



CASH TRANSFERS AND SOCIAL PROTECTION

Experiences of the UN World Food Programme

Presentation by

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BACKGROUND

- WFP considers safety nets as a social protection tools in cash or kind to protect and promote livelihoods during disasters, and assist vulnerable households to manage risk
- Significant experience with safety nets (PSNP...): 2004 policy
- WFP does not have a formal policy on *cash transfers* yet and *cash is not a standard programming tool*
- Cash pilots on exceptional circumstances for *research and learning* purposes
- WFP openly and actively engaged in learning (ODI Cash Learning Network, World Bank CCT in Turkey etc)
- Cash by partners and WFP food can be combined in the same transfer, e.g. part of the wage in public works can be paid in food to boost household food consumption and part can be paid in cash to cover non-food household needs

CASH TRANSFER PROGRAMMING: WFP EXPERIENCE

Examples of WFP pilot projects include:

Georgia

- targeted and reached about 4,600 vulnerable households, e.g. those with IDPs, unemployed, disabled, orphans, etc.
- Combined cash and food transfers (CFW/FFW)
- 24 projects piloted in 4 Regions
- Equivalent cash transfer value: 2 Lari/day/per capita (or US\$1.1)

Sri Lanka

- Pilot Project targeted 12,000 people in 4 tsunami affected districts
- Of the beneficiaries, 50% got cash while 50% got food
- Carried out October 2005 to February 2006

Malawi

- Communities affected by a food crisis due to drought
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EMERGING LESSONS

Costs

- Georgia:
 - If comparisons only include direct distribution costs: delivering food is from 3.8 to 13.1 higher than cash.
 - If comparisons also include "transfer value": the high retail prices of wheat flour, vegetable oil and sugar in Georgia generates a net income transfer/Mt ranging from 30USD for Mt/wheat flour to 667 USD for Mt/vegetable oil

Beneficiary preferences

- Preferences over cash, food and combinations varies depending on local contexts, e.g. cash preferred where markets work, food where markets are not accessible

Beneficiary consumption patterns

- Cash-receiving households spent more of the cash they received on improving the diversity of their diets, e.g. by buying meat and dairy products

EMERGING LESSONS cont.

Beneficiary spending patterns

- Increased spending on clothing and footwear, improving shelter, financing businesses, paying debts, savings, etc.

Gender issues

- Greater preference for food over cash by female-headed households
 - Majority of male heads of households reported making joint decisions with their spouses on how to spend cash received
 - Varied experiences of cash transfers being commandeered by men for spending on non-essential items, e.g. alcohol
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MALAWI CASE STUDY

MALAWI CONTEXT

- HDI Ranking: 165 out of 177 countries
- GDP per capita (PPP): 605 US\$
- Land-locked LLDC with
 - 52% population < 1 US\$ per day = Poor
 - 22% population < 20 Cents US\$ per day = Ultra Poor
- MGDS (Malawi Growth and Development Strategy) holistic framework, but only about to be implemented
- Social protection policy and framework not yet established

Sources: UNDP HDR 2003 and GoM/WB 2006

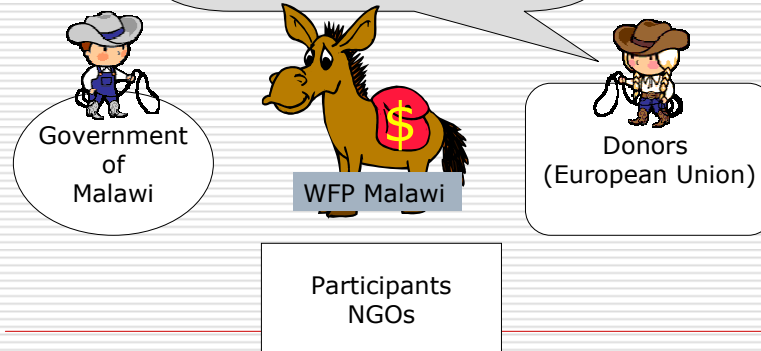
CAUSES OF VULNERABILITY

- Climate risks
 - Prone to natural disasters (causing land degradation)
 - Floods and droughts (lead to crop failures and diseases)
- Economic shocks
 - Food price volatility
 - Heavy dependency on rain-fed agriculture
 - Production fluctuations
 - Lack of export markets
 - High fuel prices etc.
- Health implications
 - HIV Adult Prevalence
National average: 14% [12-17%]
Urban Adult: 21.6% [18-26%]
 - Avian Flu

Source: GoM 2005 and GoM/WB 2006

WHY CASH TRANSFERS IN MALAWI?

