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Social protection in protracted crises, humanitarian and fragile contexts



FAO's agenda for action for social protection and cash-based programmes

Social protection in protracted crises, humanitarian and fragile contexts: FAO's agenda for action for social protection and cash-based programmes

In the context of the increased complexity of crises, protracted displacement, overstretched capacity and the lack of resources for meeting growing humanitarian needs, development and humanitarian actors will come together at the World Humanitarian Summit (WHS) to commit to innovative ways to effectively address these needs.

The UN Secretary General's report to the WHS, *One humanity: Shared responsibility*, highlights the need to move beyond the traditional way of doing business by broadening the scope of interventions to support an effective and efficient humanitarian response, while at the same time prioritizing investments in prevention and resilience.¹

In this regard, FAO recognizes that scaling-up **cash-based programming and risk-informed and shock-responsive social protection systems** is a strategic priority in particular to improve food security and nutrition and protect households' assets as well as increase income of the most vulnerable population.

Box 1. The state of humanitarian aid

59.5 MILLION PEOPLE: The number of refugees and internally displaced persons due to conflict at the end of 2014.

19.5 MILLION PEOPLE: The number of people forced from their homes by natural disasters in 2014.

17 YEARS: The average length of displacement.

550%: The increase in the size of the UN global humanitarian appeal from \$3.4 billion in 2003 to \$18.7 billion in 2015.

40%: The shortfall in response to UN humanitarian appeals in 2014.

World Humanitarian Summit Secretariat. 2015. *Restoring humanity: Synthesis of the consultation process for the World Humanitarian Summit*. New York, United Nations.

The direction: Moving towards cash-based programming and risk-informed and shock-responsive systems

Over the past 15 years, there has been a rapid increase in the number of countries implementing social protection schemes, mainly cash-based. Today, more than 1.9 billion people in 136 countries benefit from social assistance programmes and approximately 718 million people are enrolled in cash transfer programmes.²

In stable but risk-prone contexts, government-run cash transfer programmes have been integral components of poverty alleviation food insecurity of disaster risk reduction strategies. In emergency contexts, whenever markets can respond to an increase in demand, cash transfers are recognized as flexible and cost-effective instruments for addressing the most pressing needs of populations affected by shocks in particular those dependent on agriculture related sectors or in the rural areas. In both contexts, predictable, regular and sizable unconditional cash transfers can:

- minimize the resort to negative coping strategies such as selling off productive assets, decreasing intake of nutritious foods, over-exploitation of resources, etc.;
- allow families to reduce their exposure to hazards: cash transfers have shown their ability to enhance the capacity of households to invest in productive and

economic activities and thus to diversify their asset base;

- promote public work programmes to create and rehabilitate infrastructure that promotes the sustainable use of renewable resources;
- in the context of forced displacement, strengthen the capacity of host communities to counteract the strain on access to services and economic opportunities, as well as ensuring effective protection and support to refugees.

To maximize these impacts, it is critical to build risk-informed and shock-responsive social protection systems that can swiftly and effectively respond to threats and crises. Such systems need to provide support ahead of a crisis and to be based on economic and risk-related (environmental, conflict, etc.) criteria. If they are effectively linked to early warning systems and informed by agricultural, food security and nutritional information, social protection systems can be used to plan a timely response to emergencies. Such a response might involve increasing the amount of a transfer to cover additional needs, temporarily expanding the number of beneficiaries receiving a transfer or complementing the transfer with other components (seed distribution, and other) to enhance the protection of assets.

¹ Specifically, this has been recognized in the Report's call for global leaders to commit to a number of core responsibilities in the name of humanity, including "to leaving no one behind" and "to change people's lives from delivering aid to ending need" as well as in the commitments coming from the Grand Bargain, particularly around cash-based programming and minimizing the humanitarian/development divide

² Honorati, M., Gentilini, U. & Yemtsov, R. 2015. *The state of social safety nets 2015*. Washington, The World Bank.

Key components of a risk-informed and shock-responsive social protection system

- **targets** economic as well as risk-informed (environmental, conflict-sensitive) factors, such as poor and chronically food-insecure households in food-insecure or disaster-prone areas;
- **provides direct transfers** to households to smooth consumption and avoid distress asset sales in the face of recurrent risks, such as climatic shocks or other;
- **includes public work interventions** that can promote sustainable agriculture by creating or rehabilitating infrastructures;
- **a contingency funding mechanism** enables rapid scale-up and response to unexpected transitory emergency- i.e. food price peaks, loss of assets, etc.;
- comprehensive **early warning systems** on food security, nutrition and climate information trigger the contingency mechanism as part of a broader humanitarian response;
- includes strong **sub-national and community-based structures**, including the health development, social development, agricultural extension and community care coalitions, etc.

