



Overseas Development  
Institute

# **Social Protection in Fragile States**

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## **Acronyms**

AIDS	Acquired Immune Deficiency Syndrome
CBOs	Community-based Organisation
CERF	Central Emergency Response Fund
DFID	Department for International Development
DRC	Democratic Republic of Congo
GDP	Gross Domestic Product
GoSS	Goverment of South Sudan
ILO	International Labour Organisation
IMF	International Monetary Fund
INGO	International Non-government Organisation
MDG	Millennium Development Goal
MDTF	Multi Donor Trust Fund
MoHCW	Ministry of Health and Child Welfare (Zimbabwe)
NaCSA	National Commission for Social Action (Sierra Leone)
NGO	Non-government organisation
OECD DAC	Organisation for Economic Cooperation and Development Development Cooperation Directorate
OVC	Orphans and Vulnerable Children
PEAR	Expanded Assistance to Returns
PRP	Protracted Relief Programme (Zimbabwe)
PRGF	Poverty Reduction and Growth Facility (Sierra Leone)
PSNP	Productive Safety Net Programme (Ethiopia)
RBA	Rights-based Approach
RHVP	Regional Hunger and Vulnerability Programme
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VDC	Village Development Committees (Nepal)
WHO	World Health Organisation

## **1. Introduction**

This paper sets out to examine the key issues around options for social protection in fragile states. It will contribute to the development of good practice notes on social protection by OECD-DAC Povnet and will pursue six interrelated sets of questions:

- What would be an appropriate typology to use for fragile states in the context of social protection?
- What underlying principles of engagement could donors follow in reaching the poorest people in fragile states through social protection?
- What are the implications of those principles for the design and delivery of social protection programmes in fragile states? How does donor behaviour affect social protection processes and outcomes? What are the political implications of different types of social protection in fragile states?
- What is the scope for donor engagement on policy dialogue in fragile states and what are possible entry points for engagement on social protection?
- What are the opportunities for scaling up social protection in fragile states and how can partners build sustainability in the design and delivery of programmes?
- What set of incentives and disincentives may help to build greater social protection commitment and capacity in fragile states?

Social protection is increasingly being recognised as an essential public service for the poor alongside health, education, water and sanitation. However, in common with services such as health and education delivering social protection in fragile states is hugely difficult. Devereux's Catch 22 of social protection, 'the greater the need for social protection, the lower the capacity of the state to provide it' is particularly true in fragile states (Devereux 2000; 2005). Government capacity is also likely to be even weaker in the social protection arena than it is in relation to services such as health where technical line ministries often retain some policy and implementation capacity. In contrast with other social services, there is far less conceptual clarity over what constitutes social protection adding a further layer of difficulty. However, as Harmer and Macrae (2004) argue, there is a growing focus on the part of development actors around the need to pay greater attention to the basic welfare needs of populations living in difficult environments.

One of the areas of confusion is over what aid instruments, types of interventions and actors are included in the social protection umbrella and, in particular, is humanitarian aid a form of social protection or not? There are clear potential tensions between the OECD principles of engagement in fragile states and particularly its focus on state building and humanitarian principles of neutrality and independence, which OCED donors themselves are also committed to through the Good Humanitarian Donorship initiative (OECD 2007; GHD 2003). This paper attempts to explore some of these tensions between different sets of principles for engagement in fragile states and how these might be better navigated.

In fragile states humanitarian aid has often been the primary mechanism for providing social protection. Where the state has been unable to provide basic services for its citizens international humanitarian actors have taken on this role and this has long

served as an instrument of last resort in fragile states. Humanitarian aid is attractive partly because it is often largely delivered by international aid agencies and the humanitarian principles of neutrality, impartiality and independence provide an ethical framework. However, there are a number of limitations with humanitarian aid, not least because it is primarily delivered by international actors, there are concerns that it undermines national and local capacities and could thus be detrimental to notions of state-building and the political contract between a state and its citizens (De Waal 1998). Furthermore, the reach of humanitarian actors is often limited and the resources they have at their disposal inadequate, so needs may not be met adequately. In long-running crises, what is designed as a short-term instrument for meeting acute needs ends up as an inadequate instrument for meeting long-term needs. Finally, humanitarian aid has been dominated in budgetary terms by the delivery of food aid and this dominance can mean that alternative social protection responses such as cash transfers are not considered.

These limitations explain the longstanding concern with finding new and more effective mechanisms for international engagement in long-running crises (Harmer and Macrae, 2004), but they also highlight the extreme challenges facing the implementation of social protection in fragile states. What is missing are ways of delivering long-term social protection and basic services in the places where the state is unable or unwilling to. In these contexts there are often:

- A mixture of chronic and acute needs – high levels of poverty, food insecurity, malnutrition and mortality across wide areas
- Different levels of state capacity and incapacity and different levels of donor willingness to engage with states
- A range of non-governmental actors (donors, UN agencies, NGOs local and international, IFIs, private sector)
- Needs not currently being adequately met either by the state or the international aid system with only sporadic or patchy delivery of humanitarian aid.
- Different funding streams, which are often short-term
- Funding gaps in post conflict transitions where humanitarian budget lines dry up but development financing is not yet available or fragile states have very limited absorptive capacity

There are also key tensions, trade-offs and dilemmas in different options for delivering social protection. Supporting international aid agencies to provide immediate assistance may be more effective in delivering concrete benefits in the short term but less effective in meeting state building objectives. There is also a need to reflect on the meaning of the term sustainability in relation to social protection in fragile state contexts.

Are the objectives of social protection different in some fragile state contexts? Social protection interventions may need to be primarily focussed on alleviating immediate suffering and less able to address the promotive or transformative aspects of social protection focused on growth and addressing inequality. There are also questions over whether, given limited resources, it is possible to achieve twin objectives of addressing economic *and* social vulnerability given the extreme social inequalities and exclusion found in many fragile states contexts. On the other hand, a focus on

transformative aspects that address inequalities and exclusion may be particularly important in contexts where human rights abuses, social exclusion and insecurity are likely to be particularly prevalent. This paper argues that both the objectives and the typology for social protection in fragile states are essentially the same as in development contexts and that what is needed is adapting instruments, financing and delivery capacity for social protection to cope with fragility.

There is an ongoing debate in development contexts around social protection and rights but there may be particular difficulties in articulating rights based approaches to social protection in fragile states in contexts where states are unwilling to respect those rights. Conversely, however, approaches that focus on rights may be particularly needed where rights are being abused. Social protection policies may also provide a starting point for trying to rebuild the idea of a political contract between the state and its citizens.

With these challenges in mind, there is value in thinking about appropriate and feasible mechanisms for developing broader social protection strategies, policies and programmes in fragile states. This paper goes on to discuss what this would involve in terms of the range of actors involved, financing mechanisms and types of programmes within the social protection toolbox. It argues that there are three essential challenges:

- Mechanisms – what are the range of instruments available for social protection?
- Financing – how to provide longer term, more harmonised and predictable funding for social protection in fragile states?
- Actors and delivery capacity – which actors or combination of actors could deliver social protection at scale in different contexts of fragility (governments, NGOs, UN agencies, private sector)?

For each of these challenges the current situation in fragile states is far from ideal. Financing is short-term, unpredictable and not harmonised, delivery capacity is limited and, until recently, food aid has been the dominant response mechanism for alleviating food and livelihood insecurity. This paper attempts to set out options which might enable international assistance to move beyond this status quo to potentially deliver longer term, more predictable financing, for an appropriate range of actors in different contexts to provide a wider range of social protection instruments.

The terms of reference for this paper asked; ‘what are the good practices, based on lessons or experience?’ There is a need to be cautious in answering this as there is a huge lack of rigorous evaluation or research driven evidence base on which to make judgements on whether practice is good or bad. It’s possible to point to new practices or projects that those responsible for implementing or funding them think is good but there’s a huge risk of reproducing uncritical self-promotion in holding this up as good practice. An example would be multi-donor trust funds which have sometimes been heralded as an example of good practice in delivering more harmonised and coordinated donor support in fragile states. However, whether or not they represent good practice depends crucially on how they perform in practice and the evidence on this is decidedly mixed with real concerns over the speed, efficiency and effectiveness of disbursements in contexts such as Sudan. In what follows therefore we point where

possible to existing and emerging practice and try to make cautious judgements about their potential whilst being clear about the limitations of the evidence.

## **Methodology**

This is a short desk based review of the relevant literature and is not based on any field research (25 researcher days for review and writing). It builds and draws heavily on an earlier paper more narrowly focussed on the role of cash transfers as an instrument in fragile states (Holmes and Harvey 2007). It attempts to move beyond questions about specific instruments and programming strategies, towards the articulation of clear principles and good practice for social protection in fragile states. Given the limited time available it is important to stress that this is very much an analytical contribution to the debate rather than anything more definitive and that there is a huge need for further research, particularly focussed on gathering field based evidence about the effectiveness of different instruments and approaches.

## **2. Analytical Framework**

A third of the world's poor live in countries where the state lacks either the will or the capacity to engage productively with their citizens to ensure security, safeguard human rights and provide the basic functions for development. These fragile states are characterised by weak institutions, a fundamental lack of state capacity and/or political will to fulfil basic functions often in the context of chronic humanitarian crises, persistent social tensions, violence or the legacy of civil war (Fritz and Rocha Menocal 2007; OECD 2007).

As Jones (2007 forthcoming argues); 'the issue of fragile states remains a confused and contested concept'. Forthcoming work by CIC / IPA for OECD is focussed on elucidating a sharper definition of fragility and their core conclusions are summarised in Box 1. How best to engage in difficult countries has always been a dilemma for donors and international aid actors. The terminology around this issue has often shifted with fragile states as the current usage, moving on from previous concerns with poor performers and linking into ongoing debates on linking relief and development (Harmer & Macrae 2004; Macrae 2001). The essential problem, however, has remained the same which is that the international aid system is ill equipped to deal with countries where the state's capacity is limited because many of its instruments are premised on working through the state (Macrae 2001).

### **Box 1: Defining Fragile States**

The CIC/IPA paper examines; 'the ways in which 'state failure' and 'state fragility' have been defined in donor discourse – usually around questions of capacity and of will. Some definitions also encompass the concept of legitimacy. The core conclusion of the CIC/IPA paper are that:

Debates about fragility have suffered from a conflation of definition and diagnosis – i.e. factors that are used to define fragility are also used to explain its causes, a tautology that impedes rigorous analysis and effective policy making.

A narrow *definition* of fragility – as being at high risk of violent conflict or humanitarian disaster – allows for a broad examination of *causes*.

At its core fragility is best explained by the absence or paucity of political processes by which state capacities and social expectations are brought into equilibrium – by the absence of a resilient state/society contract.

The paper takes a more explicitly political approach to fragility. A shift of emphasis from capacity to the quality of political process suggests a re-examination of the lists of fragile states currently used by DfID, the World Bank and other organizations. The absence of such states as Lebanon, Syria and North Korea from most of those lists highlights this tendency to focus on capacity to the exclusion of political processes that can place a state at risk of serious conflict or collapse.'