"Cash for work projects (...) are good means to solve the chronic food insecurity in Malawi and should be developed further."
(European Union Representative, Malawi)



HOW THE PROJECT STARTED



- Trigger: Drought of 2004/05, 4 severely affected districts identified through the Malawi Vulnerability Assessment Committee (MVAC)
- Department of Disaster calls meeting with Donors, UN and Govt. Ministries
- In the meeting Ministry of Agriculture emphasized that they wanted winter irrigation, and in the same meeting EU requested WFP/FAO to design a winter irrigation project because of our experience with FFA activities.
- WFP explained that normally we would do FFA to carry out the irrigation Project. However, WFP did not have food in country, and there was no possibility to purchase locally during the drought
- The EU offered in that meeting to support a cash based irrigation programme with support from the Ministry of Agriculture for treadle pumps
- Constraint: The MVAC report was not actually completed at the time of this meeting so WFP could appeal for food contribution. There remained a lack of official information. Therefore, this response in critical districts bridged the gap while the MVAC assessment report was being completed.
 - Goal: Mitigate short-term effects and increase long-term food security among vulnerable households affected by the drought.
 - Approach: Combined and conditioned food and cash transfer intervention. Creation/rehabilitation of small scale irrigation schemes.

PROJECT DESIGN

- For the Cash Transfer component:
 - 2 out of 4 targeted districts received cash. The other districts did not have access to markets so cash was not an option.
 - Participatory approach for participant selection.
 - Selection criteria: complete crop loss, water access, and able body labor (member of household)
 - No. of Beneficiaries 16,583
 - 271 ha under irrigation
 - Est. Expenditure: US\$ 140,000
 - Duration: June – Nov 2005
- Cooperation partners:
 - Government of Malawi
 - EU
 - FAO technical backstopping
 - NGO implementing partner: Goal



SELF-ASSESSMENT OF THE PROJECT

- **Methodology**
 - Focus Group Discussions with 200 participants
 - Interviews with key people (district authorities, traders, NGO representatives and individual participants)
 - Maize price Monitoring – important to know if cash was enough to purchase the planned amount of food for the family.
 - **Assessed data from 3 perspectives:**
 - Household
 - Market
 - Beneficiary
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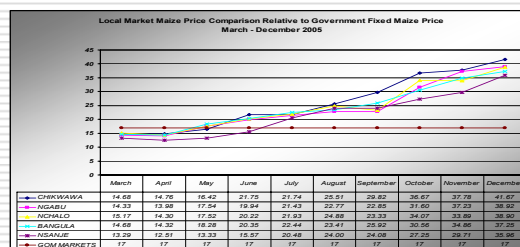
HOUSEHOLD LEVEL CONSUMPTION

- Gender effect:
 - consumption decision and purchase patterns dependent on cash holders
 - Joint decision making favored the purchase of food in most cases. Women HoH also prioritized food but men did not.
- On average 50-60% of cash was used to buy food (source individual interviews)
- The project assumption was that 90% of the cash would be able to cover the costs of food. However, the lower percentage used for food indicates that the families still were not able to purchased enough to meet the their food and nutritional needs.



MARKET RESPONSE

- Government markets inconsistent and insufficient (fixed price guarantee unreliable)
- Local market prices skyrocketed between 112 and 145% (compared to govt. subsidized price of MK17/kg Maize)



- Limited cross border imports (prices tripled at border points)

BENEFICIARY BENEFITS

- ❑ Irrigation assets were significant inputs for long-term food security
- ❑ Harvest rose from 1 ton/ha up to 3 to 4.9 tons/ha
- ❑ Farmer Associations founded during the project (sustainability)
- ❑ In some Associations saving schemes were set up



LESSONS LEARNT

- ❑ The impact of cash transfers on household food and nutrition security can be enhanced if markets are well integrated
 - ❑ Combining cash transfers and food transfers in a manner that takes into account seasonality factors in food production, market forces should be explored
 - ❑ Cash transfers have much greater effect on household nutrition and food security if combined with other productive assets such as irrigation
 - ❑ Cash based programmes need different skills and mind-set: capacity building for NGOs' staff should be prioritized in designing cash based programmes
 - ❑ Gender consideration on who receives the cash is critical: women are less prone to divert cash to non-essential items
 - ❑ Whilst allowing for flexibility of how cash is used, proper training and sensitization can enhance household decision making in allocating cash for food expenditures
 - ❑ Adequate security arrangements for safe transfer of the cash is critical
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CONCLUSIONS AND RECOMMENDATIONS

- ❑ Cash transfers are not a standard programming tool of WFP
 - ❑ WFP has implemented cash projects on a pilot basis to enhance the knowledge-base on comparative impact and institutional requirements for cash and food transfers
 - ❑ WFP actively engaged in learning and sharing experiences
 - ❑ Better integration of FFA/CFW projects with broader social protection and rural development strategies
 - ❑ Further test of longer-term cash and food transfers pilots for investigating effects on nutrition, longer-term productive investment and support of exit strategies
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THANK YOU