A call for action

Increase the uptake of cash transfers to ensure rapid response in case of shocks

By the Regional Platform on Social Protection and the Regional Cash Working Group for West and Central Africa

Urgent recommendations

For governments:

- Use expertise on cash transfers available in the country, collaborating with social protection experts and the Cash Working Group (CWG), to build core capacities across administration services to rapidly operationalize financial safety nets and deliver efficient assistance.

For humanitarian decision-makers:

- Make sure the response option analysis process has taken place, informed by feasibility assessments for all modalities.

For Donors and UN Agencies:

- Ensure that additional funding to mitigate the socio-economic impacts of COVID is accessible to NGOs that are well-placed to deliver quickly (building on already existing projects and programs), where government capacity is limited.

- Support the government responses based on the existing social protection system tools (social safety nets, social registries, etc).

I. Context

Faced with the spread of COVID, West and Central Africa States have put in place restrictive measures (transport limitations, quarantines, market closures, curfews, etc.) to break the cycle of contagion. In spite of the relaxation of these measures in some countries, the living conditions of vulnerable households, which dramatically depend on the informal economy for their day-to-day survival, and household food and nutrition security continue to deteriorate. Between March and May 2020, income generating activities have been disrupted in most countries of the region and remittances (that can be up to 10% of the GDP in some countries of the region like Gambia, Cabo Verde, Senegal, and represents an important part of revenues for the poorest households) are expected to plunge by nearly a quarter this year. The impact on the livelihoods of women, who are largely dependent on the informal economy and the agribusiness sector, will result in a decrease or absence of income that will be critical to maintaining the family’s food and health needs. In its recent Cost of Living report, the IRC estimates that “even with an optimistic economic outlook of a recovery in 2021, (...) the COVID-19 shock to the economy could effectively suspend progress towards Zero Hunger by 3 years.”

These impacts, feared at the beginning of the pandemic and now confirmed, haven’t been and are still not sufficiently mitigated with the implementation of emergency social measures. Financial safety nets in particular are essential to ensure food consumption by the poorest households, to protect the most vulnerable populations, but also to strengthen their resilience and are all the more urgent right now, as the hunger gap begins.

II. Cash Transfers are insufficiently used to address COVID-crisis impact in West and Central Africa by both governments and humanitarian actors
A) Financial safety nets by governments

The COVID crisis highlighted further the necessity to build and strengthen social protection systems to provide vulnerable households with early support and mitigate the short and long term impact on the pandemic on their well-being and their livelihoods.

Strong adaptive social protection systems should meet two complementary objectives: (1) build households resilience before a shock through a variety of programs such as social safety nets and (2) deliver rapid and efficient assistance to protect households after a shock. Relying on social protection system foundations (payment channels, social registries, etc.) or/and scaling up existing financial social safety nets programs in case of emergencies has proven to be an efficient, fast and coordinated way to assist affected vulnerable households.

Despite increased interest and uptake of social safety nets (pushed by donors such as the World Bank, the European Commission and some others) these last years as a valid option to tackle poverty and help vulnerable groups in case of a shock, many governments of West and Central Africa have not picked-up early financial safety nets as a response option to the COVID crisis, neither where nascent social protection systems were developing nor when strong national systems were existing. There have been critical missed opportunities not only to strengthen social protection systems, build capacities and rapidly scale-up financial safety nets but primarily to provide early support and mitigate the depth and scale of the economic impact of the crisis on the long term.

Some governments have rapidly built on expanding pre-existing financial safety nets, like Cabo Verde and Nigeria: “We expanded the Social Register with 2 additional States and set up a Rapid Response register for informal workers in urban and peri-urban areas. This was made necessary as COVID hits hard people who are just above the poverty line and might not have access to basic services.” Apera Iorwa, NASSCO National Coordinator, Nigeria

Benin and Togo also expanded financial safety nets, rethinking identification and registration processes to reach groups that were not targeted by pre-existing initiatives. “In Togo, we set up an online platform, accessible through a phone number for everyone to register. This allowed cheap and quick large-scale registration, in line with COVID sanitary measures.”

Mauritania and Burkina Faso launched new financial safety nets initiatives in April and May, coordinated across different ministries, for specific groups impacted by the crisis, and particularly by the economic impact of lockdown measures (pastoral groups and informal vendors).

Ivory Coast, Republic of Congo, Guinea, Sao Tome and Principe also implement financial safety nets for COVID, and Mali is expanding its pre-existing programme to cover additional needs and new target groups.

B) Humanitarian Cash and Voucher Assistance (CVA)

Some humanitarian actors have struggled to react fast to this unprecedented crisis. Humanitarian response has particularly been slowed down by: (1) the lack of data on the impact of the pandemic on vulnerable groups due to the limited direct access to beneficiaries, (2) the lack of alignment on the concept of « vulnerability », considering important pre-existing needs in most countries of the region, (3) their lack of visibility on government’s response plans, (4) a limited access to COVID-specific funding for NGOs, (5) the time needed to adjust ongoing activities to a pandemic context in coordination with their donors, (6) an assumed large negative impact of the pandemic on markets that did not turn out true in most countries.