Source: CIC / IPA forthcoming

DFID defines 'fragile states' as "those countries where the government cannot or will not deliver core functions to the majority of its people, including the poor." Many types of state can be classed as 'fragile', for example, weak states, conflict areas, post-conflict environments and states that have strong capacity but are unresponsive to the international community and the needs of their citizens. The DAC framework categorises fragile states as:

**Deterioration:** States where the ability (or willingness) of the state to perform its functions is in decline. This poor performance frequently springs from chronic low capacity, and is often associated with very weak rule of law and territory beyond the control of government. These countries are often experiencing conflict or are highly vulnerable to conflict.

**Arrested development:** States that fail to use their authority for pro-poor outcomes. The state's ability to exert its will might be very weak or very strong. Donors are typically unwilling to deal with the state directly.

**Post-conflict transition:** These states offer a window of opportunity for stakeholders to work together with government on a program of reform. However the transition is fragile, with the prospect of return to conflict remaining high.

**Early recovery:** Countries where some effort is being made to improve performance, but where performance is patchy. These countries might be post conflict or countries where conflict is not the primary driver. Often there is no strong leadership championing reform with government and capacity to implement reforms is weak.  
(OECD 2005: 6)

Particular countries may well move between these different categories of fragility within relatively short time periods, shifting rapidly from deterioration to recovery and back again. This fluidity needs to be recognised and so the intent isn't to suggest that particular social protection instruments or approaches are relevant to each category but that a mix of instruments and support to a variety of actors is likely to be needed to cope with uncertainty.

Social protection is increasingly being seen as an appropriate, feasible and affordable response to address long-term poverty and vulnerability, moving away from a pervasive tendency to see any sort of welfare in the world's poorest countries as unproductive and unaffordable (Devereux 2000; Devereux et al 2005). In the absence of humanitarian relief or social protection poor people in developing countries were expected to move towards sustainable and self sufficient livelihoods. For many of the poor, particularly in Africa, this is clearly unachievable as demonstrated by high levels of chronic poverty and destitution, in contexts such as Ethiopia (Sharp et al. 2003).

There is a growing recognition by international donors and national governments that long-term welfare safety nets may be a key component of social protection strategies and that they may themselves have positive impacts on growth and development (Farrington et al. 2005). This has stemmed in part from the positive experience with conditional cash transfers in Latin America which has resulted in increased children's enrolment in education, improved health and a reduction in the poverty gap for participating households. The potential growth effects of social protection through multiplier effects in local economies created by getting cash to poor people may be particularly important in kick-starting markets in fragile states which have been weakened by conflict or economic crisis.

There has also been renewed interest in the positive impacts of pensions in South Africa and Namibia which have played an important role in poverty reduction and enabling old people to bear some of the burden of the HIV/AIDS epidemic (Case & Deaton 1998; Devereux et al. 2005; HelpAge 2004; Samson et al. 2006). Furthermore, social protection has also been presented as an agenda that can strengthen the legitimacy of the state by allowing it to re-shoulder responsibilities for ensuring the basic survival of its citizens (Christoplos 2004). Social protection instruments implemented by the state, such as pensions, can be seen as a central part of the social and political contract between a state and its citizens.

Recent developments have included the introduction of universal pensions in Lesotho, pilot cash transfer safety nets in Zambia and the productive safety net project in Ethiopia (Samson et al. 2006). DFID's recent commitment in the White Paper demonstrates the UK government's determination to push this agenda forward and this is also being seen on the ground with well developed plans to pilot a safety net programme in Kenya and Uganda (Ministry of Gender, Labour and Development 2007)

The social protection definition used here refers to interventions implemented by the state, or those operating in the public interest, such as NGOs, "to respond to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society" (Norton et al. 2001). Devereux and Sabates-Wheeler (2004) further categorise the objectives of social protection interventions under four sub-headings:

- i) **protective** - providing relief from deprivation e.g. disability benefit, non-contributory pensions;
- ii) **preventive** - averting deprivation through for instance risk diversification;

- iii) **promotive** - enhancing real incomes and capabilities; and
- iv) **transformative** - addressing concerns of social equity and exclusion

Thus, social protection can have the dual objective of addressing both economic and social risk and vulnerability. Indeed, Darcy (2004:2) stresses the importance that social protection programmes, specifically in a post-conflict society, must address “threats of violence and persecution, coercion and deliberate deprivation as well as protection against loss of entitlement and economic vicissitudes”.

This definition focuses on public actions to provide social protection and therefore deliberately excludes informal mechanisms and strategies for coping with risk and vulnerability. These informal mechanisms appear in the World Bank’s social risk management framework and include strategies such as migration, intra-community transfers and asset sales (Holzmann and Kozel 2007). Remittances, which often play a particularly critical role in enabling people to survive during and recover from crises in fragile states would be included in this umbrella of informal risk management strategies (Savage and Harvey 2007). The strategies used by individuals and communities to try to cope with risk are clearly hugely important and are sometimes referred to as informal social protection. We argue here that it is more helpful to see these as distinct from public social protection interventions. Public measures may, however, attempt to build upon or avoid undermining informal mechanisms for combating risk. For example, the need to avoid undermining informal credit and insurance markets in developing micro-finance institutions or the use of remittance channels as a mechanism for delivering cash grants to people in Somalia and Afghanistan (Harvey 2007).

There are of course other conceptual frameworks used in debates around social protection. Devereux and Wheeler (2007) discuss five; the World Bank’s social risk management framework, transformative social protection, asset thresholds, the POVNET approach and the universal social minimum. The terms of reference for this paper asked us to answer the question; ‘what would be an appropriate typology to use for fragile states in the context of social protection?’ We argue that it isn’t necessary or helpful to come up with yet another framework for social protection that is particular to fragile states. What is needed is to think through the particular issues and challenges for social protection policies and programmes in different fragile state contexts. It would be possible to do this for all of the frameworks outlined above but this paper uses the IDS transformative social protection framework as a starting point.

#### **Box 2: Social Protection in Conflict**

The concept of social protection implies a notion of security to income and livelihoods. When applied to conflict situations this needs some adaptation. Conflict creates a range of risks that extends well beyond the economic. Vulnerability to threats of violence arguably form a necessary part of the social protection agenda. Conflict impoverishes people and prevents them from pursuing their normal livelihoods. The society against which social security is judged is often in turmoil. Communities and families are often torn apart, even at war with each other. This damage to the social fabric results in generalised social insecurity, in which social exclusion may take extreme forms, such as forced ethnic separation.

Given the persistence of such effects in the aftermath of war the concept of social protection may also need to be adapted in the post conflict period as well. The social protection agenda has to take account of conflict related forms of insecurity; and must be seen as part of a wider human security agenda that encompasses protection from intimidation and coercion.

Source; Darcy 2004

Table 1 provides a framework for analysing social protection context and approaches in fragile states. This explicitly frames humanitarian aid as a subset of social protection rather than a separate category. In practice humanitarian aid is often seen as different from social protection and policy is framed in terms of moving from a short term relief focus to a longer term social protection agenda. Donor governments and other actors often deal with humanitarian aid and social protection in separate institutional silos and see them as being delivered by different actors. But this is arguably part of the problem in attempts to better link relief and development. Emergency relief should, where possible, be delivered by states as part of their obligation to assist their citizens in times of disaster and where states are incapable, both humanitarian aid and social protection may be better provided by non-state actors. It is certainly true that both social protection and humanitarian aid have common objectives around reducing risk and vulnerability.

There is nothing in any of the definitions of social protection that would appear to form a sensible basis for excluding humanitarian aid and indeed it is arguably one of the central planks of any set of; ‘public actions that enable people to deal more effectively with risk and vulnerability to crises and tackle extreme and chronic poverty’ (DFID 2006b). Heltberg (2007: 684) argues that the purpose of social protection in disasters is, ‘to protect the basic consumption of the affected population and to help preserve and recover assets and human capital.’

As Harmer and Macrae (2004) argue, a consensus is emerging within the development community around the need to pay greater attention to the basic welfare needs of populations living in difficult environments. If the need for social protection and welfare responses to chronic poverty is becoming increasingly accepted, and donors are increasingly willing to support them, then there might be opportunities to expand welfare safety nets during periods of crisis to help people to deal with shocks. There may also be opportunities to develop projects that began as emergency interventions into longer-term social protection programmes.

As with any matrix, there is scope for disagreement about what interventions fit in which categories and some of them could fit in several, for instance public works which often have objectives around both protecting and promoting livelihoods. There is also, as ever, room for debate about which interventions should be classified as social protection. As DFID (2006b) notes, ‘too wide a definition can make it difficult to distinguish from development policy more broadly’. DFID focuses on a sub-set of public actions that help address risk, vulnerability and chronic poverty and comprises social insurance, social assistance and the setting and enforcing of minimum standards to protect citizens in the workplace. This still, however, begs many questions. For example public works would be included in most descriptions of social protection interventions but are not a non-contributory transfer so would theoretically fall out of

the DFID definition. There is also a substantial grey area around various types of agricultural support which simultaneously address social protection and livelihood promotion objectives. Rather than getting too bogged down in this debate it is probably more helpful to recognise the substantial overlap between mechanisms for social protection and wider livelihood promotion and food security interventions. Indeed it may be particularly desirable for social protection interventions to link closely with wider work on food security and livelihoods promotion and for a range of interventions to serve multiple objectives. Certainly included within this would be various long standing forms of traditional social protection such as Zakat funds in many Islamic countries (Kroessin 2007).

One of the main features of the table is that there are a much wider range of social protection instruments being used in development contexts than are currently being considered in fragile states. This is an issue to which we will return later in the paper and argue that the current range of instruments in the policy toolbox in fragile states is much too narrow and is still largely dominated by food aid and provision of seeds and tools. There is starting to be innovation around the use of cash transfers, insurance and a wider range of agriculture and livestock interventions but more could perhaps be done to broaden the toolbox still further to encompass fee waivers, taxation policies and pensions as examples.

**Table 1: Social protection in fragile states**

Categories of social protection	Types of projects	Issues in Fragile States	Examples in Fragile states
<b>Protection</b>	Safety nets and social assistance Disability benefits Single parent grants Social pensions Fee waivers on health and education Child / orphan grants	Long term safety nets rarely in place  Pre-crisis forms of social assistance may have collapsed but sometimes remain (e.g Cash transfers continued to around 60,000 households in Iraq in 2003)	Food aid usually delivered by humanitarian actors often for many years but on the basis of year by year appeals so can't be planned long-term Cash transfers just beginning to be seen as an alternative to food aid Re-emerging interest in longer term safety nets (e.g. PSNP) but limited practical experience to date
<b>Preventive</b>	Social insurance – contributory pensions, health insurance, unemployment benefits	Again vestiges of old systems may be in place but rarely survive fragility	Interest in potential of insurance both at a micro level as a complement to micro-finance and at a national level through weather indexes and catastrophe bonds.
<b>Promotive</b>	Livelihood enhancing programmes – microcredit, public works	Lots of emergency examples – see next column but often small scale and with concerns over impact and effectiveness	Seeds, tools and other input programmes. Cash and food for work Income generation programmes
<b>Transformative</b>	Advocacy,	May be particularly	Advocacy around

	sensitisation, rights campaigns	important in fragile states where rights are more likely to be abused	protection Rights based approaches to programming Human rights advocacy
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### 3. Principles

The terms of reference for this paper asked the question; ‘what underlying principles of engagement could donors follow in reaching the poorest people in fragile states through social protection?’ There are several sets of overlapping and at times possibly competing principles that could govern engagement in social protection in fragile states, which include the OECD principles for engagement in fragile states, the DAC endorsed good humanitarian donorship principles and the Paris and Rome declarations on aid effectiveness (OECD 2005; OECD 2007; GHD 2003) . Social protection does not have a similarly clearly delineated set of principles but does perhaps have underlying principles informing the way in which it is being framed in current discourse.