In fragile and humanitarian contexts where social protection structures are not in place but markets function, there has been a shift towards cash-based interventions in lieu of in-kind assistance. The available evidence shows the advantage of cash, particularly in terms of cost-effectiveness and impact as well as flexibility and greater choice for beneficiary households. Nevertheless, in 2015, cash transfers and vouchers accounted for only six percent of humanitarian aid.³

Enhancing the potential of cash-based interventions requires integrating cash in preparedness and contingency planning, strengthening partnerships with the private sector (e.g. financial institutions, mobile phone companies), using e-payments, digital transfers and, when possible, leveraging cash transfers to build medium and long-term social assistance structures that can be used in recurrent emergencies.

What is the cost of inaction?

- Most of the time, poor, smallholder farmers are the hardest hit by crises: 22 percent of the damages caused by natural hazards and disasters affect agriculture, and the agriculture sector absorbs 80 percent of the economic impact of droughts.⁴
- Business as usual has a cost: it means continuing failure to meet critical needs in the event of a crisis and lives lost.
- Disasters and crises don't just have immediate, short-term effects – they undermine livelihoods and national development gains that may have taken years to build.
- Recurrent response and rehabilitation interventions are more costly than prevention, insurance and risk diversification.

FAO's contribution to the emerging agenda for social protection

In recent years, FAO has adopted a comprehensive approach to strengthening resilience and reducing poverty, recognizing that the poor and most marginalized people are disproportionately affected by hazards and crises.⁵ Limited assets and/or the absence of social protection can lead households and communities to resort to negative coping mechanisms that increase their vulnerability to risks.⁶ Social protection is a corporate priority for FAO.⁷ The Organization is committed to promoting a holistic systems

approach to social protection to avoid the fragmentation of interventions. Together with its partners, FAO seeks to build and strengthen social protection systems that are well integrated in broader livelihood and rural development strategies. Social protection is a critical component of FAO's strategic approach to building resilience, helping to break the vicious cycles of social and economic deprivation as well as reducing vulnerability to poverty, severe food insecurity and exposure to shocks and stresses.⁸

FAO's added value: Linking analytical expertise with the design and implementation of cash-based interventions

- **Building the economic case for cash transfer programmes.** Working with UNICEF, research institutions and national governments, FAO's From Protection to Production (PtoP) programme, has produced evidence of the economic and productive impacts of national cash transfer programmes in sub-Saharan Africa. PtoP shows

³ ODI. Cash Transfers. Doing cash differently: How cash transfers can transform humanitarian aid. 2015. Report of the High Level Panel on Humanitarian Cash Transfers. London.

⁴ FAO. 2016. Strengthening resilience to threats and crises. Rome.

⁵ The 2015 Global Humanitarian Assistance Report highlighted that in 2013, 93% of the people living in extreme poverty were living in politically fragile or environmentally vulnerable contexts (or both).

⁶ HLPE. 2012 Food security and climate change. A report by the High Level Panel of Experts on Food Security and Nutrition of the Committee on World Food Security. Rome (also available at http://www.fao.org/fileadmin/user_upload/hlpe/hlpe_documents/HLPE_Reports/HLPE-Report-3- Food_security_and_climate_change-June_2012.pdf).

⁷ FAO. 2013. FAO's work in social protection (available at <http://bit.ly/1Eqq0Wf>).

⁸ FAO. 2016. FAO's social protection framework: Enhancing food security, nutrition and rural development outcomes for all (Forthcoming).

that social protection is an investment rather than a cost, while challenging misperceptions around dependency and labor disincentives.

The programme provides a solid base of knowledge on how cash transfers can help poor and marginalized families

to build their assets, empower themselves and carry out economically productive activities. More importantly, PtoP contributes to country-level policy discussions and actions around the expansion of social protection coverage and the development of social protection systems (SDG Target 1.3).

Economic and productive impacts of cash transfers in Africa: From Protection to Production (PtoP)⁹

Analytical work led by FAO has contributed to showing that, in addition to social impacts (education, health, poverty reduction and nutrition), cash transfer programmes also enhance the economic and productive capacity of poor and vulnerable households, which favorably impacts the local economy. The impacts include:

At the household level

- increased ownership of assets, including livestock, agricultural inputs and tools, leading to increased production and, in some cases, market participation;
- increased participation in non-farm family enterprises;
- household members shifting from casual wage labour to on-farm and productive activities;
- improved access to financial services and income

generating activities leading to enhanced labour status and autonomy in economic decision-making for rural women;¹⁰

- improved ability to manage risk: (i) reduction in coping strategies; (ii) strengthened informal safety nets of reciprocity; (iii) reduction in debt and increase in savings.

