

## Implementing cash transfer programs

This two-pager sheds light on providing cash directly to people by governments and other actors as part of either emergency responses or general social protection measures. Cash transfers are increasingly preferred over in-kind transfers in **response to shocks and crises**, due to flexibility, logistics and transparency. In the field of [general social protection](#), negative assumptions associated with cash transfers that include spending cash on gambling, alcohol or other ‘temptation goods’ have been thoroughly debunked by a body of research. Common positive assumptions, including gender empowerment, health and nutrition, increase in productivity and entrepreneurship have been confirmed in the short term – depending on design and implementation features. Market effects and long-term impacts of cash transfer programs are still debated. Although social protection policy had been on the agenda of many governments, in the wake of the COVID-19 pandemic [cash transfers have been rapidly introduced and/or scaled up](#) as measures preventing immediate destitution or lifelines out of poverty. This begs the questions: how do they work, and (how) will they last?

**Implementation of Cash Transfer programs** in response to crises entails challenges in (expanding) coverage, delivery mechanisms, coordination, and information systems. Especially if emergency responses are to be integrated into national strategies for social protection in the long term, a mix of the aspects listed below is crucial.

**Horizontal expansion** entails the increase of coverage; expanding to those who previously did not receive a specific support. This requires strategic attention to the pre-existing landscape of social protection programs and other related policies and programs. The [Tosika Fameno](#) cash transfers in Madagascar, for example, [linked humanitarian responses with existing National social protection legislation](#) to provide relief for poor households. Bottlenecks – and opportunities – in the foundations for scaling up are commonly found in information systems and registries; delivery mechanisms; and coordination between strategic actors for implementation.

**Vertical expansion** signifies the increase of the value or depth of the intervention, either by adding program components, or by increasing the amount of transferred cash per person or household, [e.g. in South Africa](#). This requires coordination between different actors providing similar services, information regarding market dynamics, and strategic decision making on the longer-term viability of the program.

**Identification and registration** of people in need of social protection is a major challenge. [A social registry that is adequate and comprehensive](#), is important for horizontal and vertical expansion efforts of cash transfer programs, but also for anti-poverty, vulnerability, resilience or social protection policy in general. A single registry, formed by different inputs – for example phone registers, voting registers, tax registers or municipal registers – could be used for multiple programs to identify beneficiaries.

**Delivery mechanisms** need to balance the [efficiency of technological innovations](#) with the ability to reach those who are hardest to reach. In the context of the pandemic, delivery mechanisms need not only be comprehensive, but [also take health and safety into account](#), as queueing or face-to-face transactions of cash could turn into a vector for the COVID-19 virus.

**Partnerships between unusual suspects** have yielded impressive results, for example in the battle against Ebola in 2014-2016, [Sierra Leonean Government partnered up with CSOs and telecom companies to expand their cash transfers](#), introducing Mobile Money technology, which at the time, was pending government approval. [The Novissi solidarity fund in Togo](#) from April-June 2020 is another example of such a partnership.

# INCLUDE

**In the long-term**, cash transfers can be an integral part of the social protection strategies of countries. Emergency use of cash and social protection and productive uses can be connected according to changing needs and vulnerabilities. Partnerships, delivery mechanisms and lessons learned from emergency responses could become part of national social protection strategies.

**Coordination** between governments, CSOs and NGOs that are working on social protection could facilitate expansion of social protection. This implies common use of social registries, information systems, delivery systems, and harmonising activities of different organisations to prevent duplication, for example through [establishing Cash Working Groups](#). Apart from formal organisations, promotion and support for [informal social protection systems](#) should be part of the coordinated effort.

**Funding for cash transfers** is generally provided by donors, even as governments implement the programs. Levels of spending on Social Safety Nets in Sub-Saharan African countries before COVID-19 was heterogenic with an [average of 1.5% of GDP, a minimum and maximum of 0 and 10.1% respectively](#). Low spending on social protection [shows limited political interest with many governments](#), especially in low-income countries. [In this sense, the current emergency presents an opportunity to establish political support that may increase government spending](#).

The UN has called for a [moratorium on the debts of African countries to fund a temporary UBI](#)– to open up short term funding. In longer term other options include [progressive wealth tax](#) or reforming energy subsidy – an expensive measure that mostly benefits middle class and rich citizens. For sustainable social protection policy including cash transfers, a funding structure beyond donor money is needed.

**Legal frameworks** are important for the [sustainability of social protection measures](#). Cash transfers are often perceived as handouts or charity; formulating legal lines for social protection could change this perception. This is shown in [South Africa, which recognises rights of individuals with disabilities](#) and introduced social protection as citizens' entitlement. The social contract between states and citizens would be strengthened if the responsibility of social protection is written into law, while promoting a more comprehensive roll-out of SP policy.

**Lessons** from the recent rapid implementation and upscaling of cash transfer programs should play a role in connecting preventive emergency responses and long-term social protection systems. [The use of cash transfers during Ebola rendered lessons](#) and questions aimed at long term implementation of shock-adaptive social protection – given that quick response can be delivered by vertical expansion of a pre-existing comprehensive social protection system with an inclusive social registry.

**Inclusion and exclusion errors** – including non-eligible people, and excluding eligible people – inevitably follow from rapid extension or introduction. In practice, all cash transfer programs deal with a trade-off between the two types of errors, as improving on one means incurring the other. Inclusion errors due to rapid expansion can be addressed ex post, e.g. by refunds during annual tax returns; coping with exclusion errors can be done by frequent retargeting [and reaching dynamic inclusion](#).

**Understanding barriers and costs** for participants can provide insights in why certain groups or individuals are not reached. Some eligibility conditions may prevent participation, e.g. documentation; distance and mobility; stigma; gendered barriers; literacy; or the use of innovative technologies. Other groups may be harder to reach or document and need extra attention, [such as informal workers](#).

**Understanding context** is of paramount importance in implementing cash transfers. [Whereas cash can have significant benefits to those that receive it](#), it may have detrimental effects if transfer values do not reflect needs, if selection procedures are untransparent or inequitable, or if potential market-effects, e.g. food prices, are not taken into account. [Poverty, vulnerability and market analyses](#) to monitor potential unintended effects in tandem with cash programs are necessary components for evidence-based programming.