**Table 2: Complementary or Competing Principles?**

The OECD outlines ten Principles for <b>Good International Engagement</b> in Fragile States and Situations (OECD 2007):	The <b>Good Humanitarian Donorship Initiative</b> comprises a set of objectives, definitions and principles for humanitarian action agreed by a group of donors in 2003 and endorsed by the DAC.	<b>Paris Declaration</b> on aid effectiveness	<b>Social Protection Principles?</b>
<p>Take context as the starting point</p> <p>Do no harm</p> <p>Focus on state-building as the central objective</p> <p>Prioritise prevention</p> <p>Recognise the links between political, security and development objectives</p> <p>Promote non discrimination as a basis for inclusive and stable societies</p> <p>Align with local priorities in different ways in different contexts</p> <p>Agree on practical co-ordination between international actors</p> <p>Act fast ... but stay engaged long enough to give success a chance</p> <p>Avoid pockets of exclusion</p>	<p>Humanitarian action should be guided by the principles of humanity, impartiality, and neutrality, independence.</p> <p>Respect international humanitarian law, refugee law and human rights.</p> <p>Reaffirm the primary responsibility of states and strive to ensure flexible and timely funding.</p> <p>Allocate funding in proportion to needs.</p> <p>Involve beneficiaries in humanitarian response.</p> <p>Strengthen the capacity of countries to prepare for, mitigate and respond to humanitarian crises.</p> <p>Provide humanitarian relief in ways that are supportive of recovery and long-term development</p>	<p>Ownership – partner countries exercise effective leadership over their development strategies and coordinate development actions</p> <p>Alignment – donors base their overall support on partner countries national development strategies, institutions and procedures</p> <p>Harmonisation – donors' actions are more harmonised, transparent and collectively effective</p>	<p>These are not yet well defined but might include:</p> <p>A focus on the primary role of the state in delivery and/or on strengthening a social contract between a state and its citizens.</p> <p>A focus on coverage and effective targeting.</p> <p>A long term approach focussed on sustainability in terms of financing and delivery capacity.</p> <p>A focus on rights and</p>

			addressing social inequalities within social protection programmes
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The greatest potential tension is between the focus on state building and integration between political, security and development objectives within the fragile states agenda and the commitment to neutrality and independence within the humanitarian agenda. The Good Humanitarian Donorship Initiative defines neutrality as ‘meaning that humanitarian action must not favour any side in an armed conflict’ and independence as ‘meaning the autonomy of humanitarian objectives from the political, economy, military or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented’. Unpicking this tension is therefore key to understanding the appropriate role of humanitarian actors within a broader social protection agenda. This is important because humanitarian aid often comprises a substantial part of international assistance in some fragile states.

Relief and social protection are often framed in opposition to each other because it is assumed that relief is state avoiding and short term in contrast to social protection which has a longer-term perspective and is most appropriately delivered by the state. This tension therefore helps to explain many of the practical issues of engagement in fragile states when there are attempted transitions from relief to development or from humanitarian action to recovery and state-building objectives. Humanitarian actors see themselves as trying to maintain space for independent and neutral humanitarian action which can continue to deliver lifesaving assistance in contexts where conflict is often still ongoing (as in Afghanistan) or where humanitarian needs are still acute and there is a risk of return to conflict (as in southern Sudan). There may also be a need for independent and neutral humanitarian action in situations where states are blocking access to particularly vulnerable populations as in the Somali Region of Ethiopia in 2007. In order to protect humanitarian space and the ability to access all populations impartially there is a need to maintain a distance from states involved in conflict in order to preserve the perception of neutrality. Development actors, however, following the OECD fragile states principles are often focussed on ‘state building as the central objective’ in ways that may make maintaining independence and neutrality difficult. To complicate matters further these development and humanitarian actors are often different parts of the same organisations in the case of multi-mandate NGOs such as CARE or Oxfam and UN agencies such as UNICEF or WFP.

Aoo et al (2007) note that state building in fragile states inevitably involves influencing and agenda-setting. They argue that ‘involvement in politics has implications for the humanitarian principle of neutrality – a line which most development agendas often cross, but which most humanitarian agencies guardedly stay behind’ (2007: 30). Longley et al (2006) recognise that a transformative approach to social protection may be necessary in order to address political and structural inequalities, but that its application is problematic, since this entails taking positions and becoming politically engaged.

Navigating this dilemma is therefore central to any attempt to move from a humanitarian focus to a broader social protection agenda in fragile states. It is worth asking, however, whether the extent to which these are really competing principles has often been overstated and rests on a misunderstanding of humanitarian principles. These principles are often seen as solely applicable in humanitarian crises and therefore as ceasing to be applicable at some hard to define point when a fragile state is no longer a humanitarian crisis and developmental principles kick in. The problem with this is that transitions are rarely so neat, humanitarian needs continue and humanitarian and developmental principles need to be simultaneously respected. The focus in these situations has tended to be on the need for humanitarian actors to become more developmental. However, it is worth asking why humanitarian principles should not apply equally to development actors.

Applying some of humanitarian principles to development actors should be uncontroversial but important in their consequences. Humanity defined as having a central focus on saving lives and alleviating suffering and impartiality defined as aid according to need without discrimination are surely principles that should be shared by developmental actors. A focus on humanity as a principle might force greater attention to ongoing humanitarian needs and acute and chronic poverty in fragile states. It might therefore make it less acceptable to ignore or downplay humanitarian needs in a focus on statebuilding or security objectives at the expense of strategies to alleviate immediate suffering. A commitment to impartiality should be consistent with the fragile states principle of avoiding exclusion and promoting non-discrimination. In practice it might mean focussing on questions of coverage and access in social protection programmes and in particular on areas where state control remains weak or contested. Examples might be areas of ongoing conflict in eastern DRC and Afghanistan and the Somali region in Ethiopia. It might also force attention to the transformative social protection agenda and ways of addressing social inequalities that create exclusion and challenge impartiality. There shouldn't be a tension between targeting and impartiality and non-discrimination as long as aid is effectively targeted according to need but the difficulties of successful targeting in practice might imply a focus on broad targeting criteria to avoid exclusion.

The principles of neutrality and independence clearly create more difficulties and are seen by some as the antithesis of development because they imply working separately from the state. This is based on a common misconception about the meaning and purpose of these core principles. Development actors should be as committed as humanitarians to not taking sides in a conflict and for the same reasons as humanitarians; that if they are seen as supporting one side or the other it will threaten their ability to provide support to civilians on both sides of a conflict. Also, arguably, there is just as strong a need for an independent civil society able to be critical of government and donors and hold them to account in development contexts as humanitarian ones. More controversially shouldn't development objectives be autonomous from political and military ones? Why should, for instance, a focus on achieving MDG 1 to 'eradicate extreme poverty and hunger' be subordinated to political or military objectives. The OECD DAC fragile states principles talk about 'recognising the links between political, security and development objectives' but the problem with positive sounding commitments to greater integration or coherence is that development or humanitarian objectives are in practice likely to be subordinated to more pressing and powerful political and security objectives. The initial neglect of

the humanitarian crisis in Darfur for fear of upsetting the north-south peace process in Sudan would be one example. A focus on the autonomy or independence of developmental objectives as desirable in their own right might help to combat the inappropriate instrumentalisation of development assistance for political ends such as furthering donor country security objectives.

Just as development actors in fragile states should respect and arguably themselves be committed to humanitarian principles so humanitarian actors need to re-look at how they approach their interaction with states. Neutrality and independence are too often taken as shorthand for disengagement from state structures rather than as necessitating principled engagement with states. The Good Humanitarian Donorship initiative and UN resolutions recognise that the primary responsibility for assisting and protecting their citizens during times of disaster rests with the affected state. Not taking sides in a conflict and maintaining independence can be perfectly consistent with working through government structures to provide services including social protection where there remains state willingness and capacity. This needs, however, to be done in a way that maintains the perception of neutrality so is likely to require equal attention to access in areas not controlled by government and ongoing dialogue with non-state actors. It's also, of course, necessary to recognise where neutrality has broken down and humanitarian and development actors have become targets in conflicts such as in Iraq and Afghanistan.

### **Box 3: Principles in Nepal**

'The space to operate programmes (whether relief or development) in a conflict depends on the consent of the warring parties and the host communities. In Nepal, development agencies are facing increasing difficulties from the parties to the conflict that may hamper or limit access, while at the same time protection needs for communities are increasing.'

One response to this challenge by the international community and its implementing partners has been the adoption of Basic Operating Guidelines as a statement of both the standards and principles by which agencies in Nepal operate. The Guidelines are innovative in that, unlike the majority of codes of conduct in other countries they were drawn up in a conflict environment where there are no immediate humanitarian needs or large-scale relief programmes.'

Source: Armon et al 2004: 25

The other aspect of this debate that needs to be unpicked more carefully than it has been to date is the OECD commitment to 'state-building as the central objective'. One of the issues with the OECD principles in general is that there is very little commentary or analysis connected with them. Few would argue that having legitimate and accountable states able to fulfil core functions is a desirable long-term objective in fragile states but that rather begs the question of whether or not you would want to build the capacity of particular government regimes at any given moment. Most western donors for instance didn't want to build the capacity of the Taliban government in Afghanistan in the 1990s. It is also arguably difficult to link development, security, political and military objectives in situations where political objectives are focussed on regime change and development objectives on state

building to meet citizens needs. So what does a commitment to state building mean when the particular regime is one that donors feel unable to work with?

How to engage in a principled fashion with states that are failing to meet the basic needs of their citizens and may indeed be complicit in abuses of human rights law and, in extreme cases crimes against humanity is clearly hugely difficult and to address in detail beyond the scope of this paper. A focus on principles of humanity, neutrality, impartiality and independence may help in navigating these dilemmas. The ultimate objective of state building might at times require distance from particular regimes and advocacy, influence and political pressure on the part of international actors to encourage states to live up to their responsibilities to protect and assist their citizens in the face of crisis.

There are many aspects of the OECD Principles that complement social protection best practice. By addressing social exclusion, social protection can contribute very directly to principles of non-discrimination and inclusion, indeed lessons from targeting of social protection could be valuable for other sectors when working in fragile states. Social protection may also be able to play a role in state building, by delivering concrete resources to citizens it might in the broad sense help to revitalise political contracts. Also by enabling productive investments and generating labour opportunities, it may be able to contribute to other priorities for state building – strengthening economic growth and to employment generation (Farrington *et al* 2007).

The emphasis on acting fast in the OECD principles presents both opportunities and risks. Social protection may present an opportunity to deliver on this principle by being a way of relatively quickly getting resources to people to provide a real perception of peace dividends in post conflict periods for example. However, the focus on speed may generate an emphasis on the protective aspects of social protection with a relative neglect on prevention, promotion and transformation. The principle of ‘do no harm’ creates significant pressure to get instruments right. This makes decisions about which instruments to use (for example food aid versus cash transfers) – decisions which are already very difficult and disputed between different agencies – harder still.

