

Transfer Values: How Much Is Enough? Balancing social protection and humanitarian considerations

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Introduction

This Operational Guidance paper follows on from two blogs published by SPACE on the subject of transfer values across the social protection and humanitarian nexus ([here](#) and [here](#)). This note dives even deeper into the topic, highlighting some key elements that could be considered when setting transfer values for emergency response, while navigating the complexity of differing ‘pressures’ across sectors.

The central issue is the disparity of transfer values being provided by social protection and humanitarian assistance that is often seen in the same country. This comes into sharp focus as humanitarian cash seeks to align to social protection systems in a crisis and/or when social protection plays a role in responding to shocks, for example by scaling-up coverage and adequacy (i.e., horizontal and vertical expansions), via new or existing programmes .

Underlying the disparity in transfer values are the different – but often overlapping – objectives and time horizons of humanitarian assistance and social protection. The former is primarily intended to save lives, protect livelihoods and reduce unnecessary suffering through meeting peoples’ basic needs (food, shelter, water and sanitation, health, nutrition etc.) whilst the latter can have very different objectives, including poverty reduction, and is often embedded in a national social protection strategy or policy. Further, at least in the way they are initially conceived, humanitarian transfers are generally short-term in nature and relatively unpredictable (though this is frequently not the case with so many protracted crises); and social protection assistance may be provided to individual families for several years with a high degree of predictability (SPAN, 2019).

This paper was primarily written as guidance for humanitarian actors aiming to align with existing of future social protection systems operating in a country, while offering useful insights for social protection practitioners working on shock response as well. For humanitarian practitioners, it acts as an invitation to understand the multiple constraints faced by government social protection counterparts, and to be mindful of the impacts of humanitarian programming on government systems that are designed to support and protect people in the long term. For social protection practitioners, it acts as a reminder that the levels of need during any crisis are heightened, meaning that ‘business as usual’ for setting transfer values is not a viable option – meaning there are important lessons that can be learned from the humanitarian sector and opportunities to link (see SPACE Deciding When and How to Link Humanitarian Assistance and Social Protection: Guidance and Tools for Response Analysis (forthcoming)).

Figure 1. Convergence of humanitarian and social protection.

Humanitarian Objectives	...map to...	Social Protection Objectives
Keep people alive	↔	Protect people through life-course
Alleviate suffering	↔	Protect from poverty
Maintain human dignity	↔	Promote human dignity
Provide basic needs	↔	Support livelihoods
Provide basic social services	↔	Support access to social services
Provide child and family services	↔	Support child and family services
Provide labour opportunities	↔	Support access to labour markets

Source: SPAN Reference Document 26 (February 2019).

How are transfer values set in humanitarian and social protection settings?

Humanitarian perspective

Transfer values for humanitarian assistance are set in different ways from social protection cash transfers¹. Core differences include: the objective they are meant to achieve; the methodology through which they are calculated (including the timing); the constraints faced in the process.

From the humanitarian perspective, transfers should be adequate to meet the basic needs of affected individuals and households. These needs are typically identified in multi-sectoral assessments, which are generally conducted close to the design and delivery of the cash programme (the delay between assessments and transfers is normally much longer in social protection systems). In most cases, transfer values are based on a [Minimum Expenditure Basket](#) approach (MEB): defined as what a household requires in order to meet basic needs – on a regular or seasonal basis – and the cost attributed to these according to the local market.

Determining the MEB serves three functions:

- It is a holistic reflection of need as perceived by crisis-affected populations, including those needs that fall outside of traditional sectors, e.g. communication, transport, etc.
- By determining what items should be in it, we know which markets for goods and services should be included in a market assessment and analysis, and what will need to be met with other modalities (in-kind, vouchers, service delivery).
- By influencing the design of the cash transfer value, as it relates to the objectives of the programme and reflects the vulnerability of the target group and gap analysis.