At community and local economy levels

- Cash transfers increase the purchasing power of beneficiary households. As cash is spent, impacts spread to others inside the community, triggering income multipliers. Purchases outside the village shift income effects outside the community, potentially unleashing income multipliers there.

- **Resilience measurement and vulnerability analysis.** FAO has expertise in assessing the drivers of risks and vulnerabilities. This expertise can be used to enhance early warning systems and social protection information systems and to support the effective delivery of cash-based interventions. FAO has developed a rigorous tool for resilience measurement, *the Resilience Index Measurement and Analysis* (RIMA),¹¹ which provides policy-makers with key elements to better articulate policy decisions around strengthening resilience at household and community levels.
- **Design and direct implementation of cash-based interventions.** Over the past years, FAO has implemented interventions involving cash transfer and voucher components in over 40 countries, reaching about 2.5 million households. FAO cash-based interventions promote agricultural production, food security and nutrition, and are informed by the Organization's rich expertise in agricultural production, seed security, land management, climate change adaptation and rural development. FAO uses the most efficient and cost-effective modalities, including cash transfers, and voucher schemes, as well as various combinations of cash and in-kind assistance ('CASH+'), depending on specific needs and context. For example, FAO supports cash-for-work programmes to promote sustainable agriculture and climate-smart practices, while building and

rehabilitating rural infrastructure such as irrigation canals and water catchments and carrying out activities such as soil and water conservation, reforestation and afforestation.

- **Innovation around CASH+ to accelerate results for poverty reduction and resilience.** FAO's flexible CASH+ interventions combine transfers of cash and productive in-kind assets with the objective of boosting the livelihoods and productive capacities of poor and vulnerable households. The cash transfer component addresses basic household needs and protects assets from depletion and losses, while the productive assistance helps kick start a virtuous cycle of income generation, leading to economic empowerment, increased asset ownership, food security and dietary diversity. FAO's expertise is key to identifying the right mix of complementary interventions (the '+' in CASH+), providing robust technical training to support the transfers and rigorously assessing the impact of various combination approaches. FAO has recently implemented CASH+ programmes in Burkina Faso, Lesotho, Niger, Mali and Mauritania. As an example, in Lesotho the combination of cash transfers (e.g. child grants) and the Food Security to Social Protection programme, which provides vegetable seeds and training on homestead gardening, showed increased impacts in terms of productive capacity, especially among labour-constrained households.

⁹ ODI. FAO. From Protection to Production research brief series (available at <http://www.fao.org/economic/ptop/home/en/>)

¹⁰ Cash transfers need to have a gender-sensitive design and to link with other social protection interventions in order to have a greater impact on rural women. Please see <http://www.fao.org/3/a-i4726e.pdf>

¹¹ <http://www.fao.org/resilience/background/tools/rima/jp/>

FAO commitments In line with the WHS and Grand Bargain priority areas, FAO commits to:

- 1** scaling up its work on social protection and cash-based programming in fragile contexts, as well as engaging in social protection work through programmes and research on cash-based and CASH+ interventions, and livelihoods work in at least 15 countries by 2017;
- 2** operationalizing the goal of cash-based delivery of assistance as a preferred method, where the context allows and strengthening internal capacities to do so;
- 3** integrating social protection, risk reduction and livelihood support with acute humanitarian response when required (WHS Core Responsibility 4);
- 4** building and strengthening partnerships with national and sub-national governments, local actors as well as UN partners to enhance their capacity to effectively address prevention and response to crises, including through risk-informed and shock-responsive social protection systems;
- 5** assisting governments and national actors to ensure the inclusion of chronically food-insecure and vulnerable populations into social protection programmes (WHS Core Responsibility 3); and
- 6** undertaking multiyear planning and programming to support resilience-building programmes in protracted crises and to advocate greater alignment across humanitarian, development, peace and human rights actors (WHS Core Responsibility 5).

To fulfill these commitments, it is vital that FAO and partners invest critical resources in:

- undertaking solid and empirical impact assessments of the most effective, context-specific CASH+ approaches and their impact on poverty alleviation and resilience;
- strengthening the capacity of local actors to identify warning signs for crises and to develop effective ways to counteract the negative impacts of shocks and crises;
- further documenting the operational implications of risk-informed and shock-responsive systems to integrate the lessons from emergency contexts to enhance national social protection systems;
- supporting governments in systematically linking early warning systems related to agriculture, food security and nutrition to inform the design of social protection programmes and using this information to trigger support before a crisis occurs (particularly relevant in the context of predictable crises such as El Niño, La Niña).

“With social protection, the hungry are no longer a mere statistic. They become individuals, with registered names and addresses. They become empowered to escape hunger through their own efforts, and thus lead dignified and productive lives”

*José Graziano da Silva
Director-General*

www.fao.org/social-protection