As we noted at the start of this section, social protection does not have a clearly articulated and agreed set of principles in the same way that humanitarian aid and the fragile states agenda have developed. It is possible, however, to tease some basic core principles from the wider literature and these are suggested in table 2 and would include:

- A focus on the primary role of the state in delivery.
- A focus on coverage and effective targeting.
- A long term approach focussed on sustainability in terms of financing and delivery capacity.
- A focus on rights and addressing social inequalities within social protection programmes

An example would be the Asian Development Bank’s strategic principles for social protection interventions which focus on coverage (expanding access to social

protection), targeting (priority to targeting available resources to vulnerable groups), sustainability and good governance (how social protection can be financed and how it can be best delivered) and integration (close collaboration to ensure that social protection and other development policies are mutually supportive). (ADB 2007).

Again, some of these seem straightforwardly compatible with humanitarian and fragile states principles and others present dilemmas. The focus on coverage and targeting is clearly compatible with principles of impartiality and avoiding exclusion. The focus on the primary role of the state and governance fits well with the fragile states agenda around state building and as argued earlier, social protection can be seen as a way of strengthening the legitimacy of the state by allowing it to re-shoulder responsibilities for ensuring the basic survival of its citizens. DFID for instance argues that; ‘by tackling poverty, inequality and exclusion, and strengthening the social contract between state and society, social protection helps build citizenship and social cohesion while reducing the likelihood of extremism, social unrest and conflict’ (DFID 2006b). The focus on rights and addressing social inequalities fits well with commitments to non-discrimination and the increasing focus of humanitarian actors on rights based approaches and protection challenges (O’Callaghan and Pantuliano 2007 forthcoming).

The main dilemma arises around the often vexed question of sustainability and what the term means in contexts of fragility. Debates around sustainability and social protection more generally have shifted significantly in recent years. Safety nets had long been seen as unsustainable and unaffordable for developing countries but social protection is increasingly being seen both as potentially affordable within budget constraints and as something that donor governments can make long term commitments to (Ravallion 2003; Devereux and Wheeler 2007). DFID for instance has committed to; ‘significantly increase spending on social protection in at least ten countries in Africa and Asia by 2009, supporting national governments and working with the UN and NGOs in fragile states’. (DFID 2006). In practice, in highly aid dependent fragile states sustainability in terms of a government’s ability to finance its own social services is often a distant objective and shifts from relief to development arguably just involve shifting forms of dependency. There are also, however, fragile states that are potentially hugely wealthy (Sudan and Angola with large oil revenues are examples) and here the question may be more one of working with governments to develop their capacity to deliver social protection programmes using their own resources.

The renewed interest in social protection may, therefore, provide an avenue for moving forward what has become a stagnant debate about the appropriate roles of relief and development actors in fragile states and chronic crises. Some of the fundamental tensions between relief and development revolve around the fact that relief is basically about giving people assistance, and development approaches have tended to be intrinsically opposed to free handouts (Harvey, and Lind 2005). This has made exit strategies from humanitarian relief very difficult as the poorest or most food-insecure households are extremely unlikely to be able to generate the developmental ideal of ‘sustainable livelihoods’. Accepting the humanitarian notion that giving people free help is sometimes an appropriate form of assistance, this opens up the possibility that emergency relief could link with longer-term social protection

programmes to provide a more appropriate transition from relief to development for the poorest and most insecure members of society.

#### **4. Instruments for Social Protection in Fragile States**

As with the broader social protection typology, this paper argues that the full range of social protection instruments available in wider development contexts should be considered in fragile states. There is nothing inherent in the fragility of the state that should lead some instruments to being routinely excluded, but clearly which are appropriate in any given situation will depend on context specific analysis. Rather than restricting the range of instruments available the focus should be on adapting them to contexts of fragility and applying them in a manner consistent with core humanitarian and development principles. Arguably, part of the limitations of humanitarian programming in fragile states has been the use of too narrow a range of instruments and a failure of imagination in programming.

There has been a recent focus on the role of cash based social transfers within social protection but it is important to stress that it is only one of a wide range of potential instruments. Any social protection strategy clearly needs to be adapted to local context, where cash might or might not be appropriate and will need a range of instruments. Some of these, such as food aid and support to accessing agricultural inputs are familiar and, as previously argued, it is important not to lose sight of their strengths as well as limitations. Others are more innovative or at least less frequently used and are considered briefly in this section, not because they aren't as potentially important but because there is less documented experience to draw upon.

##### **4.1 Humanitarian Aid**

Social protection in fragile states has for many years been dominated by humanitarian aid delivered largely by international aid agencies. By far the largest volume of humanitarian aid in monetary terms is provided in the form of food aid which usually dominates emergency appeals. Seed distributions also form a standard part of most emergency appeals and are often delivered on a fairly regular annual basis in long running emergencies.

Traditionally, in countries where donors are either unwilling to work with the government because of political differences or where the government has very limited capacity or where it just doesn't effectively control large parts of the country humanitarian aid has served as the instrument of last resort. Humanitarian aid is attractive in these situations because it is largely delivered outside of the state by international aid agencies (NGOs, UN and Red Cross movement). The limitations of humanitarian aid, however, are well known and documented. Firstly, the reach of humanitarian actors is often limited and the resources they have at their disposal inadequate and so needs in long running crises may not be met adequately. The 3.9 million who have died in DRC between 1998 and 2004 present the most shocking illustration of this point (Coghlan et al. 2006). Secondly, many of the situations in which humanitarian aid is the primary instrument of aid assistance go on for many years. So what is designed as a short-term instrument for meeting acute needs ends up

as an inadequate instrument for meeting long-term needs. The long running relief programmes in Somalia, Sudan, DRC, Ethiopia and northern Kenya would all be examples of this. Thirdly, precisely because humanitarian aid is primarily delivered by international actors there are concerns that it undermines national and local capacities. Finally, humanitarian aid has been dominated in budgetary terms by the delivery of food aid. There are contexts where food aid is the appropriate response but its dominance in the relief system means that alternative responses such as cash transfers are not considered even in contexts where they may be appropriate. The table below illustrates the amount spent on food aid in the last 4 years in selected crises.

**Table 3: Total direct expenditures of food aid 2002-2005 by WFP (thousand dollars)**

Country	2002	2003	2004	2005
DRC	42,189	63,870	42,656	62,023
Ethiopia	128,016	225,702	161,115	336,239
Kenya	58,302	52,132	72,107	79,968
Sudan	100,045	133,176	389,290	684,970
Somalia	8,441	9,529	18,147	22,761

WFP (2005a)

In recognising these limitations of humanitarian aid, however, it is important not to lose sight of its very real strengths. Table 1 also illustrates that large investments are already being made in social transfers in unstable situations and that it is possible to transfer resources on a relatively large scale even in very difficult environments. Humanitarian actors have shown a consistent ability to relatively effectively deliver a range of services even in the midst of conflicts and their implementation capacity and expertise is clearly invaluable.

These limitations explain the long running concern with better linking relief and development and with finding new and more effective mechanisms for international engagement in long running crises. Concerns with the limitations of humanitarian aid as the instrument of last resort have led to growing engagement from development aid actors in ‘expanding their capacity to mobilise, coordinate and disburse resources as well as set the policy framework for interventions in protracted crises’ (Harmer & Macrae 2004). A renewed interest in social protection provides one avenue for moving forward what had become a somewhat stagnant debate about the appropriate roles of relief and development actors. In arguing for more predictable and long-term support in unstable situations, it is important not to assume that longer term safety nets will be a complete substitute for short term humanitarian responses. As the introduction of the Productive Safety Net Programme in Ethiopia indicates there may be major problems with exclusion from cash based safety nets and with the capacity of governments to effectively deliver longer term support (Kebede 2006). More fundamentally, a long term safety net may reduce the vulnerability to food security of those households receiving it following a shock such as drought or floods, but humanitarian relief will still be needed as a short-term response. Longer term safety nets will also need to be flexible enough to adapt to changing circumstances in long running crises.

## **4.2 Cash Transfers and shifts from emergency food aid to social protection**

There has also been growing interest in and experience with the role of cash transfers in both emergency relief and longer term social protection (Harvey 2007). Until recently, relief provision has been dominated by the in-kind provision of assistance in the form of food aid, seeds, shelter materials and non-food items (buckets, blankets etc). There are two main factors behind the relative paucity of cash based responses in emergencies in the past. The first is that food aid has traditionally dominated emergency responses and this has often been tied to domestic surpluses in donor countries. This is becoming less true but is still a factor particularly with US food aid. Secondly there were concerns about the feasibility of cash; whether it would be harder to target, more prone to corruption, inflationary in weak markets, disadvantageous to women and impossible to deliver safely in conflict environments. Recent experience has suggested that these concerns do not necessarily materialise even in fragile states. Cash transfer projects have not necessarily been inflationary and women have been able to have a say in how money is spent. Corruption and insecurity clearly remain important concerns but cash has not been more prone to corrupt diversion than in-kind assistance even in conflicts. Evaluations of cash transfer projects have also suggested that the possible positive effects of cash have been realised. Cash can be more cost effective than in-kind assistance, it can create positive multiplier impacts in local economies and it provides people with greater choice which can create opportunities for productive investment and spending on key social services. Recipients have overwhelmingly been found to spend cash sensibly firstly on immediate basic needs and, if more generous amounts are provided, on critical investments in livelihoods and in accessing health and education services.

The provision of cash was often seen as particularly difficult in conflict environments but recent experiences have suggested that it may still be possible. Cash transfers have been successfully delivered in Somalia, Afghanistan and DRC, even where conflict was still ongoing. They have been an important part of post conflict strategies, for instance in Mozambique. Oxfam, Horn Relief and ACF have recently successfully implemented both cash grant and cash for work projects in both northern and southern Somalia. Cash for these projects was delivered to beneficiaries using remittance or money transfer companies to minimise security risks. Beneficiaries were found to spend the money on basic needs for food and water, on debt repayments and, if cash transfers were generous enough or timed after harvests, on livestock. No inflation was reported partly because markets were competitive and traders stocked additional goods in anticipation of cash injections (Ali et al. 2005). In response to drought and conflict, huge volumes of food aid were delivered in Afghanistan during 2001–2002. Large-scale food aid programming continued into 2002–2003, but there was an increasing shift towards cash for work rather than food for work. In part, this seems to have been prompted by a study arguing for greater use of cash-based responses, and in part by government calls for a shift towards cash as part of a longer-term social protection strategy (Lautze 2002; Transitional Islamic State of Afghanistan 2003). The National Rural Access Programme is a major government programme which has provided a widespread cash for work safety net, jointly funded by several donors. Cash has been used mainly for food and paying debts, which has helped to revitalise crucial credit markets. As in Somalia, money transfer companies have been used as an innovative way of delivering cash to insecure areas, particularly in southern Afghanistan (Hofmann 2005; Lockhart 2006).

Cash has also been part of the attempted transition in Ethiopia from relief to a longer term safety net in response to the need for addressing chronic and long term food insecurity with predictable resources. The Ethiopia Productive Safety Net Programme provides some interesting lessons around the challenges of scaling up social protection interventions in the context of limited government capacity and weak markets. The Government of Ethiopia, with support from a wide range of donors, developed the Productive Safety Net Programme, which provides six months of support to households in designated food insecure woredas (districts). Payments are made either as cash or food or a combination of cash and food. About 80% of beneficiary households gain their entitlement by completing public works, whilst about 20% receive direct support with no work requirement. The first year of implementation of the PSNP has now been completed and lessons are starting to be evaluated. Some of the emerging lessons are described in the box below. The implementation difficulties described highlight the need for caution in implementing large-scale cash transfers.

The PSNP experience also raises broader questions about the appropriateness and feasibility of different forms of conditionality around cash transfers in fragile states. In development contexts, conditional cash transfers where receipt of cash is dependent on attendance at schools or health clinics or on participation in public works are popular but there is a fierce debate about the desirability of conditionality (Barrientos 2007). Limited access to health and education services and limited capacity to effectively administer and maintain public works means that conditionality is likely to be even more difficult to impose in fragile states.

#### **Box 4: Implementation and financing issues of the PSNP**

The PSNP began in January 2005 and in the first year experienced significant implementation challenges. The most serious of these was inclusion in the programme of household beneficiaries that were not the poorest or most food insecure. This had resulted from the pressure on regional governments and woreda authorities to demonstrate that households could ‘graduate’ from the programme and into food security within three years. As a result, woredas targeted households that they thought would be most likely to graduate (Kebede 2006).

Other implementation problems included poorly organised public works. Whilst public works created some important community assets, the timing and design of the work requirements meant that some households spent very large amounts of time doing public works at the expense of working on their own land. To some extent this was an implementation failure: public works were supposed to take place during the agricultural slack season but in many woredas they continued during the ploughing, planting and weeding times. Even when public works were better timed, households were then prevented from doing other non-agricultural activities by public works requirements.

There were also delays of payments to beneficiaries receiving cash. Whilst the woreda's are experienced in delivering food aid, the different skills and expertise that are required for delivering cash are often not present at this level where there are significant capacity constraints and where the sheer size of the PSNP compared to

woreda budgets creates an administrative burden and has distorting effects on strategic operations.

The Ethiopian PSNP highlights the importance of simultaneous market interventions when cash is injected into the economy. The PSNP evaluations found that after the first year and half of implementation, the injection of cash into the local economy had created inflationary effects and had not, as hoped, triggered a supply response in the local agriculture sector. It is therefore necessary to recognise that scaling-up cash interventions requires simultaneous action to address potential market supply problems and if these are factored into budgeting, then the cost of cash transfers increases.

Sources: Kebede 2006; Slater et al. 2006

Many of the cash transfer projects managed by international aid agencies and have been relatively small scale particularly compared to much larger commodity distributions. There are therefore a series of open questions about how successfully cash transfers could be scaled up. These centre around the possible risks of inflation and whether larger scale cash projects could continue to be effectively managed to minimise risks of insecurity and corruption at a larger scale. Some experiences with larger scale cash transfers do exist and have often been provided by governments. In Sri Lanka, following the tsunami, a nationwide project jointly funded by several donors provided cash to all tsunami affected households to rebuild or repair their houses. Cash grants were also provided on a large scale as part of the government response to the 2005 earthquake in Pakistan.

The fact that cash transfers have been successfully used in some emergency contexts does not mean that they will always be appropriate. What is needed is the capacity to make informed decisions about what range of mechanisms should be used in delivering social transfers. Should it be in cash, food or indeed something else? At the moment assessments of need too often remain resource driven meaning that alternatives to food aid are not considered (Darcy & Hoffman 2003; Haan et al. 2005). Assessments need to be able to make informed judgements about the ability of markets to respond to increased demand generated by cash transfers and this implies investing in improved tools and skills for market analysis. There are encouraging signs that the need to understand how markets are affected by emergencies is becoming more generally accepted and this should form part of developing a better balance between cash and in-kind responses.

Donors may have a role to play in prompting consideration of a range of social transfer mechanisms, in supporting the development of better technical capacity to carry out assessments and in the politics of decision making around how to respond to both chronic and acute food insecurity. DFID in Zambia in 2005/6 for example, funded cash pilot projects in part to prompt new thinking about ways to respond to food insecurity (Harvey & Marongwe 2006). DFID and the Government of Kenya are currently in the process of developing a pilot safety net programme for 300,000 people in three districts of northern Kenya.

#### **Box 5: Moving from Food Aid to Safety Nets in Turkana**

Currently, the Turkana ‘pastoralists’ live largely off aid. Despite years of food aid, the majority of households, with unviable herds, have not been able to build up these herds to a necessary size. As a result, the need for welfare aid year by year continues. There are a number of problems with continuing this approach.

- The justification for ad hoc assistance has to be made in the language of ‘humanitarian response’. This focuses attention on phenomena like droughts, although the problem is actually one of structural poverty and marginalisation
- It is hard to make decisions about the amount of aid needed, and the kind of aid needed, on the most relevant criteria, since the problem is always couched in a short term context
- ‘Relief aid’ is programmed on its own each year, and not as part of an overall package designed to bring Turkana out of poverty
- No-one can say in advance whether aid will be given and if so, at what levels. State agencies and non-governmental agencies cannot plan for a coherent response to Turkana’s poverty; and the pastoralists themselves cannot plan either.

A ‘safety net’ programme could be conceived differently. A long term commitment to making a given transfer means that it can be programmed as an integral part of a longer term development package of interventions, designed within an analysis of extreme and widespread poverty as a long-term problem. Furthermore, if pastoralists can rely on it, they can make more sensible decisions on herd management, and will in principle be able to invest sensibly to build up their herds to a viable level.

A welfare ‘transfer’ could be payment in cash, in kind or some combination. Years of relief food aid have not solved the structural problems of poverty in Turkana, and a safety net is unlikely to do so either. Poverty in Turkana can only be combated by a range of measures that would include safety nets but also productive support, improvements in marketing systems, combating political marginalisation and supporting alternative livelihoods.

Source: Levine & Crosskey 2006: 8

#### 4.3 Other Instruments – insurance, livestock, fee waivers

As we argued at the start of this section, there is potentially a wide range of social protection instruments available but their use has been limited in fragile states. This section briefly discusses some of them but they are not analysed in detail and the list is far from exhaustive. As always, which instruments are likely to be appropriate and effective in particular situations will depend on living up to the OECD principle of taking context as the starting point.

Interventions that could be included within a social protection umbrella focussed on agricultural production remain extremely important in rural contexts where the agriculture based livelihoods continue to support the majority of the population. Traditionally, agriculture interventions in fragile states have tended to remain narrowly focussed on distributions of seeds and tools often with large question marks

over their appropriateness (Levine and Chastre 2004; Longley 2002; 2006). Seed vouchers and fairs have recently been used as alternative to in-kind seed distributions and cash support may also enable local purchase of seed (Bramel et al 2004). There are, however, a much wider range of possible interventions both in terms of projects and policies that could be used to support agricultural livelihoods. Farrington et al provide a summary (2007). All of these would be potentially applicable in fragile states with the usual caveats about capacity for implementation. Some of them may be particularly appropriate. For example, investments in infrastructure such as irrigation and feeder roads and in support to markets may be particularly needed in post conflict contexts where infrastructure has been badly eroded and markets weakened.

The Protracted Relief Programme in Zimbabwe has a particular focus on agricultural support interventions to support livelihoods. It relies heavily on the distribution of targeted inputs (seeds, fertiliser, small livestock) and complements these with more livelihoods development focussed interventions such as conservation farming, seed multiplication, nutrition gardens and training. DFID argues that this diverse toolkit of instruments and distribution mechanisms (cash, vouchers and fairs and direct distribution) has proven valuable in promoting success (DFID 2007b).

**Table 4: Social Protection and Agricultural Development Policy Strategies**

<b>Social Protection from agriculture and agricultural growth</b> <ul style="list-style-type: none"> <li>• Output price and market interventions (eg guaranteed minimum returns, minimum commodity prices)</li> <li>• Input subsidies and delivery systems</li> <li>• Credit subsidies and delivery systems</li> <li>• Infrastructure development (roads, storage facilities, livestock stock routes).</li> <li>• Technical change (eg hybrid varieties)</li> <li>• Land reform (settling squatters)</li> <li>• Livestock services (vaccinations)</li> </ul>	<b>Social Protection independent of agricultural growth</b> <p><i>Agricultural development policies include:</i></p> <ul style="list-style-type: none"> <li>• Removal of tariffs and regulations protecting state monopolies</li> <li>• Dismantling or privatisation of parastatals</li> <li>• Removal of price controls</li> <li>• Technical change and infrastructure development</li> </ul> <p><i>Social protection instruments include:</i></p> <ul style="list-style-type: none"> <li>• Unconditional and conditional cash transfers</li> <li>• Food aid</li> <li>• Public works</li> </ul>
<b>Social Protection for agricultural growth</b> <ul style="list-style-type: none"> <li>• Risk insurance</li> <li>• Resilience building instruments (eg restocking projects)</li> <li>• Public works programmes</li> <li>• Inputs for work programmes</li> </ul>	<b>Social protection through agriculture</b> <ul style="list-style-type: none"> <li>• Targeted input programmes</li> <li>• Some aspects of land redistribution</li> <li>• Some cash transfers (e.g. food security cash transfers)</li> <li>• Inputs for work programmes</li> </ul>

Source; Sabates Wheeler et al 2007; in Omiti and Nyanamba 2007

Subsidies, whether of food or agricultural inputs have been largely off the donor policy agenda for some time but recent experience in Malawi has suggested that they could be making a comeback (Dorward et al 2007). 2006 and 2007 have produced record maize harvests which may have been related to the Government of Malawi's fertiliser and seed subsidy programme supported by DFID. Evaluations suggest that the subsidy led to an additional 600-700,000 tonnes of maize were produced in 2007, once the impact of rainfall was controlled for. Two million households were able to buy fertiliser at less than a third of the retail price using private sector as well as state owned outlets for distribution (DFID 2007a). Initial strong opposition to subsidies on

the part of the IMF and USAID in particular has started to shift and as Chisinga (2007: 2) argues; ‘the domestic political economy and policy process context of Malawi had forced the policy process to move on’. National, government led subsidy programmes may well be beyond the capacity of many fragile states but as with other social protection instruments, subsidies may still be possible with international support and may be particularly relevant in kick-starting agricultural production in state-conflict environments.

Public policy measures to reduce the burden of critical expenditure items on household income are an instrument that has seldom been used but has significant potential (Bate and Witter 2003; Bitran and Giedion 2003; Poletti et al 2004; Save the Children UK 2006). An example is policies to waive fees for health and education or to expand free schooling and health care which are often major items of expenditure for poor households. As Heltberg (2007) notes, ‘vouchers and fee waivers are well suited in countries where the cash cost of health or education is high and it is imperative to exempt disaster-affected households from those fees.’ In countries which already have free primary education providing support to buy uniforms and school books may also be an option. In fragile states where governments are unlikely to have the capacity to provide free and accessible health care or education in the short to medium term it reinforces the argument for caution in moving too quickly away from donor support to international aid agency led service delivery systems which provide at least some level of coverage. Another public policy option could be measures to reduce the tax burden for poor households but again there are few examples of this in practice in fragile states. An example would be in eastern Sudan where taxes on livestock markets are very high and both impact on household food security and constrain market development (Abdel Ati, Pantuliano and Harvey forthcoming).

