping strategies which could further weaken household resilience to weather-associated shocks. Social transfers such as asset transfers or drought-resistant seed transfers may be used to promote resilience through livelihood diversification and security to withstand climate-related shocks ([21]).

Resources 14: Useful resources on social transfers as a response to longer-term threats

— Human Impact Report — Climate Change — The Anatomy of a Silent Crisis (Global Humanitarian Forum, 2009)

— EU strategy for supporting disaster risk reduction in developing countries (EC, 2009b)

— Social Transfers and Chronic Poverty: Emerging Evidence and the Challenge Ahead (DFID, 2005)

— Social Protection in Fragile States (Harvey et al., 2007)

([19]) Underlying vulnerability: the structural conditions that render some populations or countries more vulnerable to acute food insecurity (poverty, chronic food insecurity, lack of basic services, etc.).

([20]) External shock: the actual emergency shock or stress factor (drought, flood, earthquake, inflation, conflict/attack, displacement, etc.).

([21]) Quantifiable evidence and examples of the impacts of social transfers on reducing vulnerability and increasing adaptive capacity remain limited.

Box 32: Kosovo — from emergency food aid to institutionalised social cash transfers

The humanitarian sector and the United Nations Interim Administration Mission in Kosovo (UNMIK) successfully managed a gradual transition (coordinated at strategic and operational levels) from food aid to a public social transfer scheme. Four phases can be distinguished as follows.

— Phase 1: Emergency period (June 1999–May 2000)

The WFP and the USG Food for Peace (FFP) launched blanket distributions of food aid (to roughly 80 % of the population) in Kosovo following the cessation of bombing and the entry of NATO forces into Kosovo on land. The UNMIK established the Department of Social Welfare and commenced a very ad hoc distribution of emergency cash payments to individuals based on status (elderly, disabled, etc.).

— Phase 2: Transition period (June 2000–02)

The WFP and FFP partners worked with local authorities and communities to refocus the distributions on the most vulnerable and define targeting criteria. The Department of Social Welfare (which became the Ministry of Labour and Social Welfare) re-established Centres for Social Work (CSW) that had been completely destroyed during the conflict in all 30 municipalities. The renovation of buildings, delivery of vehicles to each CSW, recruitment of staff and establishment of budgets for delivery of social protection services took place under leadership of the UNMIK with support from a World Bank Social Protection Project. The WFP provided logistical (transport) and technical support to the CSW, seconding some of their Field Monitors. WFP/FFP food aid implementing partners held regular meetings with the UNMIK Department of Social Welfare to coordinate the phasing out of food aid with rolling out of a social assistance scheme (regulated by a Procedures Manual issued by UNMIK Administrative Instruction, prior to the issuance of a law). A complimentary pension reform was also initiated. The WFP/FFP food aid project closed in late 2002.

— Phase 3: Consolidation of provisional institutions of self-government (2003–07)

The executive authority for social protection was handed over from the UNMIK to the **Provisional Institutions of Self-government (**PISG) in mid-2003. Donor support from the World Bank project (strategic planning and training) continued to build capacity in the social protection field. The Law on Social Assistance (2003/28) was issued implementing improvements to the social assistance system set up earlier. The pension system was developed, including a basic pension and disability pension (for those unable to work) paid from the national budget that complimented the social assistance scheme. The balance between domestic revenue and international donor support contributions to the national budget shifted increasingly towards domestic revenue. By 2005, budget support was almost non-existent.

— Phase 4: Independence (2008)

Kosovo became independent in 2008. The EU recently commenced a project to support the Ministry of Labour and Social Welfare in building capacity in the social protection field.

Overall, the transition process was long largely because of the political sensitivities of building the state institutions when the status of Kosovo was contested, and due to the issue of needing international oversight to ensure that the minority populations were still served throughout this transition and did not slip through the net. The transition was successful because it was well supported by donors (with advisers and other resources) and there was a consensus on the strategy. This transition also fitted into the wider agenda of building the state institutions in Kosovo, and the social protection sector benefited from the shift from donor-led projects (food aid) to public services (social assistance in this case). Large amounts of unearmarked funding were available (provided through the UNMIK) which enabled investment in both social transfers and institution and institutional capacity-building.

Source: Authors, based on information from the EU Delegation.

Chapter 5
Contextualising social transfers

This chapter discusses the preliminary **context analysis** and prerequisites for the introduction of social transfers, and considers the following aspects: the nature and causes of hunger; the policy framework; existing social transfer initiatives; and institutional context and capacity.

5.1. Nature and causes of food insecurity

Designing an appropriate social transfer requires a clear **understanding** of food insecurity and poverty. Which groups are vulnerable to what type of risk, and what are the immediate and underlying causes of their vulnerability? Where are they located? What are their characteristics? And what response would be best adapted to support them? In some cases, there will be specific identifiable types of vulnerable groups such as the disabled, the elderly, the unemployed, migrant workers, informal sector workers, street children, or nomads. Here, the best social transfer response might be dictated by the characteristics of the group: disability grants, social pensions, unemployment benefit, minimum wage legislation, etc. In other cases, food insecurity will be much more widespread and not confined to specific groups — in such instances, the vulnerable may need to be identified primarily on the basis of their food insecurity status, and the response will be more generic, such as voucher and cash transfers.

It is worth noting that whereas in times of crisis, there is a tendency to refer to the concept of food insecurity, in 'normal times' the concept of poverty is usually adopted (Box 33: Food insecurity and poverty concepts). This frames how social transfer policies are designed and implemented. An approach focused on food insecurity would often place emphasis on the immediate causes of food insecurity, while a poverty approach would usually imply a broader view with greater consideration given to the **structural causes** of food insecurity (e.g. through initiatives to support human capital development). The situation in the occupied Palestinian territories may illustrate this point. The concept of food insecurity appears more relevant in Gaza, while a poverty reduction lens is more appropriate in the West Bank. Humanitarian actors providing 'emergency-type' transfers tend to refer to food insecurity, while the Ministry of Social Affairs provides 'development-type' transfers as part of a poverty alleviation strategy. Both types of transfers actually (largely) target the same populations. Of course, there are examples of comprehensive national social transfer policies developed in 'normal times' with a food insecurity lens, as has been the case in Brazil for example.

Box 33: Food insecurity and poverty concepts

Poverty is a multidimensional social phenomenon characterised by the deprivation of basic material, human capability and social requisites for well-being, or vulnerability to such deprivation.

Food insecurity concerns vulnerability to one basic kind of material deprivation: lack of access to adequate food for a healthy and active life. While poverty can exist without food insecurity, food insecurity interacts dynamically with other dimensions of poverty: people often become food insecure because they are too poor to produce or otherwise acquire the food they need, while people may become poor because they are undernourished or have sacrificed their material, human or social assets in the struggle to avoid hunger.

Source: Authors.

Most countries already have some kind of **vulnerability assessment** system in place to identify, quantify and prioritise the types of vulnerability among the population, to classify groups vulnerable to, or already affected by, food insecurity and poverty, and to assess the impact of different shocks on them. In many cases, these systems have emerged from a disaster management background, and were primarily geared towards quantifying the required emergency response. But the information they collect and generate, especially when used in conjunction with other information — for example market analysis and household economy data — may also be useful in formulating a policy response to chronic food insecurity over the longer term. There may be opportunities for donors — such as the EC — to support this

evolution, and to improve the quality and disaggregation of data collected, through capacity-building and technical advice.

The use of vulnerability and analysis (VAA) tools allows an understanding of the **priority** groups and areas. This, in turn, dictates the nature of the possible response: if the problem is confined to a specific area, then the response can be targeted geographically. If the problem is limited to a specific group, then the response can be tailored to the needs of that group, as previously discussed. One recognised option here is to use the life cycle approach, which helps to identify sources of vulnerability, risk and exclusion that are related to different stages of the life cycle (infants, children, adolescents, young adults, middle adults, older people, etc.) and which can then be used to inform the choice of appropriate social protection responses (Cain, 2009).

This will give a better grasp of the **scale** of the problem. In some countries, social transfers may be confined to a minority of the most disadvantaged members of society. In others, where food insecurity is widespread (in many countries where the EC is working, the poverty rate is some 70–80 % of the total population), social transfers may need to be much more extensive, even universal.

Finally, to better understand the nature of food insecurity and the most appropriate responses to it, it is important to **consult the food-insecure** themselves. Different groups, in different locations, at different times of the year, may have different preferences: for example, women recipients may prefer food to cash, while men often prefer cash to food; those living closer to markets might tend to favour cash more than those living at a distance from markets; and people might prefer food in the hungry season, agricultural inputs at planting time, and cash after the harvest. Such consultations, using techniques such as community wealth ranking and focus group discussions, are an important, but expensive, component in the design of social transfers — to which donors can contribute on a one-off basis. Ideally, this could be used to establish a system of continuous target group involvement, which could have the added benefit of increasing transparency, and minimising diversion and overall corruption.

At the national level, an analysis of the possible constraints on **food sovereignty** is equally crucial to inform the design of any social transfer scheme. In particular, it will indicate whether intervention is required on the production and marketing sides. It might appear appropriate to consider a social transfer scheme targeted at small farmers to support climate change adaptation or greater risk-taking for increased production. The design of a social transfer scheme targeted at food-insecure people may also be adjusted to better protect a country's agriculture and markets.

5.2. Policy framework

Social transfers addressing food insecurity may be included in a number of **sectoral policies**: food security, social protection, agriculture, disaster risk reduction, water and sanitation, and nutrition policies (Box 34: Botswana — towards a social protection policy). In some countries, social transfers were first introduced under the framework of food security (e.g. Brazil), while, in other countries, they were introduced under a social protection framework (e.g. South Africa). It will depend on what makes sense in a particular country, considering, in particular, the historical trajectory in social and economic policy (political sensitivity, priority policy focus), main causes of food insecurity (availability, access, nutritional adequacy or crisis prevention), and main actors advocating for social transfers.

Box 34: Botswana — towards a social protection policy

Botswana does not have a national social protection strategy. Yet — with the exception of South Africa — it has one of the most comprehensive programmes of social transfers in sub-Saharan Africa. How has this come about?

Interestingly, the answer provides a good illustration of the fact that social transfers can emerge out of different sectoral policies, with objectives to address different aspects of food insecurity. For example, Botswana operates the following schemes.

- A 'Remote Area Dwellers' scheme, which provides community grants, infrastructural development and support to improve income generation and agricultural production activities. The scheme is run by the Ministry of Local Government, and is designed to support the availability (and access) pillars of food security.
- A comprehensive school feeding programme (run by the Ministry of Education), a destitute programme which includes cash and food transfers, and a universal social pension. All these are primarily focused on improving access to food.
- A vulnerable group feeding programme and a national community home-based care programme targeted at people living with HIV/AIDS (both run by the Ministry of Health). These programmes are intended to address primarily the 'nutritional adequacy' pillar of food security.
- A public works programme (Ipelegeng), which was originally established as a drought relief programme (i.e. to address the fourth pillar of food security: crisis prevention and management) by providing employment and cash transfers in times of disruption of normal food supplies.

Only at a later stage do these need to be woven into the framework of a national social protection policy, which then serves to harmonise, rationalise and consolidate the various different schemes that have emerged organically in response to different political and social imperatives. Botswana is currently undertaking that process, and designing a comprehensive social development framework.

Source: Turner et al. (2010a).

Political will is a crucial prerequisite for the implementation of comprehensive social transfers. The EU, in particular through its national Delegations, is well-placed to encourage and support such political impetus.

Existing **constitutions**, national development plans and PRSPs (with which the EC's own Country Strategy Papers and National Indicative Plans should, of course, be aligned) are a starting point for engagement. Do these include social transfers as a response to food insecurity — explicitly or implicitly? If so, there is a sound basis for involvement in order to support the fulfilment of citizens' rights and policy engagements. If not, then there is a role for the EU in encouraging the adoption of such policies and measures.

Leading on from this, and especially in cases where food security or social protection already form a plank of national PRSPs and development plans, it is desirable for countries to have a multi-sectoral **national policy** or strategy, behind which different stakeholders can rally and which provides an agreed framework for social transfer interventions. This is particularly apposite when the EC intends to offer funding through sectoral budget support, because it will already contain agreed work plans and indicators which can be used as conditions to be fulfilled through the sectoral policy support programme. Depending on a country's specific context and sensitivities, such a national policy will be articulated around food security or social protection (or any other relevant concept such as nutrition, rural development, etc.). It is important to build on any existing policies. If a country already has a nationally owned social protection strategy, social transfers to fight hunger could be introduced under that framework without having to engage in the timely process of developing a specific food security strategy — and vice versa. Specific social transfer initiatives may also be introduced under existing sectoral policies (e.g. school feeding under the education strategy or seed transfers under the agricultural policy). Box 35: Key elements of a national social protection policy suggests a number of key elements that should be included in any new or existing national social protection policy.

Box 35: Key elements of a national social protection policy

A national social protection policy should contain the following:

— definitions

— guiding principles

— constitutional rights

— international, regional and national policy framework

— institutional and collaborative framework

— financial context

— poverty and vulnerability context

— rationale

— vision, mission, goal and objectives

— target groups

— priority interventions

— implementation modalities

— funding modalities

— gender orientation

— risks

— grievance and appeals procedures

— monitoring and evaluation procedures

— policy review arrangements.

Source: Authors.

A further indicator of political will is the extent to which social transfers are a part of the **political debate**. Is it a national election issue? Is there anything the EU can do to encourage a 'positive politicisation' of pro-poor policy development, recognising that home-grown solutions which are generated by government and which become part of the national political landscape have a much greater chance of success and sustainability? It is important for countries to recognise that social transfers can be an electoral issue, and that the right response can therefore be a vote winner.

5.3. Existing social transfer initiatives

The design of social transfers should consider the local capacity and culture, building on what already exists and has proved successful, and accounting for any capacity constraints. In practical terms, the EU may initially be able to support an assessment of social policies and an **inventory** or stocktake of existing social transfer initiatives within a country. Such a diagnostic review should pay attention to any other measures aimed at ensuring social and economic access to basic goods and services. Existing fee waiver arrangements, for example, should be reviewed before considering the introduction of a social transfer scheme to ensure access to education or health services.

Often, a surprising amount is already spent by government and international development partners — on ad hoc social transfer activities and projects, on subsidies, and on emergency response measures — which could be incorporated

into a budget for a more comprehensive programme. Existing **expenditure** should be rationalised and consolidated before new expenditure is sought.

Social assistance is, like food and shelter, a basic human right, enshrined in numerous international declarations, charters and covenants, and in many national constitutions. Each state has the obligation to respect and protect such rights with immediate effect, and to fulfil them progressively, according to its resources and capabilities, and based on an agreed, time-bound plan. The EC has a duty to enforce such rights, and to assist with their realisation. This can be done by raising **awareness** among citizens to demand their rights, by providing governments with the resources to accelerate their fulfilment, and by facilitating partnership between citizens and governments to realise them progressively.

Social transfers also need to be underpinned by **legislation**. This may require the creation or redrafting of national laws to legislate over transfer amounts, targeting mechanisms, rules for inclusion/exclusion, grievance procedures, etc. The EU can support such legislative work, and can build legal capacity to help ensure adherence.

It is important that the EU is part of the process to ensure full **development partner alignment** behind state policy, whether oriented towards social protection or food security. It is critical that this coherence, enshrined in the Paris Declaration (http://www.oecd.org/development/aideffectiveness/34428351.pdf), is translated into open and transparent government-donor collaboration at national level (Box 36). The EU should be part of the national debate around social transfers and should ensure full consistency between government policy and its own support.

This kind of donor alignment in the field of social transfers is now underpinned by the UN **Social Protection Floor**, the sixth initiative of the UN Chief Executives Board (CEB) on the global financial and economic crisis, which seeks to 'promote nationally defined strategies that protect a minimum level of access to essential services and income security for all in the present economic and financial crisis and beyond'. It defines a national social protection floor as a basic set of rights and transfers that enables and empowers all members of a society to access a minimum of goods and services, and states that it should be defended by any decent society at any time (Box 6).

Box 36: Ethiopia — good structures for government-donor coordination

The PSNP is the result of intensive (and historically protracted) negotiations between the government and its development partners (including the EC). The process of reaching agreement on key design and implementation features is well presented in a DFID booklet and a World Bank publication, which together provide excellent guidance for similar processes in other countries. It underlines that the institutional reforms required to launch a cash transfer scheme can be achieved through agreement on broad principles, and adoption of a pragmatic approach to implementation.

Nowadays, during implementation, the Joint Coordination Committee (JCC) provides joint oversight of implementation including monitoring progress and providing technical guidance on specific components or cross-cutting issues. It is chaired by the State Minister for the Disaster Management and Food Security Sector and includes all donor partners.

This framework has also assisted the process of ensuring good collaboration between the multiple donors involved in PSNP:

- there is a single logical framework for the programme as a whole, to which all donors now work;
- the PSNP Donor Working Group (DWG) harmonises donor support and is chaired by each donor on a six-month rotating basis;
- a Donor Coordination Team (DCT) supports the functioning of the DWG: the DCT manages research and technical assistance commissioned for the PSNP;
- donor resources to the PSNP are aligned through the use of a World-Bank-administered co-financing Multi-Donor Trust Fund (MDTF) and pooled government accounts;
- donors also commit significant resources through another MDTF that ensures harmonised technical advice to the government: the MDTF finances implementation support and enhanced supervision of the PSNP.

Source: Authors, based on information from the EU Delegation.

Resources 15: Useful resources on government-donor coordination

— Designing and Implementing a Rural Safety Net in Low Income Setting — Lessons Learned from Ethiopia's Productive Safety Net Programme 2005–2009 (World Bank, 2010b)

— Building consensus for social protection: Insights from Ethiopia's Productive Safety Net Programme (PSNP) (theIDLgroup, 2007)

5.4. Institutional context and capacity

Political will is linked to **institutional context**. Where political will is strong, the institutional environment for promoting social transfers is also likely to be strong: either through a predominantly food-security-based framework, such as Ethiopia's PSNP (Box 37), or through a social protection framework, such as Lesotho's old-age pension. In either case, it is important for development partners, such as the EU, to build on any existing social transfer programmes and capitalise on initiatives that have domestic political traction.

It is important to conduct a review of the level of interest and capacities of the different **institutions** that are already involved or could possibly be given a role in social transfer programming — such as ministries, decentralised administration, civil society organisations and private bodies. The best arrangement for a social transfer programme will involve leadership with the following characteristics: a sincere and durable political commitment to food security and/or social protection (e.g. ministry of social welfare, food security or agriculture); the political influence to secure resources and defend the programme's priority (e.g. ministry of finance, ministry of economic development, office of the President); and the institutional capacity to deliver an administration-intensive programme (e.g. ministry of decentralisation or of local administrations) (Samson et al., 2006). Frequently, no institution has all three ingredients. Countries may adopt several models (e.g. with one line ministry, the ministry of economic development or even a separate agency reporting to a committee of related ministries managing the programme), each with its own advantages and disadvantages.

Just as social transfers work better in conjunction with supporting services, so effective social protection works better with clear and explicit linkages to other **social sectors** such as health and education, and to other economic sectors such as financial services, labour, trade, and agriculture.

Similarly, because of the multidimensional nature of food security, national policies are likely to be more comprehensive where there is a strong institutional **coordination mechanism** for the design and implementation of social transfers, bringing together stakeholders from a range of different ministries (e.g. social welfare, finance, economic planning, agriculture, trade, health, education), from international development partners, from NGOs and from civil society. The EU should facilitate the formation and capacity-building of such a committee, agency or platform in each country, and should be a member of it wherever possible.

The commitment to, and type of, social transfer scheme is also related to a country's position on the **relief-rehabilitation-development continuum** ([22]). Whilst fragile and post-emergency states may need to adopt more reactive responses to poverty and food insecurity in the immediate term, these should be contextualised wherever possible in a broader long-term food security or social protection framework. Outside emergency situations, as the EC's 2010 policy framework makes clear, 'food security strategies need (to) be country-owned and country-specific' (EC, 2010b:3), and longer-term, comprehensive social transfers should be encouraged as part of such strategies.

Decentralisation is another key consideration. In situations where governments are already operating effectively at sub-national levels, it is likely that the administration of social policy will also be substantially decentralised: in such cases, the EU should support this. In other cases, where decentralisation is a goal but not yet fully realised, the EU can play a significant role in overcoming capacity and resource constraints at sub-national (e.g. provincial and district) levels.

It is important to identify and clearly articulate the **roles of different stakeholders** in social transfers. Governments must own and implement the scheme, but development partners may need to provide funding (perhaps not for the transfers themselves, but for infrastructure, information systems and capacity- building); NGOs may have a role to play in implementation, in monitoring, and in the provision of associated services; the private sector may contribute

([22]) When the concept of ***relief-development continuum*** was first introduced, it suggested that the progression from relief to development programming was linear. In 1995, the Directorate-General for Humanitarian Aid and Civil Protection (ECHO) suggested that the term ***continuum*** would better reflect the reality that operations in relief, rehabilitation and development contexts may all be taking place simultaneously, or contiguously.

in areas where they have comparative advantage such as delivery systems and financial services; and civil society may be involved in lobbying, accountability and grievance procedures.

This is closely linked to the issue of **governance**. The strategy through which the EU should involve itself in social transfer activities must be largely determined by the quality of governance in a particular country. Where governance is very low quality, there is a danger that social transfers may be used for patronage and vote buying, but these environments are often in more need of external support (due to a combination of high levels of food insecurity and low state capacity). The EU should then promote mitigating measures (e.g. very simple and transparent design and implementation mechanisms) and/or consider investing more into civil society and community organisations that provide welfare. Where governance is stronger (e.g. in instances where the EC is already operating through budgetary support mechanisms), the EU should engage directly through government.

Existing **institutional factors** can determine the success of a social transfer scheme. De Neubourg (2002) recommends different strategies for different contexts:

- **countries with limited administrative capacity:** opt for a simple scheme and accept its flaws (e.g. promote universal benefits rather than demanding perfectly targeted benefits); involve the central government; involve the community;
- **countries with nascent institutions:** target geographically; rely on private-sector service providers;
- **countries with developed institutions:** optimise programme mix; decide on the degree of devolution.

Box 37: Ethiopia — use of NGOs to support implementation

The PSNP uses a mix of agencies to implement the programme at *woreda* (sub-provincial district) level. This has strengths in the sense that it allows UN agencies and NGOs with a comparative advantage in terms of appropriate delivery mechanisms or exceptional local knowledge to complement government structures where they are weak, although this can lead to some duplication of government systems. For example, the WFP plays an important role in implementation because of its experience delivering food aid and the institutional requirements of some donor agencies to channel resources through UN agencies. In addition, the WFP provides technical assistance to the programme, and supports the government in procuring food stocks from abroad. While both the WFP and NGOs deliver food resources to PSNP *woredas*, in NGO-supported *woredas*, responsibility for programme implementation is shared between the NGO and *woreda* officials. NGOs may also support *woredas* in the planning of public works and monitoring.

Source: Authors, based on information from the EU Delegation.

Finally, **capacity-building** is crucial, and a potential key area where the EU and other development partners might contribute. Social transfers on a national scale require significant human and technical capacity, which is often lacking — particularly at sub-national levels. This is the case not just in terms of the technical skills to design and implement social transfers, but also in financial management, monitoring and evaluation (M&E) and impact evaluation. The EU can support capacity-building in all these areas through the provision of training, reforms of higher education, skills exchanges, South-South collaboration, study tours, etc. ([23]). Such capacity-building can equally be directed towards non-state actors, including civil society organisations at national level, and regional platforms representing these organisations at continental level — such as the Africa Platform for Social Protection — all of which have an important role to play in raising awareness, shaping national policies and monitoring the quality of implementation.

([23]) See *Reforming Technical Cooperation and Project Implementation Units for External Aid provided by the European Commission — A Backbone Strategy* (EC, 2008b).

Chapter 6
Designing social transfers

This chapter looks at the following **design considerations** that need to be taken into account when designing social transfers: objectives, targeting, work requirement, graduation, form of the transfer, benefit level, delivery mechanisms, and conditionality.

6.1. Objectives

It is essential to set **realistic objectives** in view of the envisioned target group, or the form, level and duration of transfer. If the objective is to enable households to recover productive assets, a lump sum cash grant will be more appropriate than small regular transfers. If small transfers can only be provided over six months, no lasting effects should be expected. And if physical access to school is an issue, a social transfer will not be the priority action to increase school enrolment. Setting clear and realistic objectives provides the framework for discussing the appropriateness of various social transfer types. It is the necessary starting point, and needs to be based on a thorough context and problem analysis. Clear objectives will also guide discussions about any essential complementary activities that would have to be implemented for the scheme to be successful.

In the case of an innovative project, it might be interesting to clearly define **learning objectives**. Many pilot projects have been launched with learning objectives which were not specific enough. A cash pilot project implemented in a limited livelihood-specific area and operated by well-developed (international) institutions might bring few lessons for the development of a national social cash transfer scheme in a low-capacity country. Having a clear understanding of how the project, if successful, can inform policy development at the national level will allow better design.

6.2. Targeting

In theory, **targeting** resources on those who need them most is the most efficient way of disbursing social transfers. In reality, this may not always be the case: targeting does not necessarily translate into larger transfers to the poorest. A number of reviews show that targeting tends to lead to reduced budgets devoted to poverty and welfare, with theoretical savings (or more) being eaten up by administrative and corruption costs (Coady et al., 2004; Kildal and Kuhnle, 2002). Badly targeted programmes can impose costs that exceed the theoretical savings made by only reaching the poorest. Thus, it is essential to balance the savings in social transfers against the costs of the targeting processes — which include not only the direct costs to the benefit provider from administering the targeting mechanisms, but also the private costs incurred by programme participants in complying with the targeting requirements, as well as a range of social, political, and other costs.

The first decision is **how to target**. Here, the main choice is between a 'universal' (usually implying a categorically targeted) approach where everyone in a particular category, irrespective of their poverty status, receives a transfer, and a 'poverty-targeted' approach where only the poorest receive the transfer. Ultimately, the choice of whether and how to target is subjective, and is dependent on the prevailing social, cultural and political environment but, in general, poverty targeting is likely to be more effective when the government's (or its agents') administrative capacity is strong, poverty rates are low, social solidarity is strong, and the poor are both well integrated into the formal economy and suffer little discrimination. Generally speaking, these conditions rarely apply in low-income countries, where categorical targeting is likely to be more efficient and effective. In addition to this cost-efficiency argument for a universal approach, there is also an argument based on political expediency: categorical transfers may be more popular, both because they are perceived as fairer and more transparent and because everyone will, theoretically, be entitled to benefit from them at one time or another. As Amartya Sen said: 'Benefits meant exclusively for the poor often end up being poor benefits' (Sen, 1995:14).

The first step is to **establish the criteria** for targeting. Who is entitled to benefit from the scheme? Which criteria will be used to decide who is entitled to benefit? Agreeing on robust indicators of food insecurity is a challenge in itself, while proxy indicators, such as ownership of assets, type of dwelling, or household dependency ratios, are often very inaccurate. Arguably, especially in contexts of widespread food insecurity, it is better to err on the side of inclusion errors (i.e. including some people in the scheme who should not be benefiting), rather than of exclusion errors (i.e. leaving people out of the scheme who really need the support it provides). The simpler the targeting (e.g. by

age or disability status), the more transparent and comprehensible it is and, therefore, the more likely to be socially and politically acceptable and administratively manageable. This is particularly relevant in low capacity contexts.

The next step is **beneficiary selection**: How are all the people in the country who meet these eligibility criteria to be found? Different methods may be considered, alone or in combination: individual assessment (verified or unverified means test, proxy means test, community-based); categorical (geographical, demographic, other characteristics); and self-selection (e.g. by purchase of commodity, work requirement). In cases of 'simple' categorical targeting (e.g. by geographic area, or by age), this can be done relatively objectively. In more 'complex' cases where individual assessment is used, either more complex approaches will be required (means testing or, more often, proxy means testing), or the communities themselves could be asked to decide who should benefit (Box 38). In both cases, triangulation will improve accuracy. In a context of widespread food insecurity and weak administrative capacity, simpler categorical targeting should usually be preferred.

Two main **enrolment methods** (and a combination of them) may be considered: the survey-outreach method, with social workers visiting households in targeted areas, or the on-demand application method with potential beneficiaries applying at offices. The direct and expansive reach of a survey offers a better chance to reach the neediest, but does not give the opportunity for people who would become eligible between two survey rounds to enrol. The on-demand application is an open and dynamic process that enables anyone to apply at any time, but it might exclude the neediest, who lack access to information or live further away. A hybrid method may be considered to overcome these limitations and maximise advantages.

Box 38: Rwanda — community-based targeting

Community targeting appears to work well in Rwanda (an analysis undertaken by World Bank statisticians recognised that it performed as well, or better, than a more complex and expensive proxy means-testing approach). This may be largely due to the unusual — even unique — set of circumstances prevailing in Rwanda: (i) the pre-existence of the Ubudehe programme (see following information); (ii) the very open, public nature of Rwandan society; and (iii) the high level of community spirit and pressure for reconciliation, as manifested in the monthly Umuganda community work, involving every single citizen of the country.

The EC has been funding the Ubudehe programme since its pilot phase in 2002. The programme has provided community grants, but also has a component that provides a cash transfer to a selected poor household in each community. The Ubudehe programme also includes a wealth-ranking participatory rural appraisal (PRA) exercise covering the whole country, and its categorisation of households into six different wealth categories has essentially become the standard basis for targeting Rwanda's Vision 2020 Umurenge Programme (VUP) and other benefits (such as health and education interventions aimed at the poorest). A recent evaluation of the programme found that 'as almost 100 % of the people questioned in our sample believed that their project was actually responding to one of their priorities, the exceptionally high relevance of the Ubudehe programme towards beneficiaries needs is demonstrated'. The evaluation revealed that incomes have substantially improved at household level due to Ubudehe projects: 96 % of respondents estimated they were less poor today than before the project; 71 % considered their income had doubled; and 22 % considered that their income had more than tripled. The report concludes 'that Ubudehe is one of the best achievements we have observed during the past 25 years of collaboration with the European institutions'.

Source: Authors, based on information from the EU Delegation.

After selecting the beneficiaries, the next stage is **registration**. Many countries do not have national registration or identity card systems, so the social transfer scheme may itself need to provide such identification, for example through photo IDs, fingerprint recognition or biometric data. This can be expensive to set up, and may require sophisticated equipment and materials (such as smartcards), thus this is an area where donors may be able to provide funding and technical assistance, and to ensure that links are made with other possible applications of the technology (e.g. for national identification, voter registration, health records, birth registration).

Finally, there is the question of **retargeting**. Whilst some of the poorest and most vulnerable members of society will require lifetime support through social transfers, it is to be expected that many will essentially graduate out of poverty, will attain food security, will cease to meet the eligibility criteria, and will exit the scheme. At the same time, others may — through personal shock or external impact — fall into a position where they meet the eligibility criteria, and should therefore be added to the scheme. So the question of retargeting is an important consideration in the design. An open application process or regular surveys (e.g. on an annual basis) will enable the enrolment of new eligible persons. Regular reassessments of the situation of beneficiaries may also be necessary. As with initial targeting, there is necessarily a trade-off between the accuracy of the retargeting process, and its administrative complexity and cost. Pros and cons must be carefully weighed, considering, in particular, the level of institutional capacity. Also worth mentioning is the fact that it might not always be appropriate to remove beneficiaries from the scheme immediately after they rise above a certain poverty line. As observed in Mexico's Oportunidades social transfer scheme, this strategy does not mean that beneficiaries have built the human capital required to break the intergenerational transmission of poverty (Yaschine and Dávila, 2008). In a context of chronic food insecurity and high degrees of vulnerability, there is a need to take account of the long-term nature of the process of poverty and hunger reduction when designing the programme. A comprehensive graduation strategy needs to be designed (**Section 6.3**).

Resources 16: Useful resources on targeting

— Targeting and Universalism in Poverty reduction (Mkandawire, 2005)

— Targeting of Transfers in Developing Countries: Review of Lessons and Experience (Coady et al., 2004)

— Targeting for Nutrition Improvement (FAO, 2001)

— Targeting of Social Transfers: A review for DFID (ODI, 2009b)

— Appropriate, Achievable and Acceptable: A practical tool for good targeting (ODI, 2010)

— Targeting Social Transfers (RHVP/Wahenga, 2008)

— See also: Chapter 8 of Samson et al. 2010, chapter 4 of Grosh et al., 2008; and Chapter 3 of, Ellis et al., 2009

6.3. Work requirement

A particular discussion is needed around **public works**, of which the EC has significant experience. Public works programmes are often cited as a 'win-win-win' approach, on the basis that they (a) simplify targeting by introducing an element of self-selection; (b) generate productive assets; and (c) reduce the risks of dependency by introducing a labour requirement. However, there is a risk that public works schemes do all three of these things suboptimally: by definition, they exclude the very poorest in society (who cannot work); the quality of the assets they produce is often poor, and there is rarely provision for any subsequent maintenance; and — even if introduced on the questionable rationale that social transfers create dependency, which is refuted by much of the evidence — it is unclear why dependency on the state to provide poorly paid employment is any less dangerous than dependency on the state to provide direct transfers.

Public works should therefore only be used where there is a convincing case for preferring them to regular social transfers with no labour requirement, where they are long term, where they directly benefit the local community, and where they are carefully designed and monitored. A better option, where feasible, may be to offer legally enshrined **employment guarantee** schemes (as under India's National Rural Employment Guarantee Act), allowing beneficiaries themselves to decide whether, when, and for how long they benefit.

Box 39: Public works programmes — elements required for reaching the poor

Public Works Programmes (PWPs) are a popular model of social transfer. They can be effective as a response to transient, seasonal or cyclical crises, by smoothing consumption and preventing the distress-selling of assets, and they can also be used effectively in the aftermath of natural disasters for the rehabilitation and reconstruction of damaged or destroyed infrastructures. Programmes offering short-term employment opportunities may not work so well in situations of chronic poverty. Proponents claim numerous theoretical advantages, but these are often elusive in reality, and great care must be taken in selecting and designing public works programmes.

PWPs are intended to be self-targeting, offering an alternative to other more complex and costly targeting approaches. This is based on the premise that the poorest will self-select themselves because of the work requirement and low wages, which are conventionally set at, or below, prevailing rates, which the less poor will, therefore, find unattractive. This assumes a perfectly functioning labour market: in reality, there is plenty of evidence of significant inclusion and exclusion errors, because the marginal value of labour varies within and between households. Thus, public works may be attractive to surplus labour in less poor households, and unattractive to poorer households with limited labour. Moreover, the adoption of extremely low wages is often in tension with the social protection objectives of PWPs, since such low wages are unlikely to have any significant impact on chronic poverty. When the scale of public works employment is trivial in a context of mass un(der) employment (e.g. in South Africa, where the ratio is 200 000 to 4 million), demand will always outstrip supply. In such cases, other targeting mechanisms need to be used, annulling the self-targeting benefit of PWPs. This leads to a significant risk of the leakage of employment opportunities to those who are not among the poorest — quite apart from the fact that PWPs by definition already exclude the very poorest with no labour capacity, such as the disabled, the elderly and the very young.

PWPs can create community assets, but provision of high-quality public goods is crucial. Based on international experience, public works should only be promoted as a social safety net instrument if the public goods generated have a positive impact on the community. They should not be introduced as a strategy to provide social transfers to 'deserving' poor. PWPs may include traditional infrastructure or public environmental improvement projects (e.g. sanitation projects to reduce malaria, natural disaster risk reduction projects), but also social activities (e.g. South Africa's home-based care workers and early childhood development workers) or economic activities (e.g. small businesses and cooperatives). The public goods produced, if relevant, well executed and maintained, could have an important role in alleviating constraints to higher returns for poor people, regardless of their participation in the programme.

PWPs are supposed to reduce dependency by making people work for their transfer but, even if the concept of 'dependency' is accepted (which many would debate), it is difficult to understand how a dependency on the state to provide poorly paid employment is any less dangerous than a dependency on the state to provide direct transfers. Poorly designed PWPs may even have the opposite effect, distracting participants away from productive work in their own fields or enterprises to undertake less productive work on public schemes, where the wage rate offered may barely compensate for the calories expended. There is also a risk that children will either be required to work, or will be neglected, as a result of their family's participation in a PWP. So, in order to address chronic poverty, PWPs should run on a flexible, long-term basis or, alternatively, be offered as a right, through an employment guarantee scheme, where it is the beneficiary who decides when, and for how long, to take advantage of the programme. For example, India provides a legal guarantee of 100 days of employment a year to any rural household willing to do public work for a statutory minimum wage, and Ethiopia assists over 7 million chronically food-insecure people — about 10 % of the population — through its Productive Safety Net Programme's seasonal employment schemes and food or cash transfers.

Source: Authors, based on Grosh et al. (2008), del Ninno et al. (2009) and McCord (2005, 2008).

Resources 17: Useful resources on public works programmes

— The Design and Implementation of Public Works Programs — A Toolkit for Practitioners (Subbarao et al., 2010)

— How to Make Public Works Work: A Review of the Experiences (del Ninno et al., 2009)

— The social protection function of short term public works programmes in the context of chronic poverty (McCord, 2008)

— Impact of Social Protection Programmes in Ethiopia on Child Work and Education (Yablonski and Woldehanna, 2008)

6.4. Graduation

Clearly, some recipients of social transfers will go on receiving transfers **indefinitely**, until they die: this would apply, for example, to beneficiaries of disability grants or old-age pensions. Such categories are not expected to graduate. Other recipients may have a distinct cut-off point: for example, in the case of children who stop receiving a child benefit at a specific age, or mothers who receive benefits during pregnancy. Some interventions, especially in the case of a short-term emergency social transfers (e.g. provision of seeds and tools after a flood), might be of finite duration, or even a one-off.

But for many other transfer beneficiaries, the point at which they might **graduate** out of a particular scheme will be much less clear-cut. Experience indicates that governments tend to be overly optimistic in this respect. For example, Rwanda initially designed its Vision 2020 Umurenge Programme on the basis that households would graduate from the programme after only 6 months. Ethiopia expected all beneficiaries of its PSNP to have graduated after 5 years on the programme: in reality, only 30 000 had, out of a total of 5 million. For households to graduate truly, they need to have built up their resilience significantly beyond the levels at which they would have been targeted for the scheme, otherwise there is a danger that the smallest shock will knock them right back into food insecurity once the guarantee of continuing support had been withdrawn.

Graduation is most likely where a **full package of support** is provided in an integrated manner. The standard model of asset transfer project in Bangladesh (including those funded by the EC) packages tries to address all three key functions of social transfers: provision, prevention and promotion. To **provide** for beneficiaries' needs in the short term, such projects typically offer a daily subsistence allowance. To **prevent** the loss of beneficiaries' assets they include free access to healthcare and legal services, and provide materials and assistance to improve drinking water supply, build sanitary latrines, solidify housing, etc. To **promote** beneficiaries out of poverty they are given access to a productive asset, compulsory training in enterprise management (tailored to the particular asset), and intensive mentoring.

Bangladesh also provides valuable lessons in the importance of linking social transfers to mechanisms such as **microcredit**, **microfinance**, and (e.g. weather-indexed) **micro-insurance** to help beneficiaries to graduate. For example, micro-insurance for livestock and links to veterinary services ensure that beneficiaries of asset transfers do not fall back into poverty if their livestock were to die; public works schemes are linked to micro-savings and the provision of practical training in skills needed to start a subsequent income generating activity; and access to microcredit is viewed as a graduation criterion on a number of asset transfer schemes.

Box 40: Graduation in Bangladesh— Challenging the Frontiers of Poverty Reduction programme

BRAC's Challenging the Frontiers of Poverty Reduction (CFPR) programme grew out of a recognition that, whilst microcredit had been largely successful in reducing poverty in Bangladesh, there was, nonetheless, a category of the poorest — the 'extreme poor' — who were unable to benefit from microcredit and were therefore mired in continuing poverty. From 2002 (with funding from EC among others), CFPR set about remedying this by taking a two-pronged approach: one to help the extreme poor households directly, the other to work with wider society to break down the socioeconomic barriers that conspire to keep them poor.

In terms of direct help to the extreme poor, it offers two alternative packages of support. Both these packages try to address all three key functions of social transfers: provision, prevention and promotion. To provide for beneficiaries' needs in the short term, the CFPR offers a daily subsistence allowance of about USD 0.40 per day, some of it paid in nutritious 'dal' (lentils). To prevent their assets being eroded through a shock, the allowance includes 2 years' free access to healthcare, and provides materials and assistance to improve drinking water supply, build sanitary latrines, and solidify housing. To promote the beneficiaries out of poverty, they may receive, for example, a soft loan to purchase a productive asset, or, as another example, a free transfer of an asset itself; compulsory training in enterprise management (tailored to the particular asset) is also offered along with intensive mentoring by trained BRAC staff on a weekly or fortnightly basis. The asset packages may be livestock (a bull, two cows, a cow and two goats, 10 poultry), agriculture-related (horticulture, nursery crops), or non-agricultural equipment (sewing machine, rickshaw, equipment and stock for petty trade) — in each case, the value is around USD 100–150.

The CFPR programme also works with the wider community and provides the services of its experts in, for example, gender quality action learning, human rights and legal services, health advice, social development and advocacy. The programme works with existing institutions at district and sub-district level to train staff in fulfilling their roles and responsibilities.

The CFPR has been remarkably successful. During its first phase, to 2006, nearly 100 % of its 100 000 beneficiary households (some half a million people) in 15 rural districts 'graduated' out of the programme. Now, midway through its second phase, covering much of 40 districts (out of a total of 64 in Bangladesh), it is on target to lift a further 863 000 households or 4 million individuals out of extreme poverty.

Source: Authors, based on information from the EU Delegation.

The ability to graduate can be greatly enhanced through the provision of **complementary services**; this might include a role for social workers in providing intensive support to beneficiary households as, for example, with the Solidario scheme in Chile, and the linking of social transfers with social services, as advocated, for example, by Unicef in the design of child-sensitive social protection (Box 41: Principles of child-sensitive social protection).

Box 41: Principles of child-sensitive social protection

The following principles should be considered in the design, implementation, and evaluation of child-sensitive social protection programs:

— avoid adverse impacts on children, and reduce or mitigate social and economic risks that directly affect children's lives;

— intervene as early as possible where children are at risk, in order to prevent irreversible impairment or harm;

— consider the age and gender-specific risks and vulnerabilities of children throughout the life cycle;

— mitigate the effects of shocks, exclusion, and poverty on families, recognising that families raising children need support to ensure equal opportunity;

— make special provision to reach children who are particularly vulnerable and excluded, including children without parental care and those who are marginalised within their families or communities due to their gender, disability, ethnicity, HIV and AIDS, or other factors;

— consider the mechanisms and intra-household dynamics that may affect how children are reached, paying particular attention to the balance of power between men and women within the household and the broader community;

— include the voices and opinions of children, their carers, and youth in the understanding and design of social protection systems and programmes.

Source: Unicef et al. (2009).

Resources 18: Useful resources on graduation

— Dependency and graduation (RHVP/Wahenga, 2010b)

— Cash transfers: graduation and growth (Slater, 2009)

— Guidelines for EC Support to Microfinance (EC, 2008c)

6.5. Form of the transfer

As discussed earlier, social transfers can take many forms — choosing the best is difficult, but essential to the success of the scheme. Setting the **form of the transfer** is a key issue: Should the transfer be in the form of cash, food, inputs or vouchers? Six key aspects may be considered to determine the appropriateness of a particular form of social transfer: objective, market conditions, administrative capacity, cost-effectiveness and efficiency, beneficiary preferences and, in some situations, political environment (Box 42: Determining the appropriate form of transfer — key aspects to consider). As discussed previously, beneficiaries might have a preference for different forms in different contexts, or it might be desirable to give a combination of, say, cash and food. Generally speaking, it is now recognised that the default transfer should be in the form of cash (as it is in the majority of OECD countries), but recognising there may be particular circumstances in which other forms might be more suitable — for example, where there is no food available, or where food markets are not functioning well enough to respond to extra demand. In addition, it is also recognised that cash transfers are much more effective when they are delivered together with other services (the 'cash-plus' approach), such as health, education, public awareness, training.

Box 42: Determining the appropriate form of transfer — key aspects to consider

Objective

One should not expect too much from a social transfer scheme: a specific primary objective needs to be clearly stated (e.g. build the asset base or improve nutrition). This will directly inform the choice of the social transfer.

Markets

Understanding the capacity, potential and limitations of markets (for goods and services) is of utmost importance for appropriate transfer selection. Where markets can supply the required essential goods and services, cash-based transfers would provide beneficiaries with the purchasing power to access basic commodities and, hence, let them participate as consumers and express their choice in existing markets. The provision of food aid would be a more appropriate response in contexts of poorly functioning markets.

Implementation capacity

The level of complexity of the scheme needs to be aligned with the level of administrative capacity. Opting for a conditional cash transfer may prove counterproductive in a context where the administrative capacity would be too low to ensure a proper enforcement of the conditionality.

Cost-efficiency and effectiveness

When markets work well, cash-based social transfers are generally more cost-efficient and effective. Cost comparisons need to be undertaken carefully, taking into account all costs, both on the provider's side (e.g. set-up, monitoring and administrative costs) and from the beneficiary's side (e.g. transport, opportunity, re-selling, damage costs).

Beneficiary preferences

The preference for cash, vouchers or food aid tends to vary by location, season and gender. Households living far from markets tend to prefer food transfers, while those living closer prefer vouchers and cash transfers. There are indications that people prefer food transfers during the lean season due to higher food prices, while cash is often preferred around the harvest period. Gender also matters, as women often tend to prefer food which they are more likely to control, while men may prefer cash transfers.

Political environment

Conditional transfers or the requirement of undertaking public works might be more politically acceptable to policymakers (and some donors).

Sources: Authors based on Gentilini (2007).

Cash-based transfers are often cheaper to administer and logistically easier to manage than food aid. They can also be more cost-effective ([24]) because they can have a direct impact on households' food consumption, along with having indirect positive effects on a household's debt reduction and access to health and education, as well as a **multiplier effect** on local markets, since cash received is spent locally. In that regard, vouchers tend to concentrate market impact on a few traders.

Additional multiplier effects of cash-based transfers — compared to food transfers — are important to keep in mind because — in purely financial terms — cash transfers may sometimes appear **less cost-efficient** ([25]) than food transfers. This became particularly visible during the world food price increase, when large price differences were registered between international, national wholesale and local retail markets. In late 2008, it cost the UNRWA less

([24]) 'Effectiveness' is the extent to which the programme objectives are achieved, or are expected to be achieved, taking into account their relative importance.

([25]) 'Efficiency' is an economic term which signifies that the intervention is using the least costly resources possible to achieve the desired results. Efficiency measures qualitative and quantitative outputs in relation to results.

than USD 90 to provide USD 100 worth of food aid — as per its 'local market value' (i.e. how much the same food parcel would cost if procured on the local retail market). Even when considering the 'beneficiary value' of the transfer (i.e. accounting for any costs borne by beneficiaries: transport, resale, loss or damage, and opportunity costs), food transfers still appeared cost-efficient (Cherrier, 2009). For many implementing agencies operating under tight budgetary constraints, a donation in kind guarantees a given level of benefit to participants, regardless of the fluctuations on the international and local markets. In such circumstances, any donor intending to switch from food aid to cash transfers should recognise their much greater **development potential**; and needs to be ready to increase its envelope to reach the same number of beneficiaries, and be ready (and administratively able) to adjust its contribution in the case of inflation.

This does not mean that cash transfers are a panacea. They have their limitations and they are not applicable in every situation. In some contexts, the market might not be strong enough to support cash transfers and in some circumstances, cash transfers could be misused and achieve few benefits (Devereux, 2006). The recent world food price increase showed that many cash transfer schemes had been ill-designed to respond to **inflation**. In Ethiopia's PSNP or the UNRWA's Special Hardship Assistance Programme, food transfers can shield beneficiaries from inflation, while the value of cash transfers is eroded by rising market prices (Box 43). It is thus absolutely essential to index cash transfers' value to inflation. This might also require some extra flexibility from donors (Sabates-Wheeler and Devereux, 2010).

So, while, in the past, cash and food transfers were seen as alternatives, the potential for designing cash and food transfers as mutually reinforcing, **complementary options** is increasingly recognised in certain situations. Yet in a stable country, where markets are the primary source of food and are functioning, a cash-based transfer, if properly designed and funded, is always preferable.

Setting up and running a voucher scheme is more **administratively demanding** than setting up a cash transfer scheme, and presents less potential to be expanded nationally in countries which remain largely rural. The decision to opt for vouchers must be careful reviewed (Box 23: The use of food vouchers to address urban food insecurity). The fear that the poor would spend the cash on non-essential items would not in itself be satisfactory. There is little empirical evidence from evaluations of cash transfers to support misuse (Devereux et al., 2005). On the contrary, evidence indicates that even when cash transfers are not tied to specific goods or services, the additional income from cash transfers is used on basic requirements — primarily food, health and education.

In the context of chronic food insecurity, in-kind food aid should be restricted to situations where markets are not functioning properly, and should be linked to **local production**, where quantity, quality and supply chains allow for this. There are concerns that massive food aid shipments can disrupt local markets and undermine the resilience of local food systems, affecting producers in recipient countries and distorting international trade. In contrast, cash transfers and vouchers can stimulate local production, strengthen local food systems and empower recipients in ways that food aid cannot.

6.6. Benefit level

Another key decision is setting the **value of the transfer** (or the wage rate in the case of public works). This is essentially a political decision, weighing the trade-offs between three potentially competing objectives: adequacy, affordability and acceptability. The minimum value is the benefit level beneath which the scheme is unlikely to be effective (because the transfer would be too small to have any real impact on food insecurity). The optimum value is the amount required to cover the poverty gap, but this may be unaffordable in low-income countries or may have disincentive effects. When schemes impose labour requirements or human capital conditions, the value of the transfer should be relatively greater to offset the additional cost of compliance. Politically, the value of the transfer must be acceptable to policymakers and citizens: it cannot be either too small or excessively large. This political decision dictates the programme's scale and coverage, and also determines the outcomes that can realistically be expected, as the available budget is more or less fixed at the inception of a new programme.

Then, there is the question of the **scaling of the transfer**. Is it to be targeted at the individual (such as an old-age pension), or at the household? If it is the household, then how does the value of the transfer reflect the size of the household? Is it based on a flat-rate transfer per household (which penalises larger households)? Or should there be some kind of household banding (small/medium/large) with each band receiving a different amount? Or, would it be feasible to base the value on the adult equivalent of each household? Here, again, there are a number of trade-offs between efficiency and cost, and the best option will depend on the extent of the problem and the characteristics of food insecurity.

Linked to this is the question of **modifying the value** of the transfer in situations where prices of food are rising, particularly in the case of cash transfers (food transfers and vouchers will tend to maintain their value, with the supplier bearing the risks of increased costs). Inflation can erode the value of transfers over time, sometimes drastically (at the extreme, the monthly disability benefit in Zimbabwe is now worth less than one hundredth of one US cent) — and can, therefore, reduce the benefit of transfers to recipients. At the very least, the value should be index-linked and increased every year (as in most OECD countries). Ideally, the value would be tied to the cost of the recipient's typical food basket, and adjusted accordingly for each transfer, perhaps with an insurance mechanism of a donor (or the private sector) kicking in if prices rise above a certain threshold, as an alternative to providing humanitarian aid. Save the Children has carried out some interesting studies to quantify the cost of feeding children under the age of two, and a whole family of five people, with a diet meeting the minimum requirements of macronutrients and micronutrients (Chastre et al., 2009). Such an approach could be used as the basis for calculating and modifying the value of a transfer.

Box 43: Ethiopia's Productive Safety Nets Programme — a mix of food and cash

The overall policy of the PSNP has been 'cash first'. Both government and donors were keen to move away from food aid dependency. However, concerns were raised that food availability might be limited, markets might not respond to the large injection of cash, and food prices might increase, leading to a preference for food among the target population and potential humanitarian risks. This prompted the government and donors to deliver a proportion of transfers in food with the aim of gradually replacing these with cash. In practice, food prices rose dramatically over the first years of the programme, prompting a reversion towards food rather than cash, and thus — inadvertently — providing a degree of hedging against food price increases: this points to the importance of having some form of index-linking for cash transfers, lest inflation erode their value.

The presence of provincial contingency funds may also help the government to respond quickly, both to increase transfers and to extend the programme to new households, when unexpected shocks push more people into poverty. While not yet perfectly implemented in practice, this could be seen as another theoretical example of best practice if its operational use can be sufficiently refined.

Source: Authors, based on information from the EU Delegation.

6.7. Delivery mechanisms

Delivery systems have a critical and sometimes underrated significance in social transfer schemes. The costs of establishing a cost-effective system at the outset (which could be shared by a donor) are often repaid many times over through improved efficiency during the lifetime of the scheme.

There is a decision on the **recipient of the transfer**, who may not be the person targeted for the transfer (e.g. a child benefit would normally be given to the carer of the child rather than to the child itself). Generally speaking, it has been shown that, in most cases, involving the woman in a household results in better welfare for the whole household. The tendency is, therefore, either to give the transfer direct to the woman, or to offer it to both the husband and wife in a household (on the basis that it is very often the women who would collect it), a strategy which aims to promote joint decision-making, not to overload women and not to undermine men. Sometimes recipients are grouped to improve delivery efficiency. In Bangladesh, for example, women are assembled in groups of 20–30 to receive transfers, and in Kenya, a pilot programme using mobile phones for transfers allocated a SIM card to each recipient, but a single mobile phone to be shared between a group of them. Such grouping may have administrative advantages, and potential spin-offs in terms of providing training and awareness, but initial evidence from sub-Saharan Africa suggests that its disadvantages — more complicated coordination and the potential for intra-group disputes and community conflict — may outweigh the benefits.

One key decision is the **frequency of delivery** of the transfer. Some transfers can be infrequent — agricultural inputs (or vouchers for inputs) might only be delivered once a year, while some, such as school feeding, may need to be daily. Poor households often prefer smaller yet more frequent transfers. Generally speaking, social transfers should be delivered monthly, although if the delivery process is very labour-intensive and expensive, there might be an argument for making it bimonthly, or even quarterly. Some projects have also been providing transfers on a seasonal basis, accounting for specific livelihoods (Box 30: Seasonal cash transfer pilot project). But what is important is that

delivery should take place regularly, in a known place and at a known time, so that recipients can organise themselves properly and can make their plans with confidence.

Next comes the question of the **mechanism** for the transfer, which is closely linked to the technology used (discussed in the next paragraph). Traditionally, social transfers (and especially food aid) have been delivered using a 'pull' mechanism, where beneficiaries have to travel to a specific location at a specific time to collect their transfer, but, increasingly with cash transfers and with new technologies available, it is also possible to use a 'push' mechanism, where, for example, the amount of the transfer is credited directly to a recipient's bank or post office account, or is allocated electronically to a smartcard which can then be used to withdraw cash or buy goods at a local retailer. In such cases, the transfer comes to the recipient, rather than vice versa. This decision may have gender implications: for example, if payments are made in cash to the women on market day, household food and nutritional security is likely to improve, whereas, if the money ends up in a bank account, women may not have access to it, or national legislation (as in Kenya) may require the woman to go with her husband or a male relative to the bank to access the money.

The mechanism chosen will help to dictate, and will be partly dictated by, the chosen **technology** for delivery. As mentioned previously, new information and communication technologies are opening up the potential for dramatic improvements in the delivery of transfers. Smartcards have the potential to contain unique biometric identifiers that help with the registration and verification process, as well as containing a nearly infinite number of 'wallets' for different types of financial transfer (and other) information. Mobile phones — essentially smartcards with improved input/output interfaces and improved communications — are also increasingly being used for money transfers. Linked to ATMs and intelligent point-of-sale equipment, such technologies can reduce the cost and simplify the delivery of social transfers, and they offer an excellent entry point for EU and other donors' funding.

The introduction of such technologies allows the private sector to play a significant role as **agents** in the delivery of social transfers, effectively outsourcing such systems to independent agencies (as happens in most OECD countries). Even where more traditional agents are used (such as a post office network, commercial money transfer companies such as Western Union, or the Islamic hawala system), this reduces the burden on governments and further stimulates the local and national economy.

Finally, in the context of delivery systems, it is important to **leverage the opportunities** presented (Table 3). As discussed earlier, cash transfers are more effective when they are linked to other services (the 'cash plus' approach). In the case of pull mechanisms, it is possible to take advantage of the assembly of recipients in one place, and at one time, to provide training, public awareness campaigns, health services, etc. While this is less feasible with push mechanisms, there are, nonetheless, considerable opportunities for providing additional financial services (such as microcredit, micro-insurance or small savings schemes) that will benefit recipients. Because the availability of financial services among the previously 'unbanked' is of benefit to the community as a whole — not just to the direct social transfer beneficiaries — there may be additional justification for donors such as the EU to support such initiatives.

Table 3: Advantages and disadvantages of 'pull' and 'push' distribution mechanisms

Mechanism	Advantages	Disadvantages
'Pull' mechanism requires participants to arrive at a specific place of delivery at a predetermined time in order to access their social transfers.	Distribution points offer the opportunity to gather and promote social capital.	Costs to beneficiaries (time, money); Inflexibility (difficult for beneficiaries who are physically unable to travel to distribution points); Crowd-related risks (dignity issue of queuing up, possible protection issues); Risk of fraud, corruption; Security risks (cash-in-transit heists, robbery); Labour-intensive (staff required to verify eligibility and make disbursements).
'Push' mechanism transfers the entitlement into a vehicle available to the participant continuously over time.	Convenience to beneficiary (access flexibility); Security; Cost-efficiency; Leakage risks minimised; Concurrently increases access to financial services for the poor; Developmental impact.	Dependent on access of beneficiaries to financial services; High start-up costs (only feasible as long-term option); Training required for beneficiaries on how to use the technology.

Source: Adapted from Bankable Frontier Associates (2006).

Resources 19: Useful resources on delivery of social transfers

— Electronic delivery of social cash transfers (RHVP/Wahenga, 2010c)

— Delivering social transfers (RHVP/Wahenga, 2007)

— Scoping report on the payment of social transfers through the financial system (Bankable Frontier Associates, 2006)

6.8. Conditionality

The issue of whether attaching **conditions** to social transfers encourages a greater impact or not is important. Traditionally '**conditional cash transfers**' refer either to public works programmes (which have a labour 'condition', and have been discussed earlier) or to schemes that have a 'human capital conditionality', linking payment of the transfer to the attendance of members of the recipient household at school or health clinics. It is true that such schemes can be shown to have improved educational and health outcomes; but then so do unconditional schemes, and it is difficult to discern whether it is the conditionality, or the mere fact of receiving a cash transfer, or even the public information campaign that often accompanies such schemes, that is the main factor in creating the improved outcomes.

The positive effects of conditions are most likely to be registered when the objective of parents and carers is not aligned with the welfare of the children, or when parents have poor information about the future benefits of education and health for their children (de Janvry and Sadoulet, 2006). Experiences from conditional cash transfer schemes in Latin America and the Caribbean suggest that linking transfers to child attendance at schools or clinics can achieve additional positive outcomes for children. However, to date there is no robust evidence on the **incremental impact** of the conditionality itself in well-established CCT schemes. Handa et al. (2009) found no effect from conditionality on how income is spent by beneficiaries in Mexico's Progresa CCT programme. Recent evidence from a World Bank experiment in Malawi also suggests that there is no incremental impact of attaching conditions (Baird et al., 2009) (Box 44: Conditional versus unconditional cash transfers). Other interesting ongoing experiences in Kenya, Burkina Faso and Morocco, where CCTs are explicitly being compared with Unconditional Cash Transfers (UCT) that impose no such behavioural conditions, may soon shed further light on this issue.

Box 44: Conditional versus unconditional cash transfers

The World Bank recently conducted an experiment in Malawi to disentangle the impact of conditionality from the impact of the cash transfer itself, by examining a cash transfer project for schooling teenage girls in southern Malawi, the Zomba Cash Transfer Programme (ZCTP). The paper, entitled "Cash or Condition", reports on probably the first 'ideal experiment to answer this question, i.e. a randomised controlled trial with one treatment arm receiving conditional cash transfers, another receiving unconditional transfers, and a control group receiving no transfers'.

The authors report that the project 'reduced the dropout rate by more than 40 % and substantially increased regular school attendance among the target population of adolescent girls. However, they do not detect a higher impact in the conditional treatment group'. Interestingly, they noted a couple of other important peripheral impacts of imposing a condition: the first was that UCTs dramatically reduced the likelihood of early marriage (by 56 %), while CCTs did not (perhaps because the UCTs were more empowering); and the second was that, perhaps not surprisingly, 'the programme led to substantially elevated stress and psychological morbidity among adolescent girls in the conditional group relative to the unconditional arm'.

Overall, the paper concluded 'given that the marginal impact of imposing a schooling conditionality is at best low, and that monitoring school attendance to enforce the conditionality is costly, it seems that policymakers can consider unconditional cash transfers as a viable alternative'.

Source: Authors based on Baird et al. (2010).

Attaching conditionality to the transfer might **add** secondary positive impacts to it, **or jeopardise** its primary objective. An ill-designed food-for-work programme might distract beneficiaries from looking for job opportunities or looking after their children, while providing a poor added value in terms of community assets. On the contrary, a well-designed conditional cash transfer scheme might bring positive changes in parents' behaviour (e.g. making better investment in their daughters' human capital and engaging more with teachers).

One key decision, therefore, is on the **availability of services**. It is unfair to make transfers conditional on school or clinic attendance or on participation in a public works scheme, when such services do not exist in the locality; the burden of compliance will then exclude those who should most be benefiting.

Closely linked to this is the question of the **cost of compliance**. As already explained, public works schemes may impose significant extra costs on the participant: if poorly designed, the work requirement may, for example, have negative impacts in terms of the opportunity cost it implies, by diverting labour away from domestic production. In general, because poor people cannot afford to be idle, they may have to give up some other form of income in order to join a public works scheme, which reduces still further the net value of the transfer. To a lesser extent, this may also apply in the case of human capital conditions, where the poorest often live in the locations furthest removed from education and health facilities and, therefore, pay the highest cost to receive a transfer.

Then there is the question of the **enforcement** of the conditions. At what point is a benefit withheld when someone does not comply with the conditions? If the condition is 'hard', and the government ceases transferring benefits if conditions are not met, it may seem unethical and incompatible with the notion of social transfers as a right. For example, there are serious moral implications in 'punishing' a child by withdrawing a social transfer because of the non-compliance of his/her parents with conditions. If the condition is 'soft', and the government does not withdraw benefits for non-compliance, then what is the purpose of imposing the condition in the first place? Rather than imposing conditions, governments (and donors such as the EC) may do better to focus on improving the supply side, ensuring that the poorest have access to local schools and health centres, investing in a communication campaign to lift any behavioural barrier, and relying on their good sense to make use of them once they have the resources to do so.

The imposition of conditions necessarily makes a scheme more **expensive** and challenging, because monitoring compliance adds to the administrative burden, but it may also increase the political appeal of the scheme to non-recipients, by giving the impression that the poor are not 'getting something for nothing', which might, paradoxically, make the scheme more affordable.

Resources 20: Useful resources on conditional cash transfers

— Conditional Cash Transfers: Reducing Present & Future Poverty (Fiszbein and Schady, 2009)

— Conditions, Conditionality, Conditionalities, Responsibilities – Finding Common Ground (Schüring, 2010)

— Social Cash Transfers in Low-Income African Countries: Conditional or Unconditional? (Schubert and Slater, 2006)

Chapter 7
Managing social transfers

This chapter looks at the following **management issues** associated with the effective operationalisation of social transfers: cost, affordability and sustainability; implementation; monitoring and evaluation.

7.1. Cost, affordability and sustainability

The issue of the **affordability** of social transfers is a critical one, and clearly a key area where EU resources can contribute with direct funding support. Some level of social transfer is affordable at all stages of economic development, even for people in the informal economy, as the new developments in Brazil, China and India (and ILO simulations for Africa (ILO, 2008)) show.

The starting point, however, should be the availability of **government resources**. As discussed previously, the government may already be spending significant amounts on some initial social transfer scheme(s) or on uncoordinated projects and measures that they consider as 'social support', but which may not be as effective as a coordinated national scheme targeted at the poorest (a fuel subsidy, for example, is effectively an alternative form of cash transfer to the wealthier members of society). There is scope in many countries to generate more revenue through increased efficiency in tax collection. In addition, governments may have, or may be able to set up, social funds (e.g. through a tax on fuel or air tickets) that can be used to finance social schemes, or they may commit a certain percentage of the government budget to social actions. If government resources are used to fund the actual transfers, then sustainability is more easily assured, and governments are far more likely to make the necessary long-term commitment to such schemes.

Finally, a case should be argued for the (often much higher) costs of **not** providing social transfers. When considering whether to invest in social transfers — or any other food security and social protection measures — a country should not only consider the return on investment in the form of greater human capital, but also the **cost of inaction**. Malnutrition is responsible for a 2 % to 3 % loss of gross domestic product (GDP) in poor countries and for a 22 % drop in annual income among adults (World Bank, 2006b). In Bangladesh, iron deficiency was estimated to reduce GDP by 8 % a year (Horton and Ross, 2003). In India, Pakistan and Vietnam, the combined effect of stunting and iodine and iron deficiencies was conservatively estimated to reduce GDP by 2 % to 4 % per year (FAO, 2002). Micronutrient deficiencies (hidden hunger) are common among uprooted populations — internally displaced and refugee populations. Malnutrition traps undernourished children in a cycle of altered cognitive and physical development; lowers education level, productivity and revenues; and increases healthcare needs. When malnutrition rates are high, a country is trapped in poverty for at least another generation. Whatever the expense of using social transfers to fight hunger and malnutrition, doing nothing has very much higher costs.

Box 45: Rwanda — reallocation of government resources

There are currently a number of programmes of social support targeted at genocide survivors under the Fonds National pour l'Assistance aux Rescapés du Génocide (FARG): 5 % to 6 % of all government revenue is earmarked for such programmes. Some of the social assistance initiatives under these programmes are already being integrated into the government's new national social protection strategy. Since it is likely that required expenditure on other FARG components (such as provision of housing and education) will decrease as genocide survivors attain adulthood over the next few years, this will potentially open up fiscal space for the expansion of the government's flagship Vision 2020 Umurenge Programme, universal pensions, and other social protection initiatives.

Source: Authors, based on information from the EU Delegation.

National social transfer schemes require significant additional resources, and it is here that the use of **donor funding** may be particularly apt. Capacity-building is one key area that has already been discussed. Others include the reform of existing systems, the necessary infrastructure for new registration and delivery systems (e.g. national identity systems, smartcards, fingerprinting, card readers), financial and management information systems, monitoring and evaluation, impact assessments, etc. Donors should be ready to provide funds for such associated activities rather than the transfers themselves, because it is better suited to their shorter funding cycles and is less necessary as an indicator of the sustainability of the systems. Equally, donors should think imaginatively around the possibility of mobilising resources from other development initiatives to fund social transfers: climate change is one area, for example, where substantial funding is available, some of which could be used to support adaptation and mitigation through social transfers.

Such support may also be provided through **budget support**, either sectoral or general (**Section 9.3**). In this case, the donor funding is fungible, and it is not possible to distinguish between the use of internal and external resources for the social transfers themselves. In such cases, it is important that the donor provides sufficient guarantees of long-term commitment to give the government confidence to start implementing scaled-up national schemes, and that effective indicators and monitoring systems are put in place to measure compliance with agreed conditions. The EC has supported social protection through sector budget support in Cape Verde (Box 54). It is also moving towards this approach in Rwanda, where it has been working with the government to define a national social protection strategy that will establish an agreed joint funded programme, together with a common framework for monitoring and evaluation (Box 48).

Once basic national social transfer schemes are put in place by governments, the donors may also be able to provide additional **contingency funding** to increase their value or scope in times of emergency. One problem with government funding in low-income countries is that it is often 'pro-cyclical', whereas, ideally, a national social protection system should be 'counter-cyclical'. In other words, it is generally in times of national disaster or economic hardship that social transfers to the poor are most needed, but it is also at such times that governments (themselves under duress) are least able to respond. Donors such as the EC can help here. Either directly, or though insurance markets, donors could be ready to ramp up existing national schemes based on, for example, the price index of a national food basket, the pattern of rainfall, or the occurrence of a particular weather event. This could be a more effective, far cheaper, more sustainable, and better developmental response to particular crises than the reactive provision of emergency humanitarian aid — reinforcing and strengthening as it does the government's own systems.

In theory, social transfer schemes should include an **exit strategy** for beneficiaries. Whilst accepting that there is a low likelihood of the most disadvantaged being able to rise out of poverty and attain food security, there is an expectation even in their case that — by increasing access to health and education for children in the household — social transfers will break the cycle of intergenerational poverty, and more beneficiaries will graduate out of poverty. In such cases, it is essential that withdrawal from a social transfer will be replaced by access to other supplementary support, such as microcredit or agricultural extension. Otherwise, there is a danger that the gains will not be lasting and that the ex-beneficiary will revert to needing the transfer. As discussed earlier, donors can support such **ancillary services** through their developmental agendas.

Resources 21: Useful resources on affordability

— Guidance for DFID country offices in measuring and maximising value for money in cash transfer programmes (Hodges et al., 2011)

— Cash transfers: affordability and sustainability (McCord, 2009)

7.2. Implementation

What additional actions are needed to **manage** and add value to a social transfer? How can maximum impact be guaranteed? How can the EU support this?

A key design issue for social transfer schemes is addressing fiduciary risk (Box 46: Managing the fiduciary risk associated with social cash transfer programmes). Good systems help address fiduciary risk, and an appropriate monitoring and evaluation function also contribute. Lack of coordination will reduce the cost-effectiveness

of a programme. It is possible to build on the experience of some developing countries with limited capacity that, nevertheless, have managed to introduce social transfer programmes. A model derived from Brazil's Bolsa Família scheme was later successfully applied in Mozambique, South Africa and other countries (Box 47: The independent components model for social transfer delivery systems). This model relies on a separation of duties between different structures and a **single registry** ensuring coordination and control; it proved successful in addressing fiduciary risks and facilitating cash transfer delivery in a fair and transparent manner.

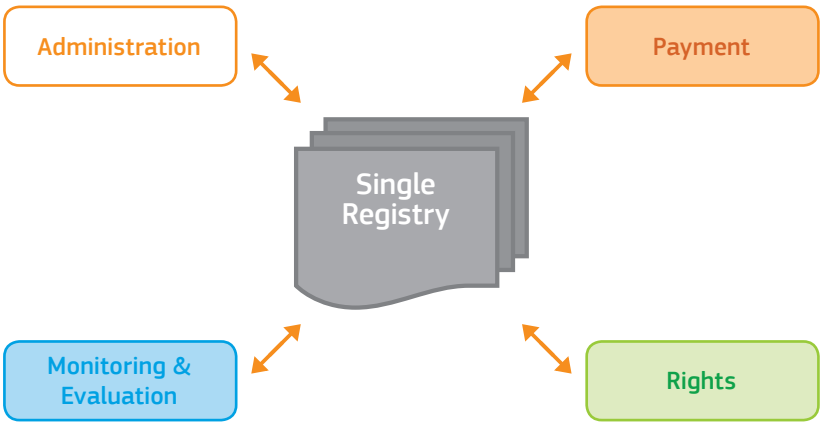
Box 46: Managing the fiduciary risk associated with social cash transfer programmes

- Cash transfer programmes have inherent fiduciary risk, which can be mitigated most effectively at the design phase of programmes.
- The greatest risk of loss from error or fraud through cash transfer programmes arises from complexity in the eligibility criteria and operations.
- No standard design for cash transfer programmes will mitigate all risks, but programmes should be designed to be as simple as possible, while still meeting their objectives (there may be a trade-off between the simplicity of a programme and how well it targets the poorest).
- Controls to mitigate fiduciary risk have a cost, for the administration of the scheme and, sometimes, to the beneficiaries. There is, therefore, a balance to be struck in ensuring effective control while meeting policy objectives.
- Appropriate monitoring and evaluation of programmes will help to identify any failure in controls.
- Separate fiduciary risk assessments are mandatory for all cash transfer programmes provided from general or earmarked budget support, and should be carried out periodically over the lifetime of a programme.

Source: DFID (2006c).

Another key to successful design and implementation is the delegation of the responsibility for each duty to the body which has a **comparative advantage** in that core activity, and to establish strong central control mechanisms. For example, cash transfer delivery is banks' core business, and ensuring people's rights are respected is traditionally a role for oversight committees and civil society. Administration includes delivery of all mainstream functions of the programme, including registration, service delivery and case management. A Management Information System (MIS) is the heart of the implementation system. It registers and cross-checks who is entitled to receive assistance and who is actually receiving assistance.

Box 47: The independent components model for social transfer delivery systems



Source: Samson et al. (2010).

Management information systems (MIS) are a crucial component of any social transfer scheme, and one where EU funding and technical assistance may be appropriate. Most comprehensive social protection programmes have at their heart a **single registry** of all scheme beneficiaries, so that different schemes can be cross-linked. This links back to the requirements for national identification, registration, eligibility criteria and beneficiary enrolment discussed in **Chapter 6**, and it links forward to the payment of the actual transfers, so that complete payment records can be maintained for all recipients. Proprietary MIS are available from the private sector, but can be prohibitively expensive for a low-income country. One option that the EU might explore is support to the development of a generic open-source software package for the management of social transfers (an idea already being considered in the case of Kenya's system).

Systems of accountability can also be built into an MIS (e.g. an **appeals process** to check on eligibility, and a fiduciary risk system to monitor payments). Again, Kenya provides one of the few operational examples of this: its Hunger Safety Nets Programme has a dedicated social protection rights component, responsible for the operation of a comprehensive grievance procedure for the programme. This has shown that, when properly implemented, such appeal and complaint mechanisms can enable accountability to beneficiaries, improved fiduciary integrity, verification of targeting decisions and information for monitoring programme implementation. There are also positive spin-offs in terms of building accountability relations between government, service providers and citizens which contribute to the transformative aspects of social protection objectives by promoting the emergence of new values based on solidarity and citizenship (Barrett and Munavu, 2011).

As discussed, ancillary services are needed to accompany beneficiaries' graduation and improve the **supply side** of the equation (i.e. to use state (and donor) resources to ensure that training, education, health, microcredit and employment are available to beneficiaries, in order that they can capitalise on the value of their cash transfer). The EU already supports numerous programmes in such areas, and it is essential to ensure synergy and complementarity in the government's (and the EU's) support to social transfers. What kind of training do beneficiaries need? How can their access to health and education be facilitated? How can microcredit and other financial services be extended even to the very poorest? How can public works programmes be delivered in a more enlightened fashion — more along the lines of an employment guarantee scheme — that does not exclude the weakest, that does not divert scarce resources at key times of year, that is widely available and reliable, that generates genuinely useful community assets?

The introduction of new social transfers needs to be accompanied by a comprehensive **communications campaign**. This needs to target both potential recipients, to explain the eligibility, benefits and operations of the transfer, and the potential non-recipients, to explain the rationale for the transfer and win their political support.

7.3. Monitoring and evaluation

Systems for the **monitoring and evaluation** (M&E) of social transfers are closely linked to information systems for management. Such systems should measure not just operational efficiency and effectiveness, but should also capture evidence of impact. An M&E strategy should serve three major types of objectives.

- **Strategic objectives — Is the social transfer scheme achieving its goals?**
- **Operational objectives — How can managers improve implementation?**
- **Learning objectives — What can be learned from the social transfer scheme?**

Ideally, such M&E capacity should be developed in-country and not (solely) outsourced — for example through working closely with the national statistics office, and incorporating the monitoring of social transfers into an overall poverty reduction or food security M&E framework.

Here, the crucial thing is the identification and selection of **appropriate indicators**, which may vary depending on the requirement. At one end of the scale are generic indicators that can be aggregated and compared between countries (e.g. in order to measure progress and allocate budget resources) — but the danger is that such indicators may be so vague as to be hard to quantify, and do not provide any information on the national status of vulnerability and food insecurity. At the other end of the scale is a 'coping strategy index' (e.g. as proposed by Eurostat), or proxy means indicators (which cannot be aggregated) using additional available elements such as Gini coefficient and household budget surveys. In the short term, the focus may be on performance indicators, trying to respond to the operational objective of how to improve performance. In the longer term, it should shift to indicators of impact, trying to answer the more fundamental question of whether the programme is achieving its goals of hunger reduction and livelihood promotion. The EU has extensive experience of designing and implementing M&E systems, both for its own investments and for government programmes which it has supported — this suggests an area of comparative advantage for effective EU intervention. Indeed, the EC has recently commissioned the 'Note on performance measurement for social protection', which includes a list of examples for social protection indicators (Box 48: Examples for social protection indicators). To be useful, such indicators need to be of good quality, and disaggregated by age, sex and other variables. It may also be appropriate to consider diet-related indicators to better appreciate the impact of social transfers on food security and nutrition (Box 49: Key indicators of nutrition benefits through social transfers).

Box 48: Examples for social protection indicators

Type	Indicators (examples)	Comments
Input	Percentage of social protection expenditures as % of GDP	It is important to use both indicators, especially in a developing country context. The level of social protection spending may be very small in terms of GDP, but due to limited public resources occupy a large share of total public spending.
	Social protection expenditures as % of total public expenditures	
	Number of staff working in the sector	Disaggregated by government level, agency, institution, etc.
	Administrative costs as % of total programme costs	Administrative input
	Legislative framework	Laws, regulations governing inputs and outputs, defining the scope of policies and the risks covered
Output	Number of clients served	Ideally, disaggregated by age, sex,location, etc.
	Number of benefits paid	
	Average benefit per recipient	
	Number of social service centers	
	Number of social workers trained	
	Number of beneficiaries served per social worker	Measures caseload administrative efficiency
Outcome		
Coverage	Number of beneficiaries as% of all eligible beneficiaries (target group) for a given programme	The exact definition depends on the target group (poor, elderly, children, etc). Disaggregated by age, sex, location,income group, employment status, etc.
	Number of beneficiaries as % of the population	Wider concept measuring benefit incidence. Disaggregated by age, sex, location, income group, employment status, etc.
Distribution	Percentage of non-eligible recipients (out of all recipients)	Allows the assessment of the inclusion error. Disaggregated by age, sex, location, income group, employment status, etc.
	Percetnage of eligible recipients not coverd	Allows the assessment of the exclusion error. It is the opposite of the coverage indicator (100% — coverage rate = exclussion error). Disaggregated by age, sex, location, income group, employment status, etc. A large exclusion error is an indication for potential access (or take-up) problems.
	Percentage of total benefit spending received by non-eligible beneficiaries	Allow the assessment of programme leakage. Disaggregated by age, sex, location, income group, employment status, etc.
Level/ Adequacy	Actual benefit value as % of household (or per capita) income	Besides household income, other comparative standards can be used, such as minimum or average wage, minimum pension.
	Costs per 1 unit reduction of the poverty gap	Measuring the amount of money spent to reduce the poverty gap with one currency unit.
Impact	Percentage reduction of poverty incidence	Comparing poverty rates before and after the programme
	Percentage reduction of poverty gap	Comparing the poverty gap before and after the programme
	Reduction of inequality	Gini coefficient (or any other inequality measure) before and after the programme.

Source: Gassmann (2010).

Box 49: Key indicators of nutrition benefits through social transfers

It is possible to monitor the impact of social transfers on maternal and child undernutrition using proxy indicators such as indicators of diet adequacy, in particular the following.

— **Minimum dietary diversity (6–23 months)**

Proportion of children aged 6–23 months who received foods from four or more food groups during the previous day — a proxy of the nutrient (mainly micronutrient) adequacy of the diet

— **Minimum acceptable diet (6–23 months)**

Proportion of breastfed children aged 6–23 months who had at least the minimum dietary diversity and the minimum meal frequency during the previous day

Proportion of non-breastfed children aged 6–23 months who received two milk feeds and had at least the minimum dietary diversity not including milk feeds and the minimum meal frequency during the previous day

— **Individual dietary diversity score (women of reproductive age)**

Dietary diversity scores are defined as the number of food groups consumed by an individual over a reference period (usually 24 hours) — a proxy of the nutrient (mainly micronutrient) adequacy of the diet

— **Breastfeeding is continued throughout the first 12 months of life**

Proportion of children aged 12–15 months who received breast milk during the previous day

Such indicators are intended to complement social protection indicators such as indicators of purchasing power (context-specific) and households' ability to cover basic needs (e.g. ability to cover the cost of a balanced diet). When relevant and feasible, it is also possible to consider nutrition indicators such as prevalence of stunting, wasting or micronutrient deficiencies.

Source: EC (2011a).

The impact of the programme can also be assessed through a more comprehensive, usually one-off, **impact evaluation**. This would normally comprise an experimental or quasi-experimental quantitative survey allowing comparison of the treatment group (i.e. a sample of those receiving the benefit) with a control group (experimental) or credible comparison group (quasi-experimental) who do not receive the benefit. Such quantitative surveys need to be planned upfront, at the inception of the programme. On a national scale, they are very resource-intensive and, therefore, again represent an area where a donor (or multiple donors) can usefully contribute to the support of a nationally owned social transfer scheme. There is a strong argument that such impact evaluations are best subcontracted to external agencies which are perceived as being neutral and objective.

Finally, there is the issue of agreeing international **norms and standards**, in delivering social transfers as in humanitarian responses. The Sphere minimum standards for disaster response are currently being revised, recognising the growing use of cash transfers; there is a renewed focus on the nutritional aspects of food aid and continued debates around the effectiveness of school feeding. The Sphere Handbook includes a chapter devoted to food security and nutrition, which now includes minimum standards on cash and voucher transfers.

Resources 22: Useful resources on research and M&E

— ISSA Social Security Research and Policy Manual (ISSA, 2010)

— Materials from the 2009 Meeting on the Evaluation of Social Cash Transfer Schemes in Africa (http://childresearchpolicy.org/mchinjicashtransfer/evaluationmeeting.html)

— The Transfer Project: Learning How Social Transfers Work in Africa (http://www.cpc.unc.edu/projects/transfer)

Chapter 8
Supporting social transfers

This chapter discusses the four main potential **intervention areas** for the EC to engage with social transfers: contributing to the **policy dialogue**; supporting the development of national **capacity** to consider, design, implement and evaluate social transfer schemes; providing additional **financial resources** to the state for social transfer schemes; and/or supporting **non-state actors** in delivering social transfers.

Any country needs to have a **permanent social transfer system** in place, with core programmes to respond to chronic and structural needs, and specific components that can expand and contract as necessary to provide additional social protection during periodic downturns (Grosh et al., 2008; Lustig, 2000). Institutionalised schemes can best provide social transfers in a reliable and sustainable manner, which is essential to make them effective in reducing the vulnerability of the hungry (Devereux and Sabates-Wheeler, 2004). The establishment of permanent social transfer systems ultimately requires the development of a politically sustainable social compact (Graham, 2002). By contributing to the (re-)establishment of a social compact with the citizens, social transfers provided by a state build its legitimacy by demonstrating pro-poor policy priorities (Davies and McGregor, 2009). However, if social transfers present a great potential both to tackle hunger at the household level, and to strengthen the capacity and legitimacy of the state in low-income countries, institutionalising them may prove extremely challenging in contexts of low financial and administrative capacity.

Aid could make a substantial difference in relaxing the financial and technical constraints, especially through such means as capacity-building and predictable funding (Barrientos, 2008; OECD, 2009). But external financing of social transfers also present risks. Any aid-funded social transfer initiative should build on, and avoid disturbing, **national political ownership** and align with the **national process** towards institutionalised social transfers. Aid should be provided in a politically and financially sustainable way.

Box 50: European Report on Development 2010 — seven priorities for the EU and its Member States

The 2010 European Report on Development *Social Protection for Inclusive Development — A new perspective on EU cooperation with Africa* identified seven priorities for the EU and its Member States:

1) Make social protection an integral part of European Union development policy;

2) Promote and support domestic processes;

3) Assist in tackling affordability;

4) Tailor intervention modalities to specific contexts and needs;

5) Support knowledge-building and lesson-sharing;

6) Improve the coordination, complementarity and coherence of European Union action;

7) Strengthen European Union partnerships for a progressive social protection agenda.

Source: ERD (2010).

Box 51: Principles for donor involvement — the 'Ten Tennessus Tenets'

The joint statements issued by the Centre for Social Protection at the Institute of Development Studies (CSP), the Social Protection Programme at the Overseas Development Institute (ODI), the School of International Development at the University of East Anglia (UEA-DEV) and the Regional Hunger and Vulnerability Programme (RHVP) recommended 10 principles (named after the location in France where their meeting was held) on donor engagement with social protection.

1) **Recognise the importance of social protection**: it remains a vital tool for achieving inclusive growth.

2) **Support national policy priorities**: first identify the national vision for social protection, then design interventions around those objectives, starting from what is already in place.

3) **Minimise policy intrusion**: ensure that externally supported programmes do not promote the preferences of development partners over those of domestic actors, including in terms of selected instruments or favoured target groups.

4) **Rationalise donor support**: harmonise donor activities to prevent competition, reduce inefficiencies, and encourage the pooling of resources.

5) **Encompass a diversity of approaches**: instead of importing standardised models, build national social protection systems based on local analysis, political preferences, capacities and prioritisation of needs.

6) **Focus on vulnerability**: social protection should focus on addressing poverty and reducing vulnerability, based on local perceptions of the nature of vulnerability.

7) **Limit pilot projects**: there is little justification for more social protection experiments — the imperative now is to take the lessons learned and apply them for effective delivery at scale.

8) **Find new levers of support**: work more closely with ministries of finance, parliamentarians, the private sector, domestic civil societies, and local mainstream and electronic media.

9) **Involve participants**: engage social protection participants in vulnerability assessments, programme selection, design choices, delivery, and M&E.

10) **Focus on outcomes**: recognise that social protection is not an end in itself (numbers of people covered by social protection), but rather a means to an end (reduced poverty and vulnerability).

Source: CSP et al. (2010a); CSP et al. (2010b).

8.1. Policy dialogue

Development partners may consider different strategies to influence the emergence and evolution of the domestic **policy debate** on social transfers. Firstly, development partners may be tempted to impose conditionality on aid, but a large amount of the literature on the role of aid in promoting various forms of policy reforms or institutional changes concludes that externally imposed conditions rarely produce intended policy reforms that last (Holmqvist, 2010b). There are difficulties in formulating a credible aid contract (e.g. due to incentives to disburse ex-post) and concerns that external involvement may distort domestic political economy processes and undermine domestic ownership. Process conditionality may be a useful tool to stimulate domestic consultative processes that will have beneficial outcomes, rather than simply dictating outcomes. However, the effectiveness of process conditionality crucially depends on the selection of the true representatives of the poor — conditions hardly fulfilled by donors (Hefeker and Michaelowa, 2005).

Attempts to influence national policies through the collection of **evidence from pilot projects** have also shown clear limitations. Experience from sub-Saharan Africa suggests that the pilot project approach has limitations in promoting the institutionalisation of social transfers (CSP et al., 2010a; Niño-Zarazúa, 2010). And aid used as a 'bypass' around more fundamental issues (e.g. to deliver assistance when the state is unwilling to assist) actually risks delaying the

correction of these problems. Evidence suggests that donor presence in Africa tended to undermine and displace any social contracts that existed around food security, replacing them with some level of external dependence and a patronage-based system around the distribution of benefits (de Waal, 1996).

Instead of financial leverages and pilot projects, development partners may adopt **soft strategies** to encourage countries to institutionalise permanent social protection policies, such as: awareness raising and evidence-based advocacy to seek to distil attitudes and perceptions; training courses and study tours to disseminate scientific evidence and build the capacity of the ministry in charge of social affairs to advocate for social transfers in a credible way; external expertise to conduct feasibility studies, etc. These strategies present potential to efficiently support informed domestic debate around social transfer issues, and development partners need to acknowledge that such efforts towards politically sustainable policy changes require time.

Hickey (2007) conceptualises the **political economy** factors that are of particular importance in shaping social protection policies in Africa, and identifies four key aspects, namely: political institutional features (formal and informal); political actors and agencies (ideological character and political capacity of the individuals and agencies that operationalise and contest the rules of the game in ways that shape the distribution of public goods and power); socioeconomic forces (public attitudes, levels of citizen voice, levels of urbanisation, economic inequality, and levels and forms of social fragmentation); and, lastly, the global dimension. This proposed conceptual framework may be useful to the EC for the analysis of factors influencing social protection policies in aid-dependent countries.

Resources 23: Useful resources on the promotion of social transfers

— Policy Guidance NB: Social Protection, Poverty Reduction and Pro-Poor Growth (OECD, 2009)

— Promoting Social Transfers: DFID and the politics of influencing (Hickey et al., 2009)

— Conceptualising the Politics of Social Protection in Africa (Hickey, 2007)

— Public Attitudes Matter: A Conceptual Frame for Accounting for Political Economy in Safety Nets and Social Assistance Policies (Graham, 2002)

— RHVP policy briefs on social transfers (http://www.wahenga.net/briefs/policy)

8.2. Capacity development

The EC can play a critical role in supporting the development of the partner country's **capacity** around social transfers. However, an EC Reference Document warns: 'Evidence over the last decades points strongly to the limited overall effectiveness of donor support to capacity development. Much is known about what donors have done wrong in their support. Technical Assistance (TA) and training has too often been supply driven, local ownership has been undermined, commitment overestimated, and donors' focus on disbursement and quick results have eroded domestic capacity as quickly as it has been developed' (EC, 2005:26). A new emerging consensus, articulated strongly in the Paris Declaration on Aid Effectiveness, sees capacity development as a necessarily endogenous process, strongly led from within a country, with donors playing a supporting role.

The EC strongly emphasises the importance of promoting **partner country responsibility** and leadership in procurement, the selection of technical cooperation providers, monitoring, and evaluation. The EC Backbone Strategy envisages technical cooperation processes that (i) lead to sustainable changes, (ii) are demand-driven and (iii) result-oriented. Another goal of the EC is moving from Project Implementation Units (PIUs) to Project Implementation Arrangements (PIAs), embedded within national country systems of partner countries and based upon the use of country systems for procurement, M&E, public financial management, national statistics, etc.

Systematic assessments of partner governments' existing capacities and procedures and **capacity gaps** are a fundamental prerequisite of the design of capacity development initiatives, but capacity assessments are sensitive processes. The way a capacity assessment is handled will affect subsequent capacity development prospects positively or negatively, depending on how it is organised, scoped, timed and managed. If there is little commitment to conducting an assessment, the use of donor-recruited consultants should be considered a last option. Rather, such

a situation may indicate that the partnership is built on misperceptions or divergent objectives, and that renewed policy dialogue, rather than institutional assessment, would be the appropriate next step (EC, 2005). Experiences with donor involvement in capacity development seem to indicate a need to move towards a more hands-off approach and to lower ambitions to fit conditions in specific countries. There would be scope for the EC to support the development of generic training materials and courses that could be adapted for the training of national staff of social protection/food security institutions.

The Reference Document on capacity development points to three key useful things the EC could do to contribute to capacity development. Firstly, capacity development targets must be defined in terms of changes in **organisational outputs**. A focus on output changes helps to avoid a focus on technical assistance, training or other capacity development support inputs or activities. Secondly, capacity development targets must be **feasible**. It is important that donors and recipients base the capacity development activities on a common understanding and acceptance of what constitutes feasible short and medium-term goals and progress in terms of output changes. Moreover, it must be possible to modify inputs fairly rapidly in close dialogue between the agency and the national partner so that contractual or bureaucratic formalities do not impede informed flexibility. Thirdly, the development of a **partner relationship** enabling negotiations to lead to 'win-win' situations is an essential requirement for donors seeking to support capacity development. This is only achieved by developing trust and a shared view of key constraints on, and opportunities for, capacity development, inside and outside the organisation(s).

The EC recognises the need to integrate technical cooperation within national and sector development strategies. By using a **sector approach**, the EC aims to provide technical cooperation that contributes to strengthening capacities and supporting sector-wide reforms.

Resources 24: Useful resources on capacity development

— Making Technical Cooperation More Effective (EC, 2009d)

— Reforming Technical Cooperation and Project Implementation Units for External Aid provided by the European Commission: A Backbone Strategy (EC, 2008b)

— Institutional Assessment and Capacity Development: Why, what, and how? (EC, 2005)

8.3. Financial resources

The debate on aid effectiveness in countries where the state lacks **financial resources** is largely centred around the issue of 'accountability' on at least three different levels: within donor countries; in the relationship between donor and partner country; and in the relationship between the government and citizen in partner countries.

It is generally recognised that, for reasons of long-term sustainability and accountability, it is preferable for national social transfer schemes to be funded primarily from **domestic resources**. Programmes mainly funded by external donors can create perverse accountability mechanisms, where being accountable to the donor weighs more on a government than being accountable for delivering welfare programmes to its citizens. However, if domestic funding is to be preferred, there are cases where this is simply not feasible immediately, and where **donor resources** might be mobilised to implement (or at least mobilise) the scheme. For donors to justify this, they must show that ex ante funding of national social protection mechanisms gives far better value for money than an ex post emergency response in a country where such mechanisms are not in place or do not work effectively.

There is also a significant potential role for donors in supporting the **one-off investment costs** of establishing a national-scale social protection programme. This would include capacity-building (see Section 8.2), but also national identification systems (e.g. using smartcards); delivery systems (e.g. through the retail sector using point-of-sale devices, or through telecommunications providers using mobile phones); financial services (e.g. through banks, automated teller machines and post offices); and independent monitoring and evaluation. Such interventions, as well as facilitating the initial start-up of social transfers, would, additionally, have much broader beneficial development impacts, providing a strong justification for donors to support them. For example, an identity system could be used for health records, voter registration, driving licences, etc.; the issue of point-of-sale devices would strengthen the private retail sector; the involvement of telecommunications providers would improve disaster response, market

information and communications more generally; strengthened financial services would increase financial inclusion even among non-beneficiaries; M&E would reinforce local research capacity and raise the quality of debate around social transfers. This kind of integration of the private sector into areas where it has a comparative advantage would also reduce the capacity constraints on the government. All this could be achieved without any policy intrusion into the design of the social protection programme itself.

The Centre for Global Development recently proposed the **cash-on-delivery aid** (COD-aid) modality as a way to satisfy all three levels of accountability. Some authors challenged this proposal due to a risk of creating perverse incentives (Renzio and Woods (2006) cited in Holmqvist (2010b)). COD-aid is being piloted for the expansion of primary schooling (Birdsall and Savedoff (2010) cited in Holmqvist (2010b)). The appropriateness and feasibility of such a mechanism to support social transfer delivery has yet to be explored.

Beyond these traditional aid delivery instruments, **alternative funding mechanisms** are also being investigated, including: weather insurance (Pilot Ethiopian Drought Project); price-related insurance (e.g. tested in Malawi); group micro-insurance (Alderman and Haque, 2007; Clarke, 2010). The EC could further help investigate the use of these innovative options as alternative counter-cyclical funding mechanisms.

Donor funding may undermine the willingness and capacity of the state to secure a contractual basis for revenue collection (Moore (2008) cited in Hickey (2010)), so a formula for predictable **burden-sharing** over time appears necessary to best support the financial dimension of the institutionalisation process. Such a process was successfully completed in Kosovo (Box 32: Kosovo — from emergency food aid to institutionalised social cash transfers) and Cape Verde (Box 54: Cape Verde — from a project approach to a global approach to support social transfers), and is about to be initiated in the occupied Palestinian territories, and is being considered in Yemen (Box 31: National social cash transfer schemes in fragile settings) and Haiti. The EC could support governments in identifying appropriate options to generate fiscal space for social transfers over time (e.g. reallocation of expenditures, improvement of the taxation system).

The question of how much governments should ultimately **spend on social transfers** is extremely difficult to address empirically. Besley et al. (2003) propose a benchmarking approach by generating a picture showing how states are performing relative to international expenditure norms which may be useful to policymakers in determining the appropriate level of overall spending. The Asian Development Bank has developed a Social Protection Index for a number of countries (currently being expanded to cover 34); a similar tool could be supported elsewhere (e.g. in Africa).

Resources 25: Useful resources on the financing issue

— Can low-income countries afford basic social security (ILO, 2008)

— Levels and Patterns of Safety Net Spending in Developing and Transition Countries (Weigand and Grosh, 2008)

— Understanding Fiscal Space (Heller, 2005)

— Benchmarking Government Provision of Social Safety Nets (Besley et al., 2003)

— Pensions calculator (http://www.pension-watch.net)

8.4. Implementation

In situations where the state lacks the will or the capacity to deliver assistance to its needy citizens, the EC may decide to directly support the implementation of social transfers through **non-state actors** (NGOs, companies, UN agencies). This international involvement may have positive or negative effects on the capacity of the state to institutionalise social transfers in a sustainable manner. Such international efforts may weaken the domestic policy debate around social assistance, and donor projects may create path dependency for future social transfer policy. This approach may at times actually appear contradictory to a right-based institutionalised social transfer scheme: a stand-alone project may tend to provide an appropriate level of benefit (e.g. ensuring immediate needs) to the largest number of people possible (given administrative and financial constraints) while a social guarantee would represent the level of benefit (however small it may be) that can be provided to all eligible citizens. On the other hand,

well-designed international support may contribute to building the capacity of national institutions (e.g. through training and the introduction of innovative approaches).

Donors should be careful not to promote **best practices** prematurely, because they can become obstacles to politically viable solutions. They should be equally careful not to encourage the institutionalisation of transitional or emergency practices. Just as 'best practices' are not necessarily the best short-term solutions, the best short-term solutions are not necessarily something that should be institutionalised. What is desirable in the long term may not be possible in the short term, and what is possible in the short term may not be desirable in the long term.

When such projects respond to long-term needs, they would eventually have to be **institutionalised**. Field experience on how to successfully hand over a social transfer project to the national authorities suggests the need to invest in both social protection and institutional capacity-building (e.g. administrations directly in charge of social affairs as well as decentralised authorities (Box 32: Kosovo — from emergency food aid to institutionalised social cash transfers and Box 54: Cape Verde — from a project approach to a global approach to support social transfers).

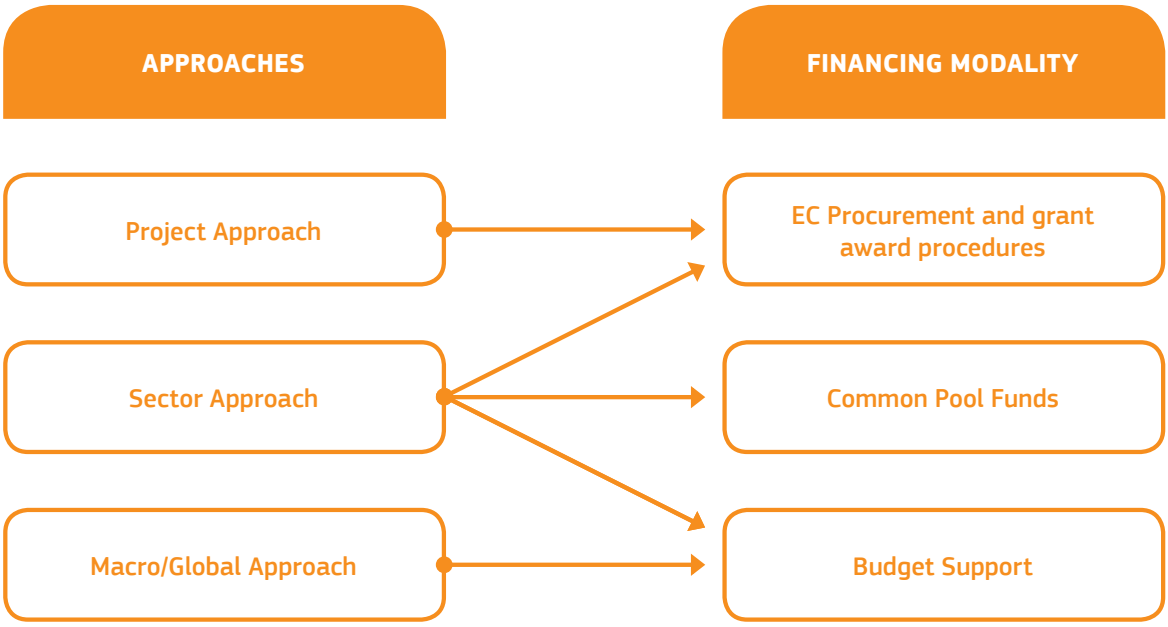
In **fragile states**, the EC has a political commitment to invest in developing national capacity and to promote alignment with national frameworks where possible. However, the latest OECD Development Assistance Committee (DAC) peer review of the EC noted that EC implementation still tends to use quick-delivery implementing partners and parallel PIUs. The peer review recommended that more attention should be given to strengthening and using country systems even in fragile situations, for example in terms of procurement or public financial management.

Alignment and harmonisation of development partners, both among them and with government processes, would be challenged when there are really serious concerns about legitimising and supporting authorities. Christiansen et al. (2004: 42) propose '**shadow systems alignment**' as a state-avoiding approach but one that is 'future-proof'. They argue that system alignment may be possible and desirable even in the absence of policy alignment, and would allow for rapid 'legitimisation' to take place should the context of the policy dialogue emerge. This is very much the approach adopted by the multi-donor Protracted Relief Programme in Zimbabwe.

Chapter 9
Financing social transfers

This chapter considers the different **aid delivery methods** available to the EC. It looks at the three **approaches**: the project approach, the sector approach and the macro (or global) approach. It also considers the appropriateness of implementing social transfers in each of the three associated **financing modalities**: the use of EC procurement and grant award procedures; the use of common pool funds; and the use of budget support — both sector-based and general (Box 52: Aid delivery methods used by the European Commission). The project approach is chiefly delivered through EC procurement and grant award procedures, though there are examples using common pool funds, as with the PSNP in Ethiopia (Box 57); the sector approach can be financed through EC procurement and grant award procedures, or through the pooling of funds, or through the use of budget support; the macro/global approach is only delivered through budget support.

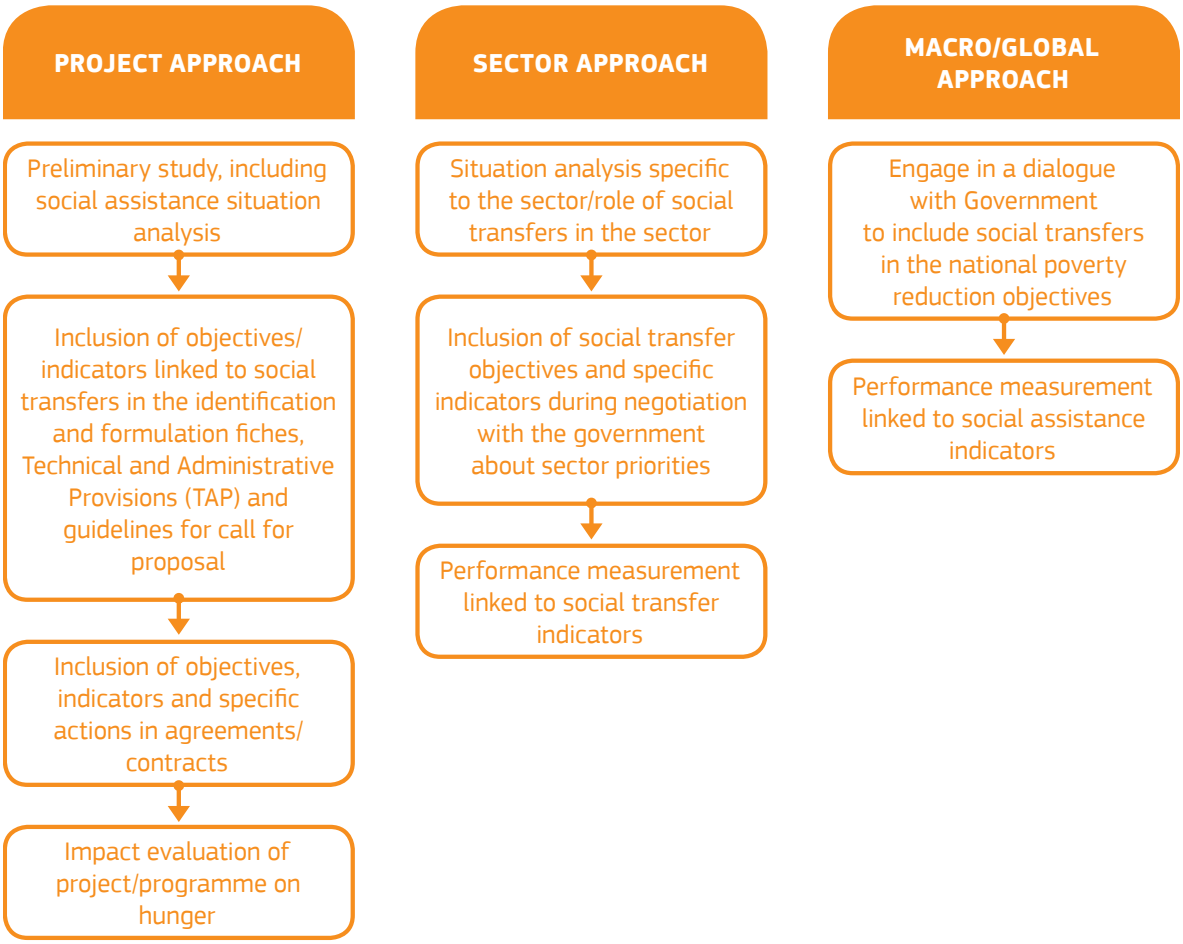
Box 52: Aid delivery methods used by the European Commission



Source: EC (2009f).

The appropriate approach will depend upon the **role the EC** is aiming to play (e.g. short-term support for a feasibility study or medium to long-term engagement to support the reform of the food security or social assistance sector). It will also depend on the context and in particular on the existence or not of an appropriate national strategic framework for social transfers (e.g. food security strategy, agricultural policy or social protection policy). The approach will also be adjusted to the capacity of the partner country's institutions. The processes associated with each approach are shown in Box 53: Aid delivery approaches for social transfers.

Box 53: Aid delivery approaches for social transfers



Source: Authors.

In terms of social transfers, the literature largely leads to the conclusion that the traditional **project approach** is not appropriate for implementing social transfer schemes themselves, though it may play a role in supporting very specific actions in the planning, design and start-up phases. The **macro/global approach** supports domestic ownership but, in reality, presents some clear limitations linked to its sensitivity to political influences and the difficulty of selling it to donors' home constituencies. On this basis, the **sector approach**, linked to a specific social transfer scheme or to a wider social protection strategy could be the best approach to facilitate a more long-term and predictable approach acceptable to donors' home constituencies. Because this preferred sector approach can be delivered through any of the three different financing modalities, the appropriateness of each of the three financing modalities to aid delivery of social transfers is discussed later. Cape Verde presents an interesting example of a gradual transition from a project approach to a global approach (Box 54: Cape Verde — from a project approach to a global approach to support social transfers).

Box 54: Cape Verde — from a project approach to a global approach to support social transfers

The Government of Cape Verde has made substantial efforts over recent decades towards the development of a sustainable social protection system. Development partners supported these efforts over the years, adopting different approaches depending on the policy and institutional context.

In the 1970s, the FAIMO (public works) scheme was the main public safety net assisting the needy in Cape Verde, mainly in rural areas. This system was challenged on the basis of its low productivity, its limited impact and its lack of professionalising effects. It was gradually converted into a micro-realisation programme managed by community associations.

Project approach to launch the intervention

The WFP started its interventions in Cape Verde in 1979, after the country gained independence in 1975. They are now gradually handing over its activities to the government. The school feeding programme, for example, relied entirely on the WFP for financial, operational and logistical support in the 1980s. From 2007, the government began taking over the management and implementation of the programme, with its share of the funding gradually increasing from 15 %, reaching 100 % in 2010.

In 1995, the state launched two non-contributory social pension schemes (one for the poor and one for retired FAIMO workers) which merged in 2006 into the PSM (Minimum Social Pension) scheme. Over the years, the state has made substantial efforts to rationalise the scheme (e.g. a national social pension centre was established and distribution and control mechanisms were improved), increase its coverage (up to 22 946 persons in 2009) and its benefit level (from ECV 1 500 or EUR 15 in 1995 to ECV 4 500 in 2009, with an objective of ECV 5 000 or EUR 45 in 2011). In 2009, the State spent EUR 9.4 million a year on the PSM.

Sector approach to support the development of a proper system

In 1997, the EC intervened with targeted budget support. The PSM system was still at the embryonic stage and not fully functioning. The EC budget support programme was targeted at the food security sector to support important sectoral reforms: restructuring of the EMPA (state-controlled enterprise for the importation of essential items) which was liquidated; the setting up of a national food security agency; and the liberalisation of the essential item market. With counterpart funds (EUR 5 million a year in principle), the EC targeted the social transfer schemes of the state — social pension, school feeding, and income generation programmes aimed at retraining FAIMO workers — as well as strengthening food security information systems. Targeting this specific sector helped to increase its profile and establishment. The impact has been to regularise monthly transfers from the Treasury to municipalities (which had been erratic), to improve the audit trail from beneficiaries up to the Treasury to ensure that the programme did reach the beneficiaries, and later to contribute to the rationalisation of pension delivery through the progressive use of the post office network and the creation of a beneficiary database.

The consolidation of a sustainable social protection system remains one of the priorities of the government. The legal and institutional framework is being strengthened to incorporate child protection issues and establish social services to assist children at risk throughout the islands. A national action plan for the disabled was also approved.

Global approach to perfect the system

Since 2006 (the end of the food security programme), the EC has continued to monitor the social pension scheme to ensure that the reform is carried through to its conclusion and that the system is consolidated. An indicator related to the increase of the number of PSM beneficiaries was introduced in the General Budget Support (GBS) programme of the EU and was included in the general matrix to be followed by the Budget Support Group (BSG), which is a multi-donor effort to support the government's strategy on poverty reduction and growth. Sectors to follow were divided among the donors, and the EC is looking (among other things) at social protection schemes. Progress registered to date has been good. This GBS allows the EC to monitor the consolidation of the system and to contribute to the fine-tuning of the social protection policy through sector dialogue.

Source: Authors, based on information from the EU Delegation.

9.1. Procurement and grant award

As discussed previously, the project approach, commonly delivered through **procurement and grant award** procedures, may be appropriate to social transfers in certain circumstances. A project is a series of activities aimed at bringing about clearly specified objectives within a defined time period and with a defined budget. A project should also have: clearly identified stakeholders, including the primary target group and the final beneficiaries; clearly defined coordination, management and financing arrangements; a monitoring and evaluation system (to support performance management); and an appropriate level of financial and economic analysis, which indicates that the project's benefits will exceed its costs (EC, 2004). A well-formulated project should derive from an appropriate balance between the EC's development policy priorities and the partner's development priorities (Box 55: The EC approach to projects and programmes).

Box 55: The EC approach to projects and programmes

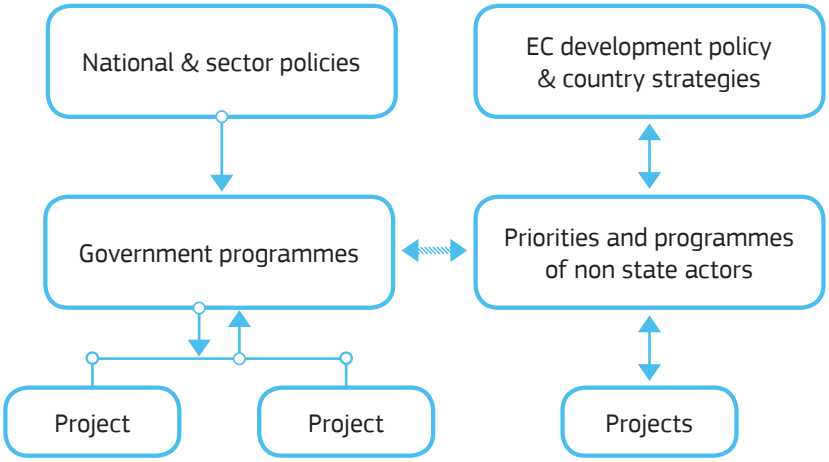
EC **projects** should form part of, and be consistent with:

— national development policies (including poverty reduction strategies);

— EC development policy and country strategy papers;

— government programmes (e.g. in food security, social protection); and/or

— development priorities and programmes of non-state actors.



Within the scope of these policy priorities, the executive arms of government or non-governmental agencies formulate the broad areas of work required to implement policy decisions. These broad areas of work are often called **programmes**, which, like projects, may vary significantly in scope and scale. The definition of what a programme is depends essentially on how the responsible authority(ies) choose to define it. For example, a programme may:

— cover a whole sector (e.g. health sector programme);

— focus on one part of the health sector (e.g. a primary health care programme);

— be a 'package' of projects with a common focus/theme (e.g. ASEAN-EU university links programme); or

— define what is essentially just a large project with a number of different components.

Source: EC (2004).

The EC policy is to increase its use of sector and budget support programmes, and increasingly to transfer responsibility for projects to local partners (governments, local governments and non-public entities). Nevertheless, as discussed in the EC Project Cycle Management Guidelines (EC, 2004), the use of procurement and grant awards (Box 56) may remain an appropriate financing modality for social transfers in a range of circumstances, including the following.

- **Decentralised cooperation with non-public entities**

The EC will continue to directly support initiatives, such as social transfers, being implemented outside the public sector (e.g. through NGOs, the private sector and civil society groups). In so doing, the EC will align with national policies or support a shadow system alignment approach (**Section 8.4**).

- **Emergency aid and post-crisis interventions**

There will be circumstances when partner governments do not have the capacity to effectively meet the needs of people in emergency or post-crisis situations, and when projects may therefore remain the most practical and effective option for delivering social transfers as a component of short-term humanitarian assistance.

- **Technical assistance projects or start-up phases to build capacity**

In some circumstances, individual donor-managed projects can encourage innovation and learning, through promoting new methodologies or ways of working. For example, the EC may directly fund technical assistance to support the piloting of new or innovative practice in, for example, delivery systems for social transfers.

- **When conditions within a country or sector do not yet allow other approaches to be used**

Certain conditions need to be met before either the global or sector approaches can be effectively used. In the meantime, **projects** will continue to be an aid delivery option as long as they can demonstrate that they support the delivery of sustainable benefits and do not impact negatively on local institutional capacity. There is certainly scope to continue to improve the quality of new (and ongoing) social transfer projects by addressing the identified weaknesses in the 'donor-controlled' project approach. For example, social transfer projects can be identified, formulated and implemented which: are more clearly consistent with the policy framework; integrate with and support local planning/budgeting, management, financing and monitoring systems (rather than creating parallel systems); are better coordinated with other donors; build local capacity and rely less on expatriate technical assistance; take a longer-term (and more realistic) perspective of the process of change; and allow greater flexibility during implementation.

Box 56: Bangladesh — funding social transfers through procurement and grant award

Bangladesh provides multiple examples of support to social transfers through the project approach, using the procurement and grant-award modality. Conditions in the country are not appropriate for the EC, or other donors, to provide global budget support. Sector budget support is limited to education and health, and there is as yet no national social protection policy in place that would facilitate a pooled funding approach, though there is a now a National Food Policy with Plan of Action and a Food Security Country Investment Plan (which includes elements on social transfers); and a multi-donor trust fund for climate change was set up in 2010.

In the absence of these options, a number of social transfer initiatives are funded through the project approach. These include some schemes where there is some government involvement, and some which are delivered through non-state actors, for example:

— the Vulnerable Group Development for Ultra-Poor (VGDUP) scheme is implemented through a partially decentralised call for proposals by the Ministry of Women and Children's Affairs, with 80 000 ultra-poor women beneficiaries;

— the Regional Employment Opportunities for Public Assets (REOPA) scheme is implemented through the Ministry of Local Government (again, a partially decentralised approach), with 25 000 beneficiaries on two-year employment cycles;

— the Food Security for the Ultra-Poor (FSUP) scheme is implemented by the World Food Programme and three international NGOs through a centralised call for proposals, reaching 135 000 beneficiaries.

Source: Authors, based on information from the EU Delegation.

9.2. Common pool funds

The sector approach (and, in some cases, the project approach) can also be delivered through **common pool funds**. Pool funds are specially designed systems for financing expenditures within a sector programme, in which the resources of the EC are 'pooled' with allocations from other external financing agencies and, potentially, from the government. The primary purpose is to reduce the transaction costs to the government that would otherwise arise from the use of the systems of several external financing agencies. In addition, pool funds, if properly structured and if sufficiently wide in their coverage, can also promote coherence in sector planning and budgeting and facilitate government ownership of donor-financed expenditure in the sector.

Pool funds may be distinguished in terms of three criteria:

- whether they are managed by government or by a donor (or group of donors);
- whether the pooled funds finance the whole sector programme or, as is more common, are earmarked to specific items of expenditure or to specified sets of activities (e.g. to support a particular social transfer scheme);
- whether the accounting and reporting procedures are modelled on government accounting systems, on the accounting systems of a particular donor or international organisation, or are custom-designed for the particular sector programme.

Pool funds would be the preferred option for funding social transfers in situations where the conditions for sector budget support have not been met, but where the EC is considering support to a more substantial initiative (especially one involving multiple donors) than would be appropriate for the project approach.

Box 57: Ethiopia — funding social transfers through pool funding

In Ethiopia's Productive Safety Nets Programme, donor agencies including the EC have pooled their financing — both cash and in-kind contributions — and formulated a unified stream of technical advice in support of a single programme led by the government. This approach allows for better harmonisation and enables enhanced programme supervision and monitoring, while avoiding excessive transaction costs for the government and donor agencies. The rights, obligations and coordination arrangements of the government-donor partnership for the PSNP are articulated in a Memorandum of Understanding (MoU). Several specific coordination and harmonisation mechanisms operationalise the principles under this MoU and also minimise transaction costs.

a) The Joint Coordination Committee (JCC) provides joint oversight of programme implementation including monitoring progress and providing technical guidance on specific components or cross-cutting issues. It is chaired by the State Minister for the Disaster Management and Food Security Sector and includes all donor partners.

b) The PSNP Donor Working Group (DWG) harmonises donor support and is chaired by each donor on a 6-month rotating basis.

c) A Donor Coordination Team (DCT) supports the functioning of the DWG. The DCT manages research and technical assistance commissioned for the PSNP.

d) Donor resources to the PSNP are aligned through the use of a World Bank-administered co-financing Multi-Donor Trust Fund (MDTF) and pooled government accounts.

e) Donors also commit significant resources through another MDTF that ensures harmonised technical advice to the Government. The MDTF finances implementation support and enhanced supervision of the PSNP.

Each donor deposits cash resources into their own USD accounts at the National Bank of Ethiopia or channels their funds to the National Bank through World Bank-managed trust funds. The funds from all donor accounts are then pooled into a single birr (ETB) account when the programme requires an injection of cash. The Ministry of Finance and Economic Development is responsible for the management of designated USD accounts and the pooled ETB account.

Source: World Bank (2010b).

9.3. Budget support

Budget support is an aid modality that often represents a better means of delivering aid and achieving sustainable development results. It involves i) dialogue, ii) financial transfers to the national treasury account of the partner country, iii) performance assessment and iv) capacity development, based on partnership and mutual accountability. The specific objectives of budget support programmes should be defined in line with two important principles: (i) alignment with partner countries own development policies, priorities and objectives (and thus harmonised and coordinated with other aligned donors) and (ii) consistency with EU development policy, particularly the "Agenda for Change".

There are three different categories of budget support programmes, allowing the EU to respond more appropriately to the political, economic and social context of the partner country:

1) **Good Governance and Development Contracts** (GGDC) are provided whenever the specific objectives are focused on strengthening core government systems and supporting broader reforms; on fostering domestic accountability and strengthening national control mechanisms (an important basis for improving governance and adherence to fundamental values of human rights, democracy and rule of law); and addressing constraints to sustained and inclusive growth. Improved government systems should lead to improved MDGs indicators and cross-cutting service delivery aspects, which may therefore also be reflected in the specific objectives of GGDC.

2) **Sector Reform Contracts** (SRC) are provided whenever specific objectives are more narrowly focused on supporting sector policies and reforms, improving governance and service delivery to populations. When providing SRC, emphasis should be on the equitable access to and quality of public service delivery, particularly to the poor, women and children as well as creating conditions at sector level for inclusive and sustainable growth. Improved governance and service delivery in a specific sector should lead to concrete and measurable results.

3) **State Building Contracts** (SBC) are provided when situations of fragility or transition require action to support transition processes towards development and democratic governance, including sustainable changes in transition societies, to help partner countries to ensure vital state functions and to deliver basic services to the populations.

Budget support programmes are subject to the following four eligibility criteria covering:

- National/sector policies and reforms ("public policies")
- Stable macro-economic framework
- Public financial management
- Transparency and oversight of the budget

The four eligibility criteria apply to all three forms of budget support contracts, although the focus may vary according to the specific objectives of the programme.

As can be seen from the description of the three categories of budget support, all are well suited to the delivery of social transfers. Social transfers can contribute — directly and indirectly — to all of the general objectives of budget support, namely the eradication of poverty, the pursuit of sustainable economic growth, and the construction and consolidation of democracies. The budget support process is also highly appropriate to the underpin EU engagement in the support of national social transfer programmes.

Firstly, the extensive role for policy dialogue with the national authorities and other stakeholders provides the necessary **flexibility** in the iterative design and operation of social transfer systems (Box 58).

Secondly, the budget support promotes the **national ownership** of sector policies and strategies, which is particularly important in the social protection field. It does this through supporting a government-owned process and promoting coherence between policy, budgeting and actual results.

Thirdly, the budget support approach is best seen as part of a **process** which builds on past experience, accommodates a wide range of actions within the time frame of the programme and, finally, foresees further actions in the sector beyond the end of the programme.

Fourthly, the budget support can accommodate a wide range of actions by **different actors** in the partner government

in order to improve coherence. These include a number of actors within the social sector (e.g. income support, social services and labour market policy) as well as other actors including the ministry of finance and the statistics department, plus the possible provision of technical assistance in support of the programme.

Fifthly, **discussions** with other donors and multinational agencies can be accommodated within the approach even if formal agreement has not been reached in terms of the overall model of the social protection system which is appropriate at that stage of development. These coordinated efforts are particularly important if made on the basis of objectives set by the government and in the framework of a coherent public-sector.

Box 58: Rwanda — funding social transfers through sector budget support

With the emergence of a national social protection strategy, the EU Delegation was an enthusiastic pioneer in the use budget support to support social transfers in Rwanda. It completed the necessary Identification and Action Fiches, and commenced such funding from mid-2011, opening the way for possible EC funding of social protection using budget support in other countries of sub-Saharan Africa. Other donors, including DFID (United Kingdom's Department for International Development) and SIDA (Swedish International Development Agency), are now considering the possibility of following suit and channelling their own funding through the Ministry of Finance and the ministry supervising social assistance programmes (MINALOC), rather than as direct support to a programme, as many of them do now.

Source: Authors, based on information from the EU Delegation.

Resources 26: Useful resources on EC aid delivery methods

— Support to Sector Programmes — Covering the three financing modalities: Sector Budget Support, Pool Funding and Commission project procedures (EC, 2007)

— Guidelines on the Programming, Design & Management of General Budget Support (EC, 2012)

— Aid Delivery methods: Volume 1. Project Cycle Management Guidelines (EC, 2004)

Annex 1
Glossary of terms

There is no overall consensus on a universal definition for many specific terms used in this Reference Document. In order to avoid misunderstanding, the definitions used in this Reference Document are those following.

Chronic poverty Poverty that endures year after year, usually as a result of long-term structural factors faced by the household, such as low assets or location in a poor area remote from thriving markets and services.

Disaster risk reduction According to the UN International Strategy for Disaster Reduction, disaster risk reduction means: 'Actions taken to reduce the risk of disasters and the adverse impacts of natural hazards, through systematic efforts to analyse and manage the causes of disasters, including through avoidance of hazards, reduced social and economic vulnerability to hazards, and improved preparedness for adverse events' (EC, 2009b:2).

Effectiveness 'Effectiveness' refers to the extent to which the programme objectives were achieved, or are expected to be achieved, taking into account their relative importance. Effectiveness measures qualitative and quantitative outcomes in relation to objectives.

Efficiency 'Efficiency' is an economic term which signifies that the intervention is using the least costly resources possible to achieve the desired results. Efficiency measures qualitative and quantitative outputs in relation to results.

Food aid Food aid is one form of food assistance which consists of the provision of internationally funded concessional food commodities. Some definitions embrace all interventions that ease access to food, either in food or in cash. This Reference Document adopts a narrower definition.

Food assistance Food assistance refers to transfers that directly ease access to food. Food assistance instruments might include direct food-based transfers (e.g. general rations, food-for-work, supplementary feeding or vulnerable group feeding and school feeding), food subsidies, cash transfers and vouchers. Some definitions embrace all interventions that address food insecurity and nutrition (including in-kind food aid, cash transfers and some forms of production and market support). This Reference Document adopts a narrower definition.

Food insecurity Food insecurity exists when people do not have adequate physical, social or economic access to food as defined next.

Food security Food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. Household food security is the application of this concept to the family level, with individuals within households as the focus of concern.

Human capital Human capital refers to the stock of skills, education, health, and personality attributes embodied in individuals and the ability to perform labour so as to produce economic value. It is capital because these properties are an integral part of individuals and productive wealth embodied in labour, skills and knowledge.

Hunger Hunger is used at population level to describe the situation when dietary intake is below the Minimum Dietary Energy Requirement (MDER). The MDER is the amount of energy needed for light activity and a minimum acceptable weight for attained height, and it varies by country and from year to year depending on the gender and age structure of the population. It is typically taken as an average of 2 100 kcal per person per day. Hunger is an outcome of food insecurity.

Malnutrition Malnutrition is a physical condition related to the body's use of nutrients. There are two forms of malnutrition: undernutrition and overnutrition. This document focuses on undernutrition.

Nutrition Nutrition is the science of how nutrients and other substances in food act and interact in relation to health and disease. Nutrition is also about the processes by which the body ingests, absorbs, transports, utilises and excretes food substances.

Nutritional status Nutritional status is the physiological condition of an individual that results from the balance between nutrient requirements, intake and the ability of the body to use these nutrients.

Poverty Poverty is a multidimensional social phenomenon characterised by deprivation of basic material, human capability and social requisites for well-being, or vulnerability to such deprivation.

Social assistance The term 'social assistance' is used by some to refer to social transfers exclusively, and by others to refer to any form of assistance provided to individuals in need on a non-contributory basis (i.e. including social transfers, as well as subsidies, social services, etc.).

Social guarantee Social guarantees are sets of legal or administrative mechanisms that determine specific entitlements and obligations, related to certain rights, and ensure the fulfilment of those obligations on the part of the State. Social guarantees have five key characteristics: (i) they have a legal expression that results in an explicit State responsibility; (ii) they are constructed in reference to a specific rights holder; (iii) they involve mechanisms of access and redress; (iv) the mechanisms that they envision are defined in a precise manner; (v) they are flexible and revisable. As a result, they facilitate the reduction of opportunity gaps across social groups.

Social policy Measures that affect people's well-being, whether through the provision of welfare services or by means of policies that impact upon livelihoods more generally (Hall and Midgley, 2004).

Social protection Social protection is defined in the European Report on Development as 'A specific set of actions to address the vulnerability of people's life through social insurance, offering protection against risk and adversity throughout life; through social assistance, offering payments and in kind transfers to support and enable the poor; and through inclusion efforts that enhance the capability of the marginalised to access social insurance and assistance' (ERD 2010:1).

(Social) safety net The term was introduced to refer to a temporary measure to catch those who were transiently made vulnerable through structural adjustment and liberalisation (e.g. transfers to households or subsidy programmes). The term '(social) safety net' is now widely used, sometimes with a different meaning. There is no commonly agreed definition of this terminology, and actors may use it to refer to protective social transfer projects ensuring a minimum level of income (as per the original definition), or (humanitarian) cash transfer projects, or social transfer schemes developed within a broader social protection system (guaranteeing a long-term institutionalised social protection). This Reference Document adopts the original, narrower definition of a safety net as a temporary social transfer project operated outside of government structures.

Social transfers In this document, the term 'social transfers' refers to non-contributory, publicly funded, direct, regular and predictable resource transfers (in cash or in kind) to poor and vulnerable individuals or households, aimed at reducing their deficits in consumption, protecting them from shocks (including economic and climatic shocks), and, in some cases, strengthening their productive capacity.

Stunting 'Stunting' describes chronic undernutrition, characterised by low height compared to age. It occurs over a slow cumulative process as a result of inadequate nutrition and/or repeated infections. It is denoted as < -2 Z-scores of the median height-for-age according to WHO growth standards for children. Severe stunting is defined as a height-for-age index < -3 Z-scores below the median of the international reference population. It is not possible to reverse stunting.

Supplementary feeding Supplementation is the provision of extra nutrients (micronutrients or energy/protein) in the form of food, tablets, capsules, syrups or powders. Supplementary feeding is a standard intervention to prevent malnutrition and to treat moderately malnourished children under five and pregnant and lactating women.

Sustainability The sustainability of social transfers refers to the probability to obtain benefits in the long term.

Transient poverty Poverty among households who are poor during some parts of each year but not others, or in some years but not all. They may be poor in some years due to idiosyncratic or covariate temporary shocks ranging from an illness in the household or the loss of a job to drought or macroeconomic crisis.

Undernutrition Undernutrition is the physical manifestation of hunger. It includes intrauterine growth restriction which leads to low birthweight, stunting, wasting, and deficiencies of essential micronutrients. Undernutrition results from inadequate food consumption, poor absorption and/or impaired biological use of nutrients.

Vulnerability Vulnerability refers to the likelihood or probability that a person or group will pass below the defined acceptable threshold of a given indicator. It covers the characteristics of a person or group related to their capacity to anticipate, cope with, resist and recover from the impact of a natural or man-made hazard. Vulnerability to food insecurity may result from the unavailability of food, a loss of access to food, inappropriate utilisation of food (poor nutritional care or inability to physiologically utilise available food because of infection or other disease) and/or instability of food supplies over time.

Wasting Wasting describes acute undernutrition characterised by low bodyweight compared to height. It is a result of recent rapid weight loss or failure to gain weight. Wasting is measured by the weight-for-height index (< – 2 Z-scores of the median weight-for-height according to WHO growth standards). Severe wasting is defined as a weight-for-height < – 3 Z-scores of the median of the WHO standards. Wasting is readily reversible once conditions improve.

Annex 2
Further information and guidance

Training courses

Food security

The programme implemented by the **Food and Agriculture Organisation**, and funded by the European Union, on linking information and decision-making to improve food security proposes training and workshops as well as on-line learning modules on food security-related issues. In particular, it offers a 4-hour online 'Introduction to Social Safety Nets'. More information is available online (http://www.foodsec.org/).

Social transfers in emergencies

The **Cash Learning Partnership** (CaLP) provides leadership, expertise and evidence to support the use of cash transfers and vouchers in humanitarian situations. It animates trainings and online forums. More information is available online (http://www.cashlearning.org).

The **Emergency Market Mapping and Analysis** (EMMA) is a tool used by humanitarian staff in sudden-onset emergencies which aims to improve humanitarian emergency response by encouraging and assisting relief agencies to better understand, support and make use of local market-systems in disaster zones. The network offers training for EMMA users. More information is available online (http://emma-toolkit.org).

The European Commission's Directorate-General for Humanitarian Aid and Civil Protection (ECHO) will shortly offer its partners a training module on Humanitarian Food Assistance. More information is available online (http://ec.europa.eu/echo/).

Social transfers in a social protection framework

A number of courses on social transfers in the framework of social protection are proposed on a regular basis. The ILO course referred to below provides a broad overview of social protection. The World Bank offers a course presenting international examples and guidance on the use of social safety nets (covering cash and near-cash transfers, food-based transfers, general subsidies, public works, conditional cash transfers, as well as fee waivers, exemptions and scholarships). The EPRI runs a course largely focused on cash transfers (unconditional cash transfers, conditional cash transfers and public works), their role in social protection, and their design features and implementation issues.

International Labour Organisation

Title: Extension of social protection: towards a Social Protection Floor

Duration: two weeks; Location: Turin, Italy; Languages: English, French, Spanish

More information is available online (http://www.itcilo.org/en/flyers/2010/a902508-e-f/view for content and http://www.itcilo.org/en/standard-courses-registration/course-calendar for calendar).

The World Bank

Title: For Protection and Promotion: The Design and Implementation of Effective Social Safety Nets

Duration: two weeks; Location: Washington DC, USA; Language: English

More information is available online (http://web.worldbank.org/external/default/main?pagePK=64156158&theSitePK=461654&contentMDK=22083065&noSURL=Y&piPK=64152884).

Economic Policy Research Institute

Title: Designing and Implementing Social Transfer Programmes

Duration: two weeks; Location: Cape Town, South Africa or Chiang Mai, Thailand; Language: English

More information is available online (http://www.eprionline.com/).

A number of training courses on social transfers are provided on an ad hoc basic, for example:

— the **Institute of Development Studies** (IDS) provided a short training course in Brussels for EC staff members, and has been providing a specific training programme to Unicef staff members;

— the **Maastricht Graduate School of Governance** (MGSoG) conducted a series of two-week Unicef-funded training courses on social transfers in West and Central Africa in English and French primarily targeted at decision-makers, training materials can be downloaded via the MGSoG website (http://www.maastrichtuniversity.nl/web/Schools/MGSoG/ProjectPages/UNICEFWCAROEnglish.htm).

Websites

European Commission

Within the EC, the Directorate-General for Development and Cooperation — EuropeAid is responsible for designing European development policies and delivering aid throughout the world and fighting hunger is a priority for this directorate-general. More information is available online (http://ec.europa.eu/europeaid/what/food-security/).

The EC runs the Operational Food Security Network **ROSA** (Réseau Opérationnel de Sécurité Alimentaire). ROSA is open to anyone involved in the food security sector. It is a virtual community that brings together people from the EC (both at headquarters and in the field) and partners from non-governmental organisations, research institutes, and regional and international organisations. More information is available online (http://capacity4dev.ec.europa.eu/hunger-foodsecurity-nutrition/).

The EC recently launched the interactive platform **capacity4dev.eu** to enhance knowledge through the exchange of practices on effective international cooperation. This growing online community provides an open forum for all commission staff, partner countries, other donors, researchers and civil society representatives to share ideas and expertise on a number of topics including 'Fighting Hunger' and 'Social Protection'. More information is available online (http://capacity4dev.ec.europa.eu/topic/fighting-hunger and http://capacity4dev.ec.europa.eu/topic/employment-social-protection).

The European Commission's Directorate-General for Humanitarian Aid and Civil Protection (ECHO), has considerable experience in providing humanitarian transfers in emergencies and has been actively supporting the use of cash transfers in response to food crises. In 2008, it commissioned an evaluation and review of the use of cash and vouchers in humanitarian crises. This led to the adoption in March 2009 of the Directorate-General for Humanitarian Aid and Civil Protection's funding guidelines on the use of cash and vouchers in humanitarian crises. More information is available online (http://ec.europa.eu/echo).

European Union's Member States

The **German Society for International Cooperation** (GIZ) established on 1 January 2011 brings together the long-standing expertise of the German Development Service (DED), the German Technical Cooperation (GTZ) and Inwent (Capacity-Building International, Germany). GTZ in particular has been providing a range of services in the field of social protection (e.g. to provide basic social protection services including social transfers in the form of needs-based cash transfers, child benefits and non-contributory pensions for the elderly). More information is available online (http://www.giz.de/ and http://www.gtz.de/en/leistungsangebote/33413.htm).

The **United Kingdom's Department for International Development** (DFID) has been very active in promoting and supporting the extension of social protection and social transfer schemes in particular in developing countries. DFID is co-funding (with the Australian Agency for International Development) the Governance and Social Development Resource Centre (GSDRC), which provides cutting-edge knowledge services on demand and online. In particular, the GSDRC proposes an online topic guide on social protection. More information is available online (http://www.dfid.gov.uk/ and http://www.gsdrc.org/go/topic-guides/social-protection).

Organisation for Economic Cooperation and Development

The OECD's **Development Cooperation Directorate** (DCD) contributes to developing better development policies, and provides evidence-based policy advice and an open forum to share and build knowledge. It supplies technical expertise for the OECD **Development Assistance Committee** (DAC) — a unique international forum of many of the largest funders of aid — and the wider development community to improve development effectiveness. The DAC Network on Poverty Reduction (**POVNET**) has recently developed guidance for donors on promoting pro-poor growth, including in relation to social protection. More information is available online (http://www.oecd.org/dac and http://www.oecd.org/document/31/0,3746,en_2649_34621_41169119_1_1_1_1,00.html).

Bretton Woods Institutions

The **World Bank** has developed an extensive expertise in the design and implementation of social transfer programmes around the world. It runs a regular two-week course on this very issue and organise south-south learning forums on specific related topics (e.g. on social transfers in response to the food, fuel and financial crisis in 2009, on public works in 2010, and on building resilient safety nets in 2011). It maintains a Safety Nets Experts Roster and produces a Social Safety Nets Newsletter. More information is available online (http://go.worldbank.org/IFOHJJAPD0 and in particular the **safety net how to** online resource guide http://go.worldbank.org/UKUF8CMGW0).

United Nations Organisations

The **United Nations High-Level Task Force (HLTF) on the Global Food Security Crisis** was established in April 2008 to promote a comprehensive and unified response to the challenge of achieving global food security along the lines of its Comprehensive Framework for Action (CFA). More information is available online (http://un-foodsecurity.org).

The **Food and Agricultural Organisation** (FAO) hosts a knowledge forum on food security issues, has launched an initiative on soaring food prices and runs a project on food security and crisis in countries subject to complex emergencies. The FAO has also developed, with EC support, a number of free training courses available online. In January 2012, the Steering Committee of the High-Level Panel of Experts on food security and nutrition appointed a team to conduct a study on social protection and food security. More information is available online:

— http://www.fao.org/corp/knowledgeforum/en/ (knowledge forum);

— http://km.fao.org/fsn/ (global forum on food security and nutrition);

— http://www.fao.org/cfs/cfs-hlpe/en/ (High-Level Panel of Experts on food security and nutrition);

— http://www.fao.org/isfp/isfp-home/en/ (initiative on soaring food prices);

— http://www.fao.org/crisisandhunger/root/index.jsp?lang=en (complex emergencies);

— http://www.foodsec.org/dl/dlintro_en.asp (online training).

The **International Labour Organisation** (ILO) proposes resources and training workshops on social security and is engaged (with the EC) in the social protection floor initiative. More information is available online (http://www.ilo.org/public/english/protection/secsoc/info/index.htm).

The **International Policy Centre** for Inclusive Growth (IPC-IG), formerly the International Poverty Centre, is a partnership between the United Nations Development Programme (UNDP) and the Government of Brazil. It facilitates South-South learning with the aim of expanding developing countries' knowledge and capacities to design, implement and evaluate effective policies towards the attainment of high inclusive growth. It recently launched the South-South Learning on Social Protection gateway, an online collaborative platform for policy dialogue and knowledge-sharing among social protection practitioners in the Global South. More information is available online:

— http://www.ipc-undp.org

— http://www.ipc-undp.org/pages/newsite/menu/socialprotection/whysocialprotection.jsp?active=3

— http://south-south.ipc-undp.org

The **United Nations' Children Fund** (Unicef) focuses on the critical impact social and economic policy issues have on children. Social protection is one of the main areas of focus of Unicef's work on social and economic policy. More information is available online:

— http://www.unicef.org (home);

— http://www.unicef.org/socialpolicy/index_socialprotection.html (work on social protection);

— http://www.unicef.org/wcaro/documents_publications_3656.html (social policy in West and Central Africa);

— http://www.unicef.org/wcaro/documents_publications_3245.html (social protection in West and Central Africa).

The **World Food Programme** (WFP) has gathered extensive experience in the provision of food transfers particularly in emergency and rehabilitation contexts (e.g. school feeding, supplementary feeding programmes). For the first time, the WFP Strategic Plan 2008–11 called for the use of vouchers and cash transfers when appropriate, as an alternative or addition to food commodity responses. The organisation has recently engaged in a number of (emergency) food voucher initiatives, particularly in urban settings. More information is available online (http://www.wfp.org).

International Red Cross and Red Crescent Movement

The International Federation of the Red Cross and Red Crescent Societies (**IFRC**) and the International Committee of the Red Cross (ICRC) have developed guidelines on the programming of humanitarian cash transfers in disaster prevention and management. Both organisations have experience in providing humanitarian transfers in emergency and rehabilitation contexts (e.g. Urban Voucher Programme in the occupied Palestinian territories, cash transfers in Tsunami responses). The **British Red Cross** also has experience in the use of cash-based transfers (e.g. Tanout Cash Transfer Project in Niger). More information is available online (http://www.ifrc.org and http://www.ifrc.org/Docs/pubs/disasters/cash-guidelines-en.pdf).

Other donors

The **Australian Agency of International Development** (AusAID) is co-funding (with DFID) the GSDRC which proposes, along with other resources, an online topic guide on social protection. More information is available online (http://www.ausaid.gov.au/ and http://www.gsdrc.org/go/topic-guides/social-protection).

The **Swiss Agency for Development and Cooperation** (SDC) supports research and learning dissemination on the use of cash transfers in humanitarian aid. More information is available online (http://www.sdc-cashprojects.ch/en/Home).

Research institutions and organisations

The **Brooks World Poverty Institute** (BWPI) at the University of Manchester in the United Kingdom has conducted research on poverty reduction and social protection in developing countries. More information is available online (http://www.bwpi.manchester.ac.uk).

The **Centre for Social Protection** (CSP) is a programme of the Institute of Development Studies (IDS), an independent research institute based at the University of Sussex in Brighton, United Kingdom, and supports a network of partners working to mainstream social protection in development policy, and encourage social protection systems and instruments that are comprehensive, long-term, sustainable and pro-poor. More information is available online (http://www.ids.ac.uk/go/csp/).

The **Economic Policy Research Institute** (EPRI) has been supporting the process of South Africa's socioeconomic transformation and development, and providing a range of research and training services to support the extension of social transfers in developing countries. EPRI proposes regular training courses. It recently created the Social Transfers Evidence Database, an online database that enables users to extract bullet-point summaries on social transfer programme impact from over 140 studies (representing programmes from over 40 countries). The second edition of the EPRI handbook on designing and implementing social transfer programmes is also accessible through this platform. More information is available online (http://www.eprionline.com/).

The **International Food Policy Research Institute** (IFPRI) seeks sustainable solutions for ending hunger and poverty. IFPRI is one of 15 centres supported by the Consultative Group on International Agricultural Research (CGIAR), an alliance of 64 governments, private foundations, and international and regional organisations. More information is available online (http://www.cgiar.org (CGIAR) and http://www.ifpri.org (IFPRI)).

The **Overseas Development Institute** (ODI) produces an array of relevant research on development issues, and social transfers and social protection in particular. More information is available online:

— www.odi.org.uk (home);

— www.odi.org.uk/work/programmes/social-protection/ (social protection);

— www.odi.org.uk/work/programmes/social-development/ (social development);

— http://apps.odi.org.uk/registration (to subscribe to the ODI newsletter).

Non-Governmental Organisations

Action Contre la Faim (ACF) has extensive experience in the fight against hunger, particularly in emergency and rehabilitation contexts. This organisation has produced a number of useful resources, including a handbook on the use of cash transfers in emergencies. More information is available online (http://www.actionagainsthunger.org/ and http://www.actioncontrelafaim.org/publications/).

CARE provides cash and/or food-based transfers in emergency (e.g. market-based food assistance in Indonesia) and rehabilitation contexts (e.g. rural maintenance programme in Bangladesh). More information is available online (http://www.care.org).

Catholic Relief Services (CRS) takes a multi-pronged approach to combat chronic hunger and poverty. They address a combination of pressing concerns by mitigating hunger, developing agriculture, improving water and sanitation, developing sustainable work options, providing microfinance to support small businesses, and providing social transfers for those who have no other means of support. In particular, the CRS has developed an extensive experience in the organisation of seed fairs and the use of vouchers particularly in urban areas. More information is available online (http://crs.org/social-safety-net/).

HelpAge International has been very active in promoting and supporting the expansion of old-age pension schemes throughout the world. The organisation recently launched the pension watch website, a comprehensive new online resource for policy-makers and development practitioners on non-contributory (social) pensions. More information is available online (http://www.helpage.org/what-we-do/social-protection/ and http://www.pension-watch.net).

Oxfam has experience in transferring resources to households primarily within its emergency food security and livelihoods work. In particular, Oxfam has developed competencies in providing cash (and/or food) transfers in emergency and rehabilitation contexts. The organisation has experience in pastoralist areas, providing, inter alia, assistance through cash-based mechanisms, such as cash transfers, vouchers, destocking and restocking, and seed fairs. More information is available online (http://www.oxfam.org.uk/oxfam_in_action/emergencies/whatwedo/food).

Save the Children has conducted research and initiatives for the extension of social protection and social transfers in particular, with a focus on children. The organisation has experience in assessing hunger and poverty (especially with the household economy approach) and providing resource transfers (especially cash transfers) in emergency and rehabilitation contexts. Save the Children also conducts research and advocacy work for the adoption of social transfer schemes in developing countries. More information is available online (http://www.savethechildren.org.uk/).

World Vision has some experience in the use of cash transfers, food transfers and vouchers in emergency contexts (e.g. in Lesotho, Zimbabwe, Indonesia). More information is available online (http://www.wvi.org).

The Regional Hunger and Vulnerability Programme's (RHVP) website **Wahenga** was created in 2005 as part of an initiative co-funded by DFID and AusAID in southern Africa and aims to encourage a wide and diverse audience to engage in the hunger and vulnerability debate by promoting awareness, understanding and advocacy on social protection and social transfers, as well as build knowledge and understanding of the multidimensional character of poverty, hunger and vulnerability across southern Africa. More information is available online (http://www.wahenga.net).

The **Cash Learning Partnership** (CaLP) offers a discussion forum for a global discussion of cash-based responses and related work in emergencies and also proposes training opportunities. More information is available online (http://www.cashlearning.org).

EMMA (Emergency Market Mapping and Analysis) Toolkit Forum offers a discussion and sharing space for development

professionals interested in learning more about the EMMA. EMMA results have been used to guide interventions in many countries — most recently in responses to emergencies in Haiti, Kyrgyzstan and Pakistan. Membership gives access to past EMMA reports, EMMA training opportunities, relevant job postings and a discussion forum on relevant topics. More information is available online (http://emma-toolkit.org).

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