Cash Working Groups (CWGs) have led initiatives to help their members adjust CVA to the COVID context demonstrating their strong coordination role. Various initiatives have demonstrated how the
crisis galvanized CVA coordination, enabling CWGs to put in place basic preparedness activities and develop products that they usually struggle to deliver. But the lack of resources limited CWGs’ capacities in fulfilling all expectations, like connecting efficiently with clusters, informing response option processes, and providing at the same time technical and strategic leadership.

In Niger, Nigeria and DRC, national CWGs have developed operational guidance to adjust programmes to the pandemic context. CWG in Nigeria organized webinars on the topic and produced a video with the support of OCHA office to increase uptake of the modality to respond to the crisis. The CWG also adopted the risk analysis matrix developed by the CWG from Sudan to inform the response analysis process during the time of COVID.

In Mali, the CWG worked hard to analyze COVID-generated needs and help members to make appropriate programming adjustments. The CWG provided information on loss of incomes, updated gap analysis and thus revised the MEB and transfer value. It also connected with the government to collaborate on potential financial safety nets expansion. In Burkina Faso, the crisis was used by the CWG to galvanize members and revitalize CVA coordination, and to strengthen engagement with the government. ToRs of the group were updated with more frequent meetings and new sub-groups were created to work on specific technical issues.

In DRC, the CWG developed a mapping of Financial Service Providers across the country, UN agencies signed a MoU to enhance collaboration in CVA, and a joint market monitoring that is now serving as a common basis to inform CVA programming. The CWG in Chad updated the MEB, and in CAR, operational collaboration among UN agencies improved and the CWG is now working on connecting humanitarian CVA with social protection system.

At regional level, the RCWG organized webinars, shared tools and guidance to adjust CVA to COVID and mapped out FSPs rapidly available to put in place digital payment systems (particularly e-vouchers). The RCWG worked with other coordination bodies to advocate for expanded humanitarian CVA.

III. Consensus at global level states that Cash transfers are the appropriate response

In the very early stage of the crisis and as number of COVID cases were just starting to appear in the region, several organizations called for a large expansion of social protection (financial safety nets in particular) and CVA to prevent large groups of populations to fall into poverty due to the expected negative economic impact of the crisis (cut in remittances for instance was felt by vulnerable groups in the region even before first government measures were taken in their own countries). Global strong calls included the WHO (with the Health Cluster), the SPIAC-B, CGDev, and CVA was also mentioned in the Global HRP for COVID released in April by the UN Secretariat General. Later on it continued with the Collaborative Cash Delivery Network, Markets in Crises and more recently the Humanitarian Donor Cash Forum, giving clear recommendations to use CVA. The IRC, in its recent Cost of Living report: COVID-19 Humanitarian cash transfers to prevent hunger and hardship, calls for an urgent boost in humanitarian cash transfers. Many social protection actors shared evidence on the appropriateness of financial safety nets in such a context, like the platform socialprotection.org and Development Pathways. Regional institutions such as the BCEAO released in April, 2nd directions for mobile companies and banks to lower fees to facilitate digital payments, transactions and remittances.

Worldwide, a large increase of CVA and financial safety nets expansion was witnessed, as demonstrated in the weekly report published by Ugo Gentilini (World Bank); as of 15 May, 181 countries had planned, introduced or adapted social protection measures to COVID-19 including 264 cash transfer programmes. Half of them being new initiatives.
It is now 12% of the world population that is covered by a form of cash transfer, caseload having doubled in the first half of May 2020 as per the following graph. But if we look in detail, breakdown of programmes and beneficiaries is unequally spread across the world, and the population covered by financial safety nets programmes in Africa is only 2%.

IV. Identified barriers to scale-up CVA and financial safety nets in West and Central Africa

Despite years of evidence and experience, prejudices against CVA remain strong among some governments and humanitarian and development decision makers in this region which led to missed opportunities in quickly responding to the Covid19 through the existing financial social safety nets. CVA and social protection actors still have to spend a lot of time and energy in demonstrating appropriateness and efficiency of financial safety nets and CVA instead of focusing collective efforts on operationalization and programme quality. Some decision makers have still not all taken up this modality as a meaningful way to provide dignified assistance and to contribute to revitalize the local economy, despite strong and clear recommendations emanating from donors and regional / international institutions.