Heltberg (2007) also points to social funds as a possible social protection instrument, which is a World Bank term for grants provided to communities for recovery and rehabilitation. The Pakistan Poverty Alleviation Fund has played this role in some earthquake affected areas (Heltberg 2007). The Afghanistan National Solidarity Program is another example. As of January 2007, more than 15,000 Community Development Councils (CDCs) had been elected and 11,000 of them had received block grants for over 20,000 community projects (World Bank 2007). The community projects financed under the NSP focus on social and economic infrastructure and are based on the priorities of the rural population. Of the current 16,000 funded community projects, about 25% are for supplying drinking water; 21% for the rehabilitation of irrigation systems; 20% to improve transport infrastructure (roads, bridges); 17% for the provision of energy (generators, micro-hydro, solar energy); 11% to improve livelihoods and generation of income; 5% for education infrastructure; and 1% for other investments.

#### **Box 6: Social Funds**

Social Funds involve communities in development by providing support for small projects ranging from infrastructure and social services to training and micro-enterprise development. They are typically managed by a range of actors, including local governments, NGOs, line ministries, community groups and local project committees.

Social Funds have been shown to be amongst the most flexible and innovative instruments in times of emergency. They have enabled the World Bank to respond rapidly in the aftermath of natural disasters in part due to simplified procedures, good management and operational autonomy and the approach itself which takes advantage of a wide range of available implementation capacity. Where social funds are already in place, teams can act immediately in concert with municipal governments and other agencies to prioritise and implement projects.

In the aftermath of the earthquake the Pakistan Poverty Alleviation Fund responded quickly through the establishment of a Disaster Relief Centre by day two and the reallocation of \$5 million from existing project funds to relief activities. In Madagascar, an existing Community Development Project added a social protection component focussed on public works in urban communities which was used as a risk mitigation mechanism following cyclones in 2004. A relief component was also added, procedures were simplified and beneficiary contributions waived or reduced in hard hit areas. Emergency activities were contracted out to UNICEF and technical audits were carried out during implementation to allow reorientation of procedures.

Source: Rakis 2006; Independent Evaluation Group 2006

There may also be a need for specific support for particular vulnerable groups such as people with disabilities, the elderly and orphans and other vulnerable children. Heltberg (2007) notes that the World Bank has had limited experience with funding disability projects but in response to the 2005 Pakistan earthquake is supporting the rehabilitation and independent living of people with disabilities through grants to a disabled persons organisation, an international disability NGO and the Pakistan Poverty Alleviation Fund. Distinctions are sometimes made between the need for regular and long-term social protection for the demographically vulnerable characterised by households with high dependency ratios and those who may only need short term support to kick start a recovery process. In Zimbabwe for instance, elderly households supporting orphans may need long-term support but World Vision provided one off payments to people affected by Operations Murambatsvina with some success. In Sri Lanka, much of the post tsunami assistance was focussed on trying to rebuild the livelihoods of the economically active and excluded those without the labour to take part in initiatives (Schubert 2006).

There is increasing interest in the possible use of insurance mechanisms as a form of response to food insecurity and disasters. Micro-finance providers have been examining the possibility of extending their product range to provide micro-insurance and at a more macro level some governments have taken out ‘catastrophe bonds’ against extreme weather events and UN agencies have been piloting weather based insurance indexes (Twigg 2004; WFP 2005). Market based options contracts may present another policy option. In the 2005–2006 agricultural season, final food estimates indicated that Malawi would face a food gap of around 400,000 tonnes. In response, the government secured additional supplies of maize at a capped price from South Africa via an options contract based on the South Africa Futures Exchange (SAFEX) white maize prices. Commodity options contracts are typically used to hedge against price volatility. They operate in a similar way to insurance. Payment of a premium is exchanged for the right, but not the obligation, to either buy or sell a

commodity at a predetermined price for a particular period of time into the future. Malawi's early experience with options contracts was largely positive. The majority of maize purchased was used to meet humanitarian needs. The maize bought under the contract had the best delivery performance of all the maize imported into Malawi, and helped to avoid severe shortfalls in the humanitarian pipeline (Slater and Dana 2006). There has also been discussion, but little practical experience, around the potential for micro-finance in conflicts and fragile states (Mathison 2003; Miamidian 2005).

Interventions to support pastoralist livelihoods and livestock production are another area where there is considerable scope for expansion and much recent innovative programming to draw on (Catley et al 2005; Alinovi et al 2007). Catley et al (2005) point to the development of a large scale community based animal health worker system in south Sudan during a complex emergency which produced 'dramatic results in rinderpest eradication and the provision of general primary animal healthcare. There is also great potential in interventions such as destocking and fodder provision. Abede et al (2007 forthcoming) describe a commercial de-stocking intervention which was piloted in southern Ethiopia during the drought in early 2006.. Two private livestock traders were linked to pastoralists purchased cattle. As the intervention progressed, the two traders were provided with loans from Save the Children US of US\$ 25,000 each. The intervention led to the estimated purchase of 20,000 cattle valued at US\$ 1.01 million. On average, de-stocked households received US\$186 from the sale of cattle in the program, and approximately 5,405 households were involved. In terms of aid investment, the approximate benefit-cost ratio was 41:1 for the intervention. A set of international guidelines for livelihoods-based livestock responses to humanitarian crises are in the process of being developed.

There are numerous areas where more attention is needed or where this review simply hasn't had space and time to look into more fully, such as interventions to support those that may find it difficult to participate in productive employment (the elderly, people with disabilities and the chronically ill). Programmes that provide support to people living with HIV/AIDS through home based care may be one example of a possible intervention that builds on community support mechanisms. In Zimbabwe, for instance, the Protracted Relief programme support home based care programmes and WFP provides food aid integrated with other forms of support (DFID 2007c).

This section has attempted to provide a flavour of the wide range of instruments potentially available within the broad umbrella of social protection but it is far from comprehensive. The broad point is the need to consider a wide range of possible instruments in each context and not narrow programming options down unnecessarily. Safety nets or social assistance, whether in the form of cash or food, may need to be complemented with interventions aiming at supporting productive activities and markets.

## **5. Financing**

Ensuring adequate and sustainable financing for social protection in fragile states remains difficult with states' own resources constrained and donors reluctant to enter into what may turn into long-term commitments. There is, however, a need to attempt

to move away from inadequate, short-term and project specific funding and to provide longer term, more harmonised and predictable funding for social protection. As in any context, states and donors need to make choices between the balance of investment between social protection and other priorities such as health and education. However, social protection is increasingly being seen as a core component of expenditure on social services and may provide an avenue for delivering on the fragile state OECD principle to ‘act fast’ in delivering resources to people. In practice, expensive and internationally delivered humanitarian aid often acts as the social protection instrument of last resort in fragile states, meaning that investing in longer term alternatives could be more cost effective.

One of the limitations of humanitarian approaches is how they are financed. Funding is typically short-term and tied to annual and often under-funded appeals. For example, only 35% of the 2006 consolidated appeal for DRC has been funded (OCHA 2006). Development aid in fragile states suffers from similar problems of unpredictability. Aid volatility in fragile states is twice as high as in other low income countries which is partly due to resumed conflict or other crisis but also stems from abrupt changes in donor priorities.

One example comes from Sierra Leone which has an extremely limited budgetary envelope as a result of low GDP and low tax revenues, as is common among post-conflict countries. Expenditure plans outlined in the annual budgetary process can be fragile, dependent as they are on domestic revenue and donor support reaching predicted levels. Domestic borrowing is limited under the Poverty Reduction and Growth Facility (PRGF) agreed with the IMF. Estimates for government spending on social protection are between approximately US\$ 0.30 and US\$ 1.33 per capita per year (approximately US\$ 1.5 million in 2006 and US\$ 2.8 million in 2007), a very small amount. Education and health spending by the government is higher, but still under US\$ 5 per capita per year, despite the fact that expenditure in this area is prioritised under the current PRSP. This demonstrates very limited government resources and the need for predictable external assistance. Sierra Leone is already highly aid-dependent, with close to 50 percent of the government budget having been provided in recent years by direct donor budget support and indirect project support. Holmes and Jackson (2007) estimate the costs of scaling up various cash transfer social protection programmes in Sierra Leone as: US\$23.1 million / year for a cash transfer to the most vulnerable (e.g. the elderly); US\$8.5 million for a cash transfer targeting the bottom 10% of the population; and US\$31.68 million for a conditional cash transfer to support vulnerable children. Following recent elections, won by the opposition party, and subsequent questions about the reorganisation of institutions and parastatals and future donor funding, the predictability of funding for social protection may now be in question.

Being able to deliver longer term, more predictable funding would provide key advantages for both aid agencies and disaster affected populations. For aid agencies, a move to longer term funding would enable them to plan and programme much more strategically, to invest more in staff skills and capacity and make longer term commitments to communities and local partners. For disaster affected populations, a key advantage of longer term funding would be predictability. One of the important drawbacks of humanitarian assistance is that it is often unreliable. If longer term social protection could be delivered more predictably households would be able to

plan it within their own livelihood strategies and coping mechanisms. Evidence from Ethiopia's Productive Safety Net Programme (PSNP) shows that when households receive cash transfers on a regular and predictable basis they are able to plan their consumption expenditure and invest more in productive activities.

Funding also tends to be tied to particular sectors or projects. There are ongoing attempts to improve upon and reform this system reflected by a number of initiatives, such as the Good Humanitarian Donorship initiative, the Expanded Central Emergency Response Fund (CERF) and common funding.

#### **Box 7: Financing Reforms in the Humanitarian System**

A series of recent reforms in the humanitarian system have aimed at enabling the provision of more timely and predictable financing, arising from concern with the inadequacies of recent responses to crises such as Darfur, Sudan.

The Good Humanitarian Donorship initiative involves 22 donors (DAC + EC) who have committed to a set of principles and good practice for humanitarian action. The GHD is driving "pooled" or "common" funding at the country level, where donors are channelling part of their resources directly to the Humanitarian Coordinator. Whilst not without its problems, the aim of common funding is to avoid fragmented and uncoordinated funding and increase the authority to prioritise resources strategically according to needs as they are assessed on the ground. This is currently being trialled in Sudan and DRC. The expansion of the UN's Central Emergency Response Fund (CERF) includes an objective to address critical needs in ongoing, neglected and under-funded crises.

Source: (HPG 2005)

Similar issues exist in development financing. Despite commitments to greater harmonisation and alignment through the Rome Declaration, fragmentation of donor funding and lack of alignment with government policy and systems continue to be key concerns. It is argued that this can undermine ownership (either current or future) of domestic policy processes and further damage a weak institutional government and that harmonisation and alignment are particularly relevant in fragile states (ODI 2005).

Donor governments have attempted to harmonise in part through the development of new financing mechanisms to provide support in fragile states. As Leader and Colenso (2005) argue; 'various ways of pooling funds such as multi donor trust funds and joint programmes can promote a more programmatic and long term approach to service delivery (Leader & Colenso 2005). Project based approaches can also provide predictable funding over time and incorporate varying degrees of alignment to government systems. In Zimbabwe, DFID's Protracted Relief Programme was established in part as an alternative to annual relief programmes with food aid as the main component and funds 12 major NGOs on a multi-annual basis for a diverse range of activities aimed to boost food production, improve access to water and provide care for the chronically ill (DFID 2007b). The Productive Safety Nets Programme in Ethiopia is another example of an attempt to move from annual relief appeals to more multi-annual and predictable financing of social protection.

### **Box 8: Multi-Donor Trust Funds (MTDF)**

There is an increasing interest in MTDFs as they are able to raise money, coordinate donors, ensure more equitable and efficient resource allocation and reduce transaction costs (Leader and Colenso 2005). In post-crisis situations, MTDFs have been an important instrument in resource mobilisation, policy dialogue, risk and information management and are in line with the Paris Declaration on Aid Effectiveness as well as the DAC Principles for Engagement in Fragile States.

A growing consensus is emerging as to what constitute best practice MDTF structures, what external factors need to be thought about and what design elements need to be kept in mind in addressing specific post-crisis contexts. All in all, MDTF performance has been uneven, yet there are also some emerging ‘lessons learned’ that can point towards how performance can be improved.

The Multi Donor Trust Fund (MDTF) in Southern Sudan is focussed on rebuilding the Southern States of Sudan and on providing capacity-building support to the newly-formed Government. As of October 2006, ten projects had been approved for funding by the MDTF (World Bank 2006 and 2007). The yearly budget of the Government of Sudan (GoSS) is expected to be between \$1 and \$1.5 billion in the next two years, while MDTF financing is likely to be in the \$200-300 million range (on a commitment basis) (*Ibid*).

There have been several constraints with regards to the implementation of the MDTF in Southern Sudan. Low government capacity has been an issue since MDTF projects are delivered through the public sector. The GoSS was only formed in October 2005 and decision-making authorities within the GoSS remain unclear. This has led to difficulties in identifying government counterparts and organizational structures in terms of project preparation and implementation. Leadership within the GoSS is still being identified and is still in transition from being a war-situation military force to a peace-era political entity. Concepts and values of governance are still being defined (Scanteam Norway 2007).

Joint programming aims to respond to the problems created by multiple donors, fragmented short-term funding, programming outside of government structures, and creating parallel bureaucracies, leaving national civil services stymied and incapable of maintaining legitimacy. A Joint Program therefore aims to harmonise the various donor programmes into a unified, transparent and criteria driven framework, designed and implemented by relevant stakeholders at all stages. They have national reach, long term objectives, are implemented through multi year horizons and harness national policy oversight to available capacity. Joint Programs can be funded through a trust fund window, a budget line item and through international and/or domestic revenue. (Lockhart 2006).

Joint programmes are ideally closely linked with the idea of supporting emerging state capacity and co-produced by a Government on one side, and a range of other actors (bilateral and multi-lateral organisations, private sector, NGOs, communities) on the other, to serve as a vehicle for implementation of key policy objectives. Where possible they will seek to mobilise national capacity to manage policies and

programmes in a manner accountable to the public, in partnership with the donor community and other relevant stakeholders. However, in contexts where working with the state is not an option, then joint programmes could also be seen as a way of harmonising donor support through other actors such as international agencies.

#### **Box 9: Financing Mechanisms in Fragile States**

##### *Afghanistan*

The multilateral Afghanistan Reconstruction Trust Fund (ARTF) was set up in May 2002 to provide support to Afghanistan for the recurrent costs of the government, such as the salaries of teachers, health workers, civilian staff in ministries and provinces, operations, and maintenance expenditures; and to support investment projects, capacity building, feasibility studies, technical assistance, and the return of expatriate Afghans. The ARTF is administered by the World Bank under the supervision of a Management Committee. As of May 21, 2006, 24 donors had pledged US\$1.6 billion to ARTF, of which US\$1.3 billion has been received. Over US\$814 million had been disbursed to the Government of Afghanistan to help cover recurrent costs, and US\$214 million has been disbursed for investment projects. The ARTF co-finances the National Solidarity Programme which has been rolled out rapidly since September, 2003. It currently reaches over half of the rural communities in 273 districts located in all 34 of Afghanistan's provinces. It benefits 11.5 million people in rural areas, and provided 16.6 million person/days of labour (World Bank 2007).

The role of Operation Lifeline Sudan provides an interesting example of a model used for the delivery and coordination of assistance during a long-running civil war. The coordinating umbrella consisted of the United Nations, government and NGOs and provided both an umbrella for negotiation of humanitarian access with the parties to the conflict and a mechanism for coordination of service delivery, for instance in standardising prices of drugs (Karim 1996).

There are also some interesting examples of innovative funding approaches in the response to the tsunami in Indonesia and Sri Lanka. A report of the Multi Donor Fund in Indonesia argues that it has worked well with government due to:

- Provision of flexible financing through un-ear-marked grants that fill gaps and respond to priorities as they change over time
- Responsive governance through a Steering Committee that reflects the interests of key stake-holders (government, civil society, donors, and other key players)
- Going beyond traditional project finance to serve as a forum for donor coordination and policy dialogue for rehabilitation and reconstruction
- Emphasis on high-quality investments through involvement of the most experienced international and local partners in project design and implementation
- Partnership with the BRR which endorses and submits all project proposals, co-chairs the Steering Committee and now co-finances individual projects (Secretariat of the Multi Donor Fund, 2006)

In Sri Lanka there was multi donor support for a government run programme to provide cash to enable people to rebuild and repair their houses. Interestingly, this subsequently attracted further support from international aid agencies that topped up the amounts provided by government. The IFRC for instance is providing \$25 million to the project. This is part of a partnership established between the Sri Lanka Red Cross, IFRC and UN-Habitat, with technical support from the Swiss government and Price Waterhouse Coopers to support the government programme (Community recovery and reconstruction partnership 2006; Asyan et al 2007).

What emerging experience suggests is that there are a wide range of possible financial instruments that can be developed to provide more harmonised, predictable, multi-year funding in fragile states. Putting these sorts of programmes in place, however, would require longer term commitments from donors willing to fund multi-year programmes and so engagement from development actors as well as humanitarian departments often only able to make short-term commitments. Various approaches to providing more harmonised and joint funding such as multi-donor trust funds have potential but attention needs to be focussed on how they work in practice as well as supporting the general principle of harmonisation.

## **6. Delivering social protection: Actors**

Providing any kind of social assistance requires delivery capacity in terms of planning, coordination and the actual delivery of inputs, cash, food, or goods to people. Ideally, social protection should be provided by the state but the reality of fragile states means that either the state does not have the capacity to deliver such transfers, or donors are not willing to work with it for political reasons, or it does not have control over all its territory.

In deteriorating or violent conflict contexts, where the state is incapable of or unwilling to engage in delivering social protection, international aid actors may take on more responsibility for social protection. It is in these contexts that humanitarian aid has usually been and remains the primary instrument for social protection. Working with the state may not be possible or desirable, either because it does not control the parts of the country where services need to be delivered or because donor governments are unwilling to work with it for political reasons. Where this is the case, longer term social protection is still needed, but would need to be delivered through non-governmental and UN actors. Approaches such as the Protracted Relief Programme in Zimbabwe provide examples of how donors can support international aid actors in ways that enable them to move beyond short term emergency appeals whilst maintaining a principled engagement with state structures (DFID 2007). The Temporary International Mechanism in the Occupied Palestinian Territories provides another example (TIM 2007; Grupo Soges 2007). Private sector actors such as banks, remittance companies and micro-finance institutions may also have a role to play in the delivery of social transfers. For instance, NGOs have worked with remittance companies to deliver cash transfers in Somalia and Afghanistan (Harvey 2007).

### **Box 10: Temporary International Mechanism in the Occupied Palestinian Territories**

The Temporary International Mechanism (TIM) was established in June 2006 as a way of ensuring direct delivery of assistance to the Palestinians which avoided providing aid directly to the Hamas Government. The international community does not recognise Hamas because it has failed to accept the 3 principles set out by the UN, EU, US and Russian (known as the Quartet). These are renouncing violence, recognising the state of Israel and accepting past agreements. Window III of the TIM was set up to provide direct and urgent relief to poor people affected by the current fiscal and socio-economic crisis. The Low Income Cases scheme targets people who have suffered a sudden and unexpected loss of income, which includes civilian staff of the public sector and pensioners. The Social Hardship Cases Scheme provides direct cash assistance to the most vulnerable.

An evaluation of the TIM concluded that it; ‘has been an innovative instrument capable in a very difficult and complicated environment, to quickly mobilise resources from a number of different donors and to target them efficiently to the most needy, at a time when political constraints impose that, in order to participate, potential donors must assure transparency and accountability which can be provided only by rigorous and complete fiduciary procedures’ (Gruppo Sogges: 4)

Sources; Gruppo Sogge 2007; TIM 2007

In improving contexts, there may be enough state capacity or willingness for the state to play a central role and for donors to be willing to fund a state. Where this is the case, it is clearly preferable and can enable social protection to fulfil state building objectives. For example, an evaluation of the Social Development Fund in Yemen, which provides funding for a broad range of social development projects such as education, health and road building, concluded that:

*‘The Social Development Fund has evolved into a successful and model organisation in the Yemen context that operates on a nationwide basis and has broadened participatory development efforts to rural and remote areas. A particular strength is its contribution to nurturing governance structures at the decentralised and community level. ... it is contributing to the promotion of solid systems of governance that underscore state building.’ (Jennings 2006: 6)*

In Afghanistan, the National Solidarity Programme, which provides block grants to Community Development Councils for social and productive infrastructure and services, has as its key objective strengthening community level governance in order to address the lack of social cohesion brought about by almost three decades of conflict and provides a vehicle for ‘re-building the trust between the central government and its citizens’ (NSP 2007). The National Social Protection Strategy in Pakistan provides an interesting example of a government strategy which highlights citizens rights (Government of Pakistan 2006). This idea, of social protection potentially helping to contribute to state building objectives and the development of a social contract between the state and its citizens, is powerfully attractive, but much

more work would be needed to understand what design features might positively influence state structures.

There is a need to be realistic about the delivery capacity of a state. In particular there is need to guard against moving from a situation where there is expensive and patchy but effective NGO delivery to one where the government is providing services in theory but in practice does not have the capacity. This can result in a collapse in entitlements as health clinics or schools stop functioning because people are not being paid or supplies such as drugs are not being delivered.

Regardless of which actors are responsible for delivering social protection there will always be a concern over the potential for benefits to be corruptly diverted or captured by local elites. In practice, concern that government run programmes in fragile states may be more prone to corruption risks helps to explain the greater willingness of donors to fund international aid agencies as more trusted deliverers of assistance. Any move towards longer term social protection as an alternative to humanitarian instruments will therefore have to include better analysis of corruption risks, strong mechanisms to control those risks and a process of building trust between donors, governments and other actors (Ewins et al 2006).

Where government capacity is weak there are ways of working to deliver social protection at scale, even in fragile states. One option is where other organisations either implement or augment the role of a state-run programme. For instance, Nepal's labour market programmes are sponsored by a number of government ministries and actual programme activities are undertaken with financing and service delivery partnerships with international agencies. In Sierra Leone, UNDP are currently considering supporting the government's Youth Employment Scheme, a public works programme paying youth in cash. In order to ensure accountability, UNDP are carrying out a financial capacity assessment in the Ministry of Youth and Sports (who are implementing the Scheme) before financially supporting the programme, and will be setting up financial accountability systems and hiring their own staff to support and monitor the process inside the Ministry if their involvement occurs (Holmes and Jackson 2007).

This model is not without its risks and presents significant challenges to state-building. In Afghanistan, significant resentment has started to build over the role of international agencies that are perceived to be more expensive and less effective than national actors (Ghani et al., 2005). There are similar tensions with donor-funded programmes in parts of Bangladesh. Ghani et al. (2005) highlight problems with the creation of a dual bureaucracy in Afghanistan where the salaries of people working for international aid agencies are massively higher than those of government civil servants creating a vacuum of skilled professionals in the government as they go to work for NGOs and the donors.

Similarly in Sierra Leone, the National Commission for Social Action (NaCSA) is a parastatal established to organise the reconstruction and rehabilitation of the country's infrastructure, principally schools, health clinics, rural court buildings and other community structures. It already runs social protection programmes in the form of public works programmes, and is currently developing a proposal for a conditional cash transfer (Holmes and Jackson 2007). However, Longley et al. (2006) raise

concerns over setting up parallel structures by donor-funded agencies, and argue that local councils have been deterred or even prevented from developing the capacity to implement social protection measures because of NaCSA's presence, reinforced by the amount of donor money that has flown through its channels.

Where government capacities are limited it may still be possible to engage with relevant line ministries in the development of policy. Harvey and Holmes (2007: 18) state that often the ministries responsible for social protection and welfare safety nets have become relatively weak because of the lack of investment in this field compared to, for example, ministries of health or education. Engaging relevant line ministries in debates about social protection policies may be part of the process of rebuilding some analytical and implementation capacity within governments to deliver social protection. Experience of scaling up programmes in Kenya, Malawi and Zambia shows the importance of links between ministries and departments – especially if the programme is implemented by an under-funded department, such as ministries and departments of social welfare, without strong links to more powerful central ministries such as finance and/or planning (Devereux et al. 2005, Slater and Tsoka 2007).

Where it is difficult to engage with central government departments due to lack of capacity, willingness or political differences it may still be possible to work with local governments in service delivery. In Zimbabwe the Protracted Relief Programme has significant involvement with government agencies at Provincial, District and village levels and some engagement from the agricultural research and extension agency within the Ministry of Agriculture. UN agency partners in the programme, FAO and UNICEF, have played a key role in liaising with the government at national level about the programme (Jones et al 2006). The multi-donor programme of support to orphans and vulnerable children through UNICEF and the multi-donor Expanded Support Programme, for HIV/AIDS, Prevention and Treatment, are both in line with the national HIV/AIDS strategy and are examples of how donors can respect and support government sovereignty even in extremely difficult policy environments. The Expanded Support Programme channels funding through UN agencies for implementation along with civil society and is managed by a working group comprising government, donors, UN agencies and civil society (DFID 2007d).

#### **Box 11: Protracted Relief Programme in Zimbabwe**

This DFID funded programme supports 12 major NGOs in a diverse range of activities aimed at boosting food production, improving access to water and providing care to the chronically ill. Technical support is provided by UN agencies international agricultural research centres.

Agricultural support interventions include targeted input distributions, seed multiplication, nutrition gardens and conservation farming. Block grants are provided to schools in exchange for fee waivers for orphans and vulnerable children. Support is also provided to home based care, savings and loans and a range of water and sanitation interventions.

DFID argues that this is an innovative programme because it:

- Is operating at a significant scale with almost 1.5 million people likely to be reached in 2007.
- In a situation of declining government services, NGOs are showing themselves able to deliver services on a large scale
- Interventions using simple technologies such as conservation farming, home based care and water pumps are having significant impacts.
- It demonstrates that it is possible to improve agricultural livelihoods despite pessimism about the sector.
- It utilises community based support mechanisms on a large scale.
- It combines local and international NGOs, UN agencies and local government in ways that encourages learning and cooperation.
- Learning support is designed into the programme through a Technical Learning Unit.

Samson and Macquene (2006) argue that a diverse toolkit of instruments that tackle social protection, livelihoods protection and food security has proven valuable and is appropriate given the complex situation in Zimbabwe.

Sources. DFID 2007b and c; Samson and Macquene 2006

Even where working with the state is difficult, it is important that the long-term view is incorporated, particularly where there is a possibility that the situation will improve and the government may take on the role of service delivery in the future. This means that options for state-building must be addressed from the outset. Even if social protection is provided primarily through non-state actors there may still be a need to respect state sovereignty and to attempt to involve the government in some way. One way of approaching this is shadow systems alignment, which aims to ensure that the capacity of the state to deliver in the future is not undermined. Shadow systems alignment, in the short-term, would organise aid delivery to be compatible with existing or future state structures rather than duplicating or undermining them. The long-term aim is for the state to provide these services. Such an approach is deemed appropriate in a situation where there is a:

- A lack of, competing or multiple systems
- Concern about legitimising a particular government or authority
- Serious concern about the intentions of the authorities towards their own population
- Significant and prolonged humanitarian presence (ODI, 2005).

## **7. Conclusion**

This draft paper has sought to place emerging lessons about designing and delivering social protection to poor and vulnerability households in the context of an emerging literature on service delivery in fragile states.

To return to the questions posed in the introduction and terms of reference in the study.

- What would be an appropriate typology to use for fragile states in the context of social protection?

The paper argues that existing social protection frameworks provide an appropriate starting point for addressing social protection in fragile states. What is needed is to think through the particular issues and challenges for social protection policies and programmes in different fragile state contexts. These centre around the need for principled engagement with states to find flexible ways of utilising a wider range of instruments, financing and actors to deliver social protection in contexts where it is desperately needed.

- What underlying principles of engagement could donors follow in reaching the poorest people in fragile states through social protection?

Donors are committed to both humanitarian principles of humanity, neutrality, independence and impartiality and the OECD principles for engagement with fragile states. This presents dilemmas around how to maintain independent humanitarian space and focus on state-building as the central objective. The paper argues that these are not necessarily incompatible and that development actors could usefully frame their engagement with states around core humanitarian principles and that humanitarian actors need to engage more with the state. More work, however is clearly needed to look at how commitment to these overlapping sets of principles works in practice in particular contexts and in particular to unpick what a commitment to state building entails.

- What are the implications of those principles for the design and delivery of social protection programmes in fragile states? How does donor behaviour affect social protection processes and outcomes? What are the political implications of different types of social protection in fragile states?

A commitment to the humanitarian imperative to act in the face of suffering implies a need for caution in moving away from relief whilst humanitarian needs are still present and trade-offs between short-term effectiveness in delivery against longer-term state building objectives. Impartiality, non-discrimination and avoiding exclusion both imply a need to focus on coverage and implementing social protection programmes on a large-scale and without excluding particular geographic areas or population groups. Independence and the fragile states principle of state building and to ‘align with local priorities in different ways’ implies a need for flexibility and adaptability in terms of the actors involved in delivering social protection. Where governments are unable or unwilling to be engaged or actively involved in widespread abuses of human rights relating to social protection then it is clearly sensible to work through international actors. Decisions about how to work with clearly need to be context and time specific and unavoidably involve political judgements about particular government regimes and their degrees of capacity and will. Even where working directly with and through the state is not possible, the long term objective needs to be to encourage states to live up to their responsibilities to protect and assist their citizens. Opportunities to move towards this may be possible with shadow alignment strategies and in working with line ministries and layers of local government where technical capacity remains.

- What is the scope for donor engagement on policy dialogue in fragile states and what are possible entry points for engagement on social protection?

Donor engagement in social protection is often framed about financing for projects and programmes. There may also, however, be important opportunities to engage in and influence policy debates about the appropriate role of social protection in fragile states. Many entry points are opening up for discussion and engagement of social protection as interest in social protection continues to move up the policy agenda for both national governments and international agencies. There are numerous points of entry for working with governments on pro-poor service delivery policies and strategies. Even very weak governments can help set the policy environment and work through other agencies in a contractual arrangement to ensure adequate service delivery (Carlson et al. 2005). However, as noted in the introduction the evidence base around what works in practice in terms of different instruments, financing mechanisms and actors involved in social protection is very thin. One way that donors could play an important role in moving forward the policy debate would be by supporting more in-depth field based research into the implementation of different social protection policies and programmes in specific contexts.

- What are the opportunities for scaling up social protection in fragile states and how can partners build sustainability in the design and delivery of programmes?

Delivering social protection on a large scale is key to both meeting needs more effectively and living up to principles of impartiality. Different financing mechanisms such as joint programmes and multi-donor trust funds may provide opportunities to operate on a larger scale but there is a need to be cautious about how they work in practice in particular contexts. Fundamentally, increasing the scale of social protection is about greater resources and longer term multi-annual commitments of bigger funding in difficult environments. Whether social protection is delivered through international actors, governments in joint funding or project by project mechanisms, expanding coverage implies that more money is needed.

Sustainability, in the sense of governments being able to take over the financing of social protection programmes through domestic revenues is probably a long term objective and donors need to be able to make long term commitments to financing social protection. Fragile states with their own significant resources (from oil revenues for example) may have potential to move more quickly to sustainability.

- What set of incentives and disincentives may help to build greater social protection commitment and capacity in fragile states?

The political economy of social protection in fragile states can be complex. The political feasibility of different objectives and instruments of social protection will depend on the type and extent of political commitment to poverty reduction, and the overall availability of resources for social transfers by donors and national government. Political acceptability will depend on the size and cost of administrative effort to implement social protection, but also on perceptions by large sections of the

populace and of donors of the social and economic objectives of social protection. For example, in an improving country moving away from years of humanitarian aid there might be prejudices against perceived “handouts”. In Sierra Leone handouts were seen as acceptable for the deserving poor in the immediate aftermath of conflict but now there is an emphasis on helping people to help themselves. This affects the types of objectives desired for social protection (that it should focus on growth) and instruments which could be used.

The government of Sierra Leone is currently implementing a pilot cash transfer for the elderly and is concerned to use social protection, and in this case, cash transfers, to address the most poor and those that are unable to engage in the productive economy. Clearly there is a mix of objectives regarding what a cash transfer should aim to achieve in Sierra Leone – as a safety net in emergencies, as welfare support to meet basic needs, or as means for productive investment. Furthermore, there is a concern from international stakeholders that giving cash to citizens is explicitly linked to government popularity and is a visible way to get votes. This was also a common complaint in the press concerning Government micro-credit programs. If incipient programs - including current pilot schemes - are to gain donor support, they must be at great pains to demonstrate that they are politically neutral (Holmes and Jackson 2007).

There's a need for caution in making recommendations relating to what is a new and emerging agenda where the evidence base remains thin but the box below might provide a starting point.

#### **Box 12: Tentative Recommendations**

- Flexibility and adaptability are key in terms of actors, instruments and financing.
- There's a need to be pragmatic about working with a range of actors and to balance the desire to build state capacity with the need to maintain access to basic services and potentially life-saving assistance.
- There's a need to utilise a much wider range of possible social protection instruments within broad social protection strategies. For too long, aid in fragile states seems to have been constrained by a failure of imagination about what's possible.
- There are tensions between fragile states principles focussed on state-building and humanitarian ones focussed on independence and neutrality but donors have committed to both sets of principles and both need to be respected. Navigating these tensions means finding principled ways of engaging with states to both alleviate immediate suffering and move gradually towards longer term, sustainable capacity to deliver state-led social protection.

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