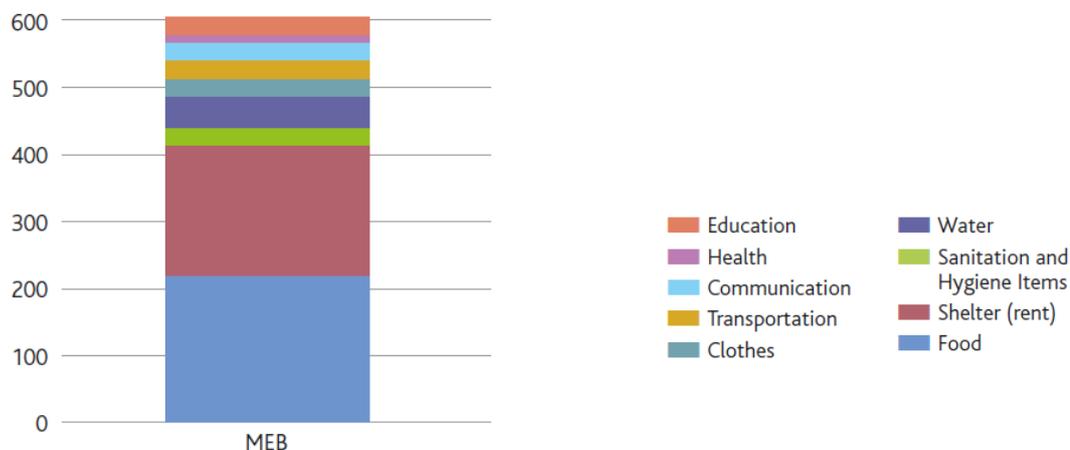
The calculation of MEBs will naturally vary according to the context. Firstly, cultural preferences and availability of items in markets may affect what is actually included in an MEB, including things like food items. Secondly, market prices of the identified commodities will vary between countries and often within countries and over time for various reasons including seasonal variations in supply. This said, the basic components and method for calculation is becoming increasingly standardised as more cash programmes are rolled out in different situations. MEBs may be re-calculated regularly depending on market fluctuations and in different parts of the country. For example, [FSNAU](#) in Somalia calculates the MEB in 18 districts across the country monthly, while transfer values have been harmonised to contribute 70% of the MEB and have aggregated the market variation into 3 zones with a different average MEB and transfer value for each. Typically, gender and social inclusion considerations are not included in MEBs.

A decision to increase or decrease the transfer value according to changes in the MEB requires advanced planning and agreement on the threshold increase in MEB (usually a percentage from a previous average) and an acceptable increase to avoid an erosion of the transfer. This can be problematic in some cases and especially in FCAS contexts where markets may be disrupted with often rapid inflation, and currencies subject to volatility in terms of depreciation or exchange rates. Yemen is an interesting example with a combination of inflation and depreciation of the Yemeni Rial all made more complex by a single official exchange rate that is several orders below the market rate, and two de-facto currencies with different market rates operating in different parts of the country. The Cash and Markets

¹ This is extensively documented in all the literature on shock responsive social protection and humanitarian linkages, for example O'Brien et al, 2018; SPAN 2019; TRANSFORM 2020.

Working Group in Yemen has taken on this complexity and released some guidance for how to adapt programming [here](#).

Figure 2. Example of a MEB from the Syria refugee crisis in Lebanon



The key underlying question for humanitarian is at what point is it no longer appropriate to continue with cash assistance in a given context if purchasing power has eroded significantly and the Value for Money (VFM) of cash assistance² is decreasing? DG ECHO is leading on a process to pilot a framework for adapting programming based on monitoring inflation trends, the MEB, and exchange rates/ parallel market with the following options:

1. Increase the transfer value in the local currency.
2. Set the transfer value in USD, which agencies then convert to the local currency to make the transfers. It may also be possible to change the frequency of transfer, e.g. by grouping transfers to cover multiple months of assistance and mitigate ongoing inflation.
3. Set the transfer rate in USD and make the transfers in that currency.
4. Shift from unrestricted cash assistance to either value vouchers, or commodity vouchers.
5. Consider switching to in-kind assistance.

The MEB provides an empirical basis for setting a humanitarian cash transfer value, however, there may be other parameters at play and the transfer value may end up being a *contribution to the MEB rather than the full amount*. Reasons for not providing the full MEB include:

- Allowing for the contribution that beneficiaries can make to cover their needs, without having to resort to economically damaging or humiliating coping strategies (i.e. gap analysis).
- Some needs may be met through other modalities such as in-kind assistance or service provision, and the value can be therefore deducted from the transfer value.
- There may be a trade-off between the transfer value (adequacy), coverage (number of people needing assistance) and the resources available.
- Social cohesion/ avoidance of tension between communities, usually host communities and displaced/ refugees in which a high transfer value may spark resentment. This may also include host communities that are receiving social assistance with a much lower transfer value than the MEB.

A good example of the last concern is the Emergency Social Safety Net (ESSN), operating for refugees in Turkey. From the onset, the transfer value was set at well below the MEB (TRY 180) to align more closely (initially TRY 100, and then increased to TRY 120) with the amounts poor Turkish citizens receive from the government's social assistance programme, and thus avoid tensions between the two communities. Quarterly top-ups help to increase the transfer value overall, and again these are timed to coincide with similar top-ups more-or-less in the national system. This has largely been achieved together with extensive communications efforts using multiple channels targeting both refugees and host communities.

² See the SPACE [Guidance Note on Value for Money](#)

Social protection perspective

'Routine' setting of transfer values

For 'routine' social protection (i.e. not in the context of shocks), the discussion on setting the value of the transfer is complex. This is because of three main factors, discussed in depth in the sections below:

1. The variety of different programmes and **objectives** that exist in social protection.
2. The type of **constraints** that exist in the country: the political support for social protection measures, the fiscal/political 'space' and the level of administrative capacity.
3. The stage of development of a certain programme (**maturity**).

The above factors are inter-dependent, and dynamic. As an example, the design choices of social protection programmes consider the type of constraints faced by the country, while also serving as a way to influence medium-term political support and investments in administrative capacity. These choices are all dependent on a country's development path, which evolves continuously – ideally increasing coverage and adequacy of assistance over time, including via contributory social insurance programmes that offer the most cost-effective way to protect people from many types of shocks (while offering very high 'transfer values', as these act as income replacement or maintenance).

More generally, the setting of transfer values for social protection should be seen as a 'negotiation process', finely balancing government constraints, existing evidence and policy objectives so as to progressively protect people from lifecycle risks and other shocks: it is not a technological and technocratic decision.

Why is it important for humanitarian actors to understand these routine processes, if they are not 'shock focused'?

- First, because approaches to routine setting of transfer values ultimately determine what can be done in response to shocks, both in terms of 'feasibility' and in terms of overall policy direction. Importantly, this does not mean there is no 'wobble room' to influence social protection actors aiming to improve their capacity to effectively respond to shocks (further discussed below).
- Second, because only by understanding the full range of considerations that matter to long-term provision of social protection can truly strategic alignment of transfer values (and other aspects important to the 'nexus') be achieved: focused on collective desirable outcomes in the long term rather than the short term.

Objectives

In terms of objectives, while specific emphasis is often given to poverty reduction, it is important to be aware that social protection programmes can also have other aims, such as income replacement, redistribution, promotion of social cohesion, or addressing very specific issues, such as low school enrolment for girls, or disadvantages faced by certain socio-economic groups. A programme might have more than one objective and, in some cases, different programmes might be complementing each other to reach a common goal (this is the 'integrated social protection system' vision).

Depending on these (often overlapping) objectives, the value of the transfer of 'routine' social protection programmes can vary significantly. For example:

- Income replacement or income maintenance occurs when programmes aim at smoothing incomes over the lifetime, from working age to old age - but also as a way to ensure against certain risks of income loss, due to idiosyncratic or covariate shocks (sickness, disability, unemployment or death). In all such cases, transfer values are earnings-related and can involve large amounts.
 - This is primarily a characteristic of (contributory) social insurance programmes and occurs within the formal sector, where eligibility is based on the person's contributory history
- Some programmes aim at ensuring that specific people in specific circumstances can receive some support – especially where they are not protected by formal social insurance. In these cases, the objective

is not to maintain the previous income (as above), but simply ensure that people can meet some basic needs.

- (Non-contributory) social pensions are the main example. They are provided to support people above a certain age when they can no longer work, if they are not protected by a formal pension.
- Some programmes aim to support and complement incomes for poor households who, for various reasons, fail to reach minimum income standards. These are known as minimum income schemes. In such cases, the transfer value is designed to cover the gap between the eligibility threshold and household income³.
- Some aim at addressing only specific deprivations. For example, providing support to families with many dependants as a way of horizontal redistribution through child benefits that intend to support households with some of the costs of raising children (values are often based on available budgets).
- Some simply aim at alleviating poverty by addressing particular expressions of poverty, such as seasonal nutritional deficiencies or specific needs for high utility costs (such as the need for heating expenditure in winter), or addressing barriers and extra costs faced by persons with disabilities as a form of compensation.

Overall – and leaving aside the (very different) case of replacement incomes – when social protection programmes are aimed at poverty reduction, there is a strong argument for taking as a reference national poverty lines, and other existing minimum income standards (such as minimum wage and minimum pensions). Usually, national poverty lines reflect the cost of a basket that ensures the attainment of certain minimum living standards, assessed in relation to the conditions of the country (e.g. considering prices in the country and typical prevailing consumption patterns). An amount equivalent to the poverty line should assure reaching a minimal food consumption, so as to meet a minimal caloric intake, as well as covering the cost of other non-food essential needs.

National poverty lines are calculated using principles and approaches that are not so different from those of the MEB. Different countries use different methodologies, either driven by the analysis of household consumption surveys or based on expert opinions, and their amount is generally updated using consumer price indexes.

Taking the poverty line, or an extreme poverty line, or food poverty line, as the reference value for social protection programmes does not necessarily mean that the amount of the transfer is set as equal to the poverty line. Indeed, that is rarely the case much like humanitarian transfers as a ‘contribution’ towards meeting the MEB, as mentioned above. In most settings, the size of the transfer aims at covering the gap between the poverty line and the average income/consumption of beneficiaries, as calculated using national sample surveys. Based on data from 2012, Garcia and Moore showcase several examples where transfer values were set as (low) percentages of these lines – partly because of political economy considerations and trade-offs⁴.

In most developing countries, even when the objective is to cover the poverty gap, fixed household-level transfers are common – due to administrative capacity constraints. So, even though in Ethiopia the PSNP originally aimed at varying the transfer considering the size of the household, the implementation resolved into a uniform transfer, that reflected an average need. Moreover, individual transfers, such as social pensions are also flat uniform amounts.

³ Such programmes are relatively common in OECD countries, exist in every EU country, but also in Eastern Europe and Central Asia. However, they are relatively rare in other contexts since they require a relatively sophisticated administrative system and a low percentage of informality, at least in certain areas of the economy.

⁴ Ethiopia’s Productive Safety Net Programme (PSNP) transfer was equalled to approximately 10 per cent of the basket represented by the 2007/08 national poverty line, with the original intention to cover the size of the household food gap; the Malawi’s Social Cash Transfer provided a transfer that on average aimed at filling the extreme poverty gap. Senegal’s Child-Focused Social Cash Transfer gave about 14 per cent of the average food basket value in households with four adults; Tanzania’s Community-Based Conditional Cash Transfer (C-B CCT) provided benefits that equal half of the food poverty line for each child, and the food poverty line for the elderly. In Lesotho the social pension was set at 150 Maloti per month in 2004, a value close to the official national poverty line.

Nevertheless, there are also schemes that are more ambitious and vary amount in relation to household size and the needs of different household members. For example, some schemes recognize the extra needs of persons with a disability, affording them higher transfer values. Minimum income schemes not only try to measure the income of the household, but also attempt to assess the specific needs based on household size and composition. The result is the provision of a size of the benefit that not only on average, but for each household provides a variable amount to better meet their needs⁵.

Constraints

As implicit already in the examples presented above, financing, political economy and administrative capacity can all affect the setting of transfer size within social protection programmes.

On the financing front, it is important for humanitarian counterparts to understand that *routine* government-set transfer values face different financing constraints than humanitarian transfers. For a government:

- There is the **same trade-off faced by humanitarians between coverage and adequacy, but often at much larger scale** – with broader implications and a higher pressure to prioritise coverage over adequacy to minimise horizontal inequities at national level.
- Transfer value considerations often also need to **respect a set of ‘hierarchies’ across Ministries, policies and sectors – to guarantee long term policy coherence.** One good example is the hierarchy between minimum wage, minimum pension and social assistance eligibility thresholds: the minimum wage should be higher than the minimum pension, which in turn should be higher than the social assistance eligibility threshold. The rationale is that when people work, they should earn more than their basic needs, and the minimum pension being a replacement of past earnings should not be higher than the minimum wage. In turn, the poverty-targeted social assistance threshold should be below these amounts related to earnings. This helps maintain basic work incentives and some essential structural coherence.
- **Any investment in social assistance is not one-off, but multi-year – and often incremental.** This means that governments often set current transfer values based on an assessment of future capacity to finance these at scale (ideally based on analysis of empirical evidence on needs).
- **Managing governments budgets is ‘easier’ if the different pieces of the puzzle are fixed (and under control), rather than changing.** From a transfer value perspective this means, for example, a preference for flat transfer rates (rather than tailored to changing needs) and for not indexing to inflation.

The political and political economy perspective plays a really important role for ‘routine’ social protection transfers too, intertwined with the financing considerations above. It is ‘easier’ for a humanitarian to come into a country from the outside with a data-driven and ‘technocratic’ approach to setting transfer values, but for government systems there are many other factors at play:

- Because cash transfers are a key vehicle of state-citizen trust, there is a risk in raising transfers temporarily or supporting new people with cash and then rolling that back again: **the pressure to provide continued rather than temporary support is much higher for a government; Smaller**

⁵ Tesliuc et al. (2014) find that in Europe and Central Asia, on average, last resort income support (minimum income schemes) are equivalent to about 25% of the consumption of beneficiaries, which is comparable to the poverty gap of an average poor household in these countries. The different size of the transfer is a function of the different rules followed to determine the eligibility threshold, i.e. in some countries, this was anchored to an initial target coverage of the benefit, the level of the unemployment benefit, and consistency with other minimum standards (minimum pension and social pension) (Tesliuc et al. 2014). In Moldova, in 2008 the eligibility threshold of the minimum income scheme was determined based on a set budget, which was the equivalent of the budget spent on other existing benefits and allowances that the Ministry of Social Protection intended to reform with the introduction of the minimum income scheme.

transfer sizes and higher coverage can be leveraged politically as they enable reaching more people – potentially swaying electoral results;

- **Issues of horizontal equity are paramount** for governments, even beyond political cycles. Having certain people receive more and others less for reasons that are not entirely objective and transparent is very problematic, and this holds especially true when those who are treated ‘better’ are e.g. non-citizens (even if their needs are understood to be higher);
- Governments often have **deep-set fears of fostering ‘dependency’ via grants that provide a disincentive to work**. This creates a downwards pressure on transfer values. For example, Lesotho’s Child Grants Programme (CGP) decided to provide a relatively small transfer in response to concerns that a larger transfer would encourage dependency in beneficiary households (Garcia and Moore, 2012).
- More broadly, the value of a transfer and how it is set can **trigger different responses in individuals, households and communities**, providing different incentives and triggering wanted or unwanted effects that must be taken into account in the design of programmes that operate beyond the short-term (Bastagli et al. 2016).
- Transfer values are not commonly **set in stone within legislation**. Moreover, only countries that have relatively advanced budget financial frameworks are able to index values to inflation. This means their base is often eroded over time, even where they started at a good level in relation to programme objectives.

Last, but absolutely not least, is the issue of capacity of administration and systems – which varies enormously across countries (number of staff, capacity of staff, set-up of information systems for benefit management, data available, etc). There are many reasons why this plays a fundamental role, including the capacities to (see also Lindert et al, 2020):

- Set transfer values in a fully data-informed way.
- Index to inflation.
- Vary transfer size given the differing needs of households of different size and composition. This involves setting the amount in the first place, but then also monitoring changes over time, curbing misreporting and fraud, and carefully explaining to beneficiaries the reasons for different amounts received by different households.
- Manage and address grievances. More complex benefit structures can trigger more grievances.
- Provide more frequent updates and changes to payroll, flexibly – including in response to shocks.

This does not mean that low-income countries cannot achieve these objectives – it simply means they need to invest in the systems and capacity to do so. For example, Zambia provides a higher amount if in the household there is a person with a disability. Malawi’s ‘Social Cash Transfer Programme’ differentiates benefit levels by household size. Similarly, Burkina Faso’s ‘Burkin-Naong-Sa Ya’ cash transfer program differentiates benefit levels by number of children, while Brazil’s ‘Bolsa Família’ Programme pays higher benefits to households classified as extremely poor than to those classified as moderately poor (while also differentiating benefits based on household size and composition) (Lindert et al, 2020).

Maturity

Another important aspect to consider in interpreting differing levels of transfers across ‘routine’ social protection programmes is the different stages of maturity of a certain programme. It is often the case that a programme starts with relatively small coverage and transfer amounts, increasing once systems are developed and government political economy shifts in its favour (e.g. due to evidence showcasing impacts and multiplier effects). Here, we are not only talking about the increase of the transfer level to keep up with inflation, but a more significant change that allows a programme to be recognised, valued and thus provided with greater resources.

The same can be said about the social protection system as a whole, with middle- and high-income countries increasing levels of formalisation and shifting more weights towards social insurance systems (with their higher transfer values).

‘Emergency’ setting of transfer values

There is growing experience of social protection programmes adapting ‘routine’ transfer values in response to shocks via new or existing programmes. These are referred to as ‘vertical expansions’ (O’Brien et al, 2018; Smith and Bowen, 2020). The process for setting values in these settings varies widely, often constrained by budget availability, trade-offs vis-à-vis coverage targets, and the flexibility of existing information systems and payment mechanisms (i.e., what is feasible).

As this practice increases, there is ample space for the social protection sector to learn from, and work with, humanitarian actors while maintaining a sectoral focus on medium- and long-term goals. This can be important for many reasons:

- The processes/methods, areas of focus and objectives for establishing adequate transfer values to address chronic poverty are different to those required to meet emergency needs. Where needs rapidly become acute, and drawing on assets and livelihoods impossible, routine values are likely to be inadequate to meet either basic needs or recovery objectives.
- Several of the constraints and considerations that hold true for the setting of transfer values for routine social protection, outlined above, can be either ‘waived’ and dismissed or explicitly tackled in emergency contexts, where the imperative is saving lives and livelihoods.
- The complexity of market dynamics in emergencies requires explicit attention – capacity which is often missing within Government.

The following sections further explore various options for alignment and mutual learning.

The case for aligning transfer values and some key concerns

As described above, there are valid reasons for disparities in transfer values across government social protection and humanitarian-led emergency programmes – especially because of the differing objectives and constraints across sectors.

However, in emergency contexts, disparities are also the fruit of insufficient reciprocal understanding, communication and learning across sectors: social protection actors not understanding shocks and humanitarian actors not understanding long term processes for progressive realisation of social protection (as embedded in the SDGs and ILO Recommendation 202).

No one sector has the ‘right’ approach: what matters is understanding the other sector and the guiding principles and constraints that its actors are operating under – so as to collaboratively aim to achieve collective outcomes in emergency situations, without causing any ‘harm’ in the process. “Achieving joint and harmonised ways of working implies a coming together of different view-points, which demands that certain compromises are made” (Smith, 2021).

When it comes to transfer values, the humanitarian principle of ‘do no harm’ can also be understood to include ‘doing no harm to the routine systems that have the mandate to protect people in the medium and long-term’. In practice, this means:

- Ensuring horizontal equity: not setting a transfer value in a vacuum but coordinating with government and other actors to ensure there are no major disparities⁶.

⁶ An example that is now widely cited is the case of Lesotho, where Child Grant Programme beneficiaries who received the routine transfer plus a top-up still received substantially less per month than the recipients of WFP’s separate emergency cash assistance. This was partly due to the initial lack of coordination on transfer values between actors, and also because of the different programme objectives.

- Not undermining trust in routine systems, as well as the fiscal stability and political sustainability of routine programmes.
- While not compromising on humanitarian principles of course, above all the protection of people in need.

At the same time, social protection actors can better understand the valid reasons for different approaches to setting transfer values according to the type of context. In full-on emergency contexts, where people may be fleeing conflict with only the 'shirts on their backs', humanitarian principles reign such that adequate assistance is provided to cover basic needs and prevent suffering and loss of life. Equally, in protracted crises, assistance that is still classified as 'humanitarian' (because it is delivered by 'humanitarian actors') has often morphed into a "safety net" with predictable transfers, even if the duration is uncertain and constrained within humanitarian funding cycles. A recently displaced family is liable to have greater need of a humanitarian transfer based on a full MEB than a similar family that has been displaced for years with access to employment and other income that effectively narrows the gap between the poverty line as expressed earlier and income/ consumption.

So, how much is enough in emergency contexts? How can social protection and humanitarian transfer values work together to mutually reinforce positive impacts, rather than operating in isolation (with unwanted negative impacts)? The next sections explore three potential scenarios: aligning social protection payments up to humanitarian ones; reducing humanitarian cash transfers to align with social protection; and a third possibility of compromising a 'base-line' transfer value and layering additional assistance for particularly vulnerable groups.

Aligning social protection payments to humanitarian transfer values in a crisis

There is a strong argument that if a social protection system that is 'shock responsive' expands horizontally - providing assistance to groups of shock-affected people who would otherwise have received humanitarian assistance - then this support should take on 'humanitarian characteristics'. This would include adhering to humanitarian principles, temporarily providing a cash transfer that is adequate to humanitarian needs, while not undermining long-term sustainability of existing programmes.

Examples of this approach have been emerging in recent years – with the setting of emergency transfer values for social protection programmes sometimes even supported by humanitarian counterparts:

- FCDO and DG ECHO supported WFP in Ethiopia to pilot this, channelling humanitarian funding through the Productive Safety Net Programme (PSNP) during the drought in Somali Region in 2019 involving a horizontal and vertical scale-up. In this case, WFP provided support to the government and PSNP to target vulnerable drought-affected people to be temporarily enrolled on the system, with a payment that was approximately the equivalent to the humanitarian transfer value (based on a monetised standard 2100 Kilocalorie ration rather than an MEB calculation) for non-PSNP clients and a top-up for regular PSNP clients (in-kind food) to bring both transfers to parity.
- In the **Philippines**, "the Department for Social Welfare and Development's vertical expansion of the 'Pantawid' programme during the 2013 Typhoon Haiyan response was financially and technically supported by WFP. The top-up transfer value was based on the cost of the MEB and estimated as being sufficient for meeting households' food needs" (Smith and Bowen, 2020).
- In **Mozambique**, "the operational manual that guides implementation of the government's emergency cash assistance ('PASDE') linked to the social protection system sets a standard value for the emergency transfer of Mt 2,500 per household per month. While this is equivalent to the minimum expenditure basket (MEB) for meeting a household's food needs, it does not take into account to the severity of the disaster or real food prices (though it does say the amount may be adjusted according to the nature of the disaster and the country's socioeconomic conditions). The value is some six times higher than the basic rate of social assistance" (Smith and Bowen, 2020).

This process is not always straightforward, because of all the constraints discussed above. Effective coordination requires compromise and long-term trust-building, ideally in advance of any specific shock.

Somalia is an interesting case where a social protection system that is 'shock responsive' is being rolled out in a country that is still highly exposed to multiple hazards including drought, flooding, displacement due to conflict, and most recently a locust invasion of huge proportions. The transfer value of the largest programme (the World Bank-funded *Baxnaano* programme) has been set at USD20/family/month, for reasons of long-term fiscal sustainability⁷. In the event of a shock, a vertical (or potentially horizontal) expansion would see this entitlement doubled to USD 40 (this could be flexible depending on the shock) for a three-month period. In comparison, humanitarian cash transfers have been harmonised at 70% of the MEB, which works out to USD 60-70/ family/ month depending on the location. In other words, the Baxnaano 'base rate' is around 30% of the humanitarian transfer value (which itself is only 70% of the MEB); rising to around 60% in the event of a shock. The discrepancy has led to the commissioning of a Household Economy analysis (to be carried out by the Food Economy Group later in 2021) that should lead to recommendations for more adequate routine and emergency social protection payments, simulating for shocks of varying severity and impacts on households' ability to cope. This should provide a much more nuanced and evidence-based approach to payments in the complex landscape of Somalia.

In **Zambia**, delays in the COVID-19 response (following a very rapid design on the social protection side) were primarily influenced by discussions on transfer values across sectors. UNICEF, ILO and others working in long-term social protection in Zambia were viewing the COVID-19 crisis as a long-term development (i.e social protection) problem and this thinking influenced the design of the proposed transfer value (making a contribution to needs, topping up the routine social protection value but taking into account widespread chronic poverty). In contrast, upon activation of an OCHA flash appeal, FSC actors approached the crisis as a humanitarian problem and insisted on a design that would cover the entire food basket, in line with humanitarian principles of adequacy. Although a harmonised solution was reached thanks to a decisive input from government (where it stated its preference for prioritising coverage over adequacy), it was challenging and time consuming to reach a compromise (Smith, 2021).

In **Armenia**, effective coordination across sectors has required certain compromises from both government and international partners, to reach common solutions. International partners aimed to design emergency cash transfers in line with good humanitarian practice (considering the Minimum Expenditure Basket and what would be adequate to meet the gap in needs) whereas the Ministry (MOLSA) was concerned with what was politically feasible, considering routine social protection transfer values. These different perspectives were discussed in the Cash Working Group and a middle ground reached. In the Nagorno Karabakh (NK) conflict response the government agreed to a transfer value aligned with the minimum wage rather than the lower social protection benefit size, as well as additional top ups for vulnerable groups (Smith, 2021).

No matter what, working alongside governments in the process of setting transfer values will require a lot more than just building evidence and feeding that into the policy process. Trust-building and acceptance of a slower pace will be critical, meaning it can be ideal to start these discussions in advance of any specific shock – and reach common ground on paper via MoUs and similar agreements (e.g. Colombia).

Aligning humanitarian transfer values to social protection levels

Where there is no possibility for social protection systems to a) play a role in shock response and/or b) increase to a level that is 'adequate' to respond to humanitarian needs, humanitarian transfer values can also be aligned to (current or future) social protection levels. This can help to

⁷ WB compared transfer values in social protection programmes in the region (Kenya, Ethiopia, Tanzania and Yemen) to reach the USD 20; also based on resources available and an anticipation of what the Federal Government of Somalia may be able to support at some point in the future.

avoid delays (no need for lengthy negotiations), while supporting horizontal equity, medium-term sustainability, acceptability, and address risks of recipient confusion (Longhurst et al, 2020).

Once again, several examples of this exist over the past few years, with no evidence yet in terms of the ultimate impacts of the ‘compromise’.

- In **Mozambique**, before COVID-19, the humanitarian transfer value provided by WFP was set to align with a planned national social protection programme so that coherence between the measures is maintained, even though the WFP transfer level is lower than what other humanitarian agencies provide;
- WFP’s COVID-19 response in **Colombia** included support for both migrants and host communities currently excluded from any social protection or emergency support in Arauca. The value of the cash transfer was aligned to the government’s emergency cash transfer programme to ensure full coherence with national standards (WFP 2021).
- In **Mali**, UNICEF and partners have been coordinating with the national programme ‘Jigisemejiri’, to define a harmonized approach to transfer values under the leadership of the National Dispositif of Social Protection and Economic Solidarity (DNPSES) and with the support of the Cash Working Group.

This process of ‘alignment’, which most often entails a downward push on humanitarian transfers, can be problematic and controversial as it usually represents a compromise that can risk undermining ultimate impacts and allowing unnecessary suffering to continue – especially in contexts of price volatility. For example, in **Nigeria**, during the COVID-19 response, some humanitarian partners adopted the government’s social protection transfer value for their programmes. This was driven by a desire for consistency between programmes, to avoid confusion in communities, as well as to avoid delays due to lengthy negotiations on the calculation of new transfer values. Partners did have some question marks about the adequacy of this value at the design stage, but opted to continue with this alignment despite evidence suggesting that the most critical risk to programme effectiveness was price increases. This social protection transfer value is acknowledged as insufficient to meet the full gap in food needs for households in normal times – especially in more urban settings and its real value has reduced over time as it has not been adjusted for inflation. This is especially critical because, between May 2019 and 2020, the consumer price index increased by 12.4%. Therefore, although, understandably, this transfer value was adopted by many, it demonstrates the risk of harmonising with a payment that has already been eroded due to inflation and was not adequate even in the absence of a crisis.

The slowness to adapt is sometimes a characteristic of social protection systems that may extend to outdated and expensive payment platforms when compared to newer systems such as mobile money that humanitarian systems are often able to leverage with their greater flexibility.

A layered and complementary approach

An alternative to prescribing a set transfer value for all beneficiaries in a time of crisis – whether at humanitarian or social protection levels – could be to layer additional assistance to especially vulnerable groups. For example, a social protection system with a high coverage rate but low transfer values could strategically layer humanitarian payments or in-kind assistance to groups identified as being particularly at risk.

- This has been observed in **Yemen**, where nutrition outcomes are much greater when WFP food assistance is layered with a cash for nutrition programme operated by the Social Fund for Development (that includes both cash and an educational/ Behaviour Change Communication element) than when the nutrition component operated alone. This layering example was to some extent accidental, but the potential for strategically targeting additional support for women with young children who are already receiving a baseline food assistance package is worthy of further exploration.
- In **Kenya**, the EU Delegation and partners (Kenya Red Cross Society, Concern, ACTED, IMPACT Initiatives, the Center for Rights Education and Awareness, and the Wangu Kanja Foundation)

recognised an opportunity as a result of the pandemic to work more effectively in support of the social protection system. Together, they launched a programme targeting vulnerable households living in informal settlements of Nairobi with three monthly cash transfers that cover 50% of the MEB. This was done in agreement with the Kenya Cash Working Group. Importantly, it includes a top-up to existing social protection transfers, while providing the full amount to vulnerable households not included in existing social protection schemes (Grand Bargain, forthcoming). Such a layered approach across different interventions is sometimes used to complement different social protection programmes, providing a different level of support to groups with different poverty gaps – the novelty here is coordination across sectors.

This is already a common practice within the social protection sector: layering and sequencing different programmes within the ‘system’ to maximise impacts and ensure adequacy and comprehensiveness of support. The key difference here would be coordination across sectors in crisis response.

Achieving this requires a close working relationship across all stakeholders, with each contributing their relative added value as part of an overall response. This can enable leveraging the comparative advantages of different instruments that may be available in a crisis. Social protection interventions may not be the most appropriate instrument to respond to sudden displacement, for example, vis-à-vis a rapid response mechanism providing an adequate transfer for people with little or no assets or means of survival, combined with a strong protection component. As the situation evolves or in areas less severely affected, a longer-term social assistance package, with lower transfer values, may be sufficient and more sustainable.

Key considerations for setting transfer values for shock response

It is neither feasible nor desirable to be prescriptive about setting transfer values in response to shocks, as the context is a primary factor together with available resources and capacities – as well as existing coordination mechanisms and trust across social protection and humanitarian sectors. However, the following highlights key considerations to consider:

- **Severity, the impact of a shock and humanitarian principles:** Primarily, lives and livelihoods need to be protected by adequate assistance in a severe crisis, and especially in the early stages. A transfer value based on the MEB is most likely the most appropriate, whether delivered through a social protection system (fully or ‘piggybacking’ on existing infrastructure) or a humanitarian agency.
- **Coverage vs adequacy:** This is a difficult trade-off that is centred around transfer values and the resources required to have an optimal impact for the largest number of people in need of assistance. Squaring the trade-off is not easy of course, and incentives may be different for social protection and humanitarian practitioners. What matters here is addressing the issue jointly, and with transparency, justifying choices of prioritising one over the other and setting measures in place to address emerging risks.
- **Availability of different response instruments and potential for strategic coordination:** The layering option (or similar) provides an alternative to aligning the transfer value of social protection systems to humanitarian levels and the associated issues around resources, sustainability, and communication to target populations. However, it requires a high level of coordination and reciprocal trust to layer programmes to achieve desired outcomes, and the presence of organisations and systems to deliver, including interoperable databases or a single registry.
- **Evolution of emergencies over time and sustainability:** Ideally, humanitarian and social protection systems should work together to provide adequate assistance as the situation evolves, ultimately providing a sustainable exit strategy for humanitarian assistance. This is wider than transfer values but monitoring needs over time is one aspect of adjusting transfers over time.
- **Maintaining adequate transfers in ‘routine’ social protection (e.g. aligned to medium-long term inflation):** Routine social protection transfers must keep pace with inflation and currency depreciation as far as possible, to maintain the real value of the transfer. When this is done, adjusting the transfer

value in response to a shock at least has a basis in the 'peacetime' context. This requires capacities to adjust transfer levels and ideally embedding in social protection legislation/policy.

- **Keeping up with the volatility of currency inflation and depreciation during crises:** Transfer values and the choice of modality need to take into account the real value of transfers in the aftermath of a shock, and changes in markets and prices over time – including with differential analysis across different geographic locations. Social protection actors often do not have the capacity to do this but can be supported by humanitarian counterparts to develop pre-planned strategies to monitor and adjust transfers when thresholds are passed.
- **Scaling up and scaling down challenges:** Scaling up Social Protection vertically with a top-up, and horizontally to include additional vulnerable people, for the duration of the shock has some challenges. This includes both the newly included when they are removed from the system after the shock, and when core recipients have their payments reduced again. The bigger the increase in transfer values the greater the challenge. A good communication strategy and grievance redress mechanism before scaling up and down is important to mitigate the impacts by enabling people to plan how best to use the assistance. Many countries also opt for labelling the expansion with a new programme name, to avoid confusion (even where existing systems are fully leveraged).
- **Communications:** Linked to the previous point, the importance of informing core social protection clients and people in need of humanitarian assistance about how their needs are to be met during a crisis cannot be overstated. Coordination needs a step change across the spectrum if both humanitarian and social protection instruments are to be used optimally: communication and accountability need to be central in this process.
- **Gender Equality and Social Inclusion (GESI):** Transfer values should recognize the differential impacts of the crisis on vulnerable groups such as women with young children and those with disabilities. These groups may require higher value transfers to compensate for a more severe impact. Efforts to set transfer values should be based on a GESI analysis of household spending patterns, intra-household decision making power, and wider social and economic conditions both before and during crisis conditions.
- **Pre-agreements across sectors on transfer values.** Often the best moments to iron out differences across sectors is before any specific crisis hits. Peru, for example, is experimenting with 'pre-agreements' on the broadly agreed range for the value of per-capita/per-household assistance, to help reduce the disparities in benefit levels across sectors.

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