Among the identified barriers that can explain why financial safety nets and humanitarian CVA were less developed in the region than other parts of the world prior to the crisis:

1/ Financing and institutional barriers

- The region faces a progressive humanitarian donor fatigue leading to structural underfunding. Currently, total funding request for HRPs in West and Central Africa is covered at 17%, while the Global HRP for COVID is funded at 12% for this region (as of June 15). On the humanitarian side, only Nigeria and DRC have accessed funding for an expert deployment to provide full-time support to the Cash Working Group. However, in this particular crisis, donors managed to rapidly mobilize funding to adjust ongoing programmes to cover additional needs, and to potentially expand government financial safety nets despite the lack of data. But this funding was hardly accessible to NGOs.
Governments from West and Central Africa invest a very low part of their GDP in social assistance and don't have shock response financing strategies. On average, Governments of the region invest 0,63% of their GDP in social assistance, when governments from East and Southern Africa invest on average 1,5% of GDP in these programmes (Social Assistance in Africa Database, UNDP 2019). Without existing shock responses strategies, governments struggle to mobilise budgets to support affected households immediately.

Institutional roles of the government stakeholders involved in adaptive social protection systems are unclear. Adaptive social protection systems in the region are often built around different directorates of various Ministries, involved in social protection, social registries, emergency responses, etc. Unclear mandates hamper coordination, create long discussions on the response to shocks strategies and slow down implementation.

The pillars of social protection systems such as the social registries and national social safety net programs are still very nascent in most countries of the region. Existing early warning systems also need to be better supported and strengthened to provide reliable information regularly and on time.

Emergency response plans are often weak and negotiations on response strategies and operational procedures are discussed after a shock hits slowing down the implementation.

2/ Technical barriers

Capacity to quickly operationalize cash transfers at scale is still weak among some governments and humanitarian workers. Collaboration with private sector actors remains too low to benefit from mutual expertise and Financial Service Providers’ capacities to expand coverage are often too limited to be reliable delivery options. Expertise to translate market information into programming decisions is also missing. In this particular crisis however, tools and guidance to adjust CVA were rapidly shared by organizations, social protection experts were active on the frontline to provide technical support and shared knowledge through webinars in French and English. FSPs were also extremely reactive, offering online training solutions and being available to quickly deploy new technology to build alternative delivery options more adapted to the pandemic context.

Lack of alignment on “vulnerability” across sectors and between humanitarian and development actors, and lack of data reliable for all slow down decision making when a shock occurs.

Humanitarian coordination systems and particularly intersector collaboration remain too weak to enhance CVA’s uptake. Moreover, the role and responsibilities of CWGs are still undefined within the humanitarian coordination system, limiting accountability and initiatives to fulfill their potential and efficiently inform response option analysis processes.

Limiting beliefs are still affecting CVA (see annex), preventing the community of practice to implement CVA at its full potential and capacity.

As per the above, this crisis could have been an opportunity to overcome some of those barriers, to strengthen national social protection systems and to significantly scale up cash transfers. It is still time to act to mitigate impacts of COVID-19 pandemic on already poor households.

It is now time to ensure that in all contexts, the most appropriate and efficient modality or combination of modalities is designed and implemented in an integrated way to best address vulnerable groups’
needs. Government social protection systems have to be reinforced to enable fast and efficient responses when a shock hits. Cooperation between governments and humanitarian actors has to improve by pooling instruments and methodologies with a sustainable system strengthening perspective.

V. Actions recommended include:

Immediate actions:

For governments:
- Use expertise on cash transfers available in the country, collaborating with social protection experts and the CWG, to build core capacities across administration services to rapidly operationalize financial safety nets and deliver efficient assistance;

For humanitarian decision-makers:
- Make sure the response option analysis process has taken place, informed by feasibility assessments for all modalities;

For Donors and UN Agencies:
- Ensure that additional funding to mitigate the socio-economic impacts of COVID and are also accessible to NGOs that are well-placed to deliver quickly (building on already existing projects and programs), where government capacity is limited.
- Support the government responses based on the existing social protection system tools (social safety nets, social registries, etc).

Long term / structural changes:

For governments and regional institutions:
- Use existing evidence on safety nets to advance the African Union Social Protection Strategy, Windhoek 2008 and the 2030 Agenda of a social protection floor;
- Embrace the adaptive social protection vision, develop at scale financial social safety nets and social registries that can be reactive in case of shocks to target rapidly the most affected households in a transparent way and to implement efficient responses.
- Ensure contingency plans based on the social protection tools are developed and clearly define the institutional roles of the actors intervening in the shock response implementation.
- Increase national budget investment in social assistance programmes by identifying endogenous innovative sources of financing. This will allow to build integrated, sustainable social protection systems instead of compiled siloed externally-funded projects.
- Define national shock response financing strategies in collaboration with donors.

For Humanitarian decision-makers (Country Directors, Programme Directors, Humanitarian Country Teams) influencing humanitarian practice in the region:
- CVA requests some degree of proactive will to embrace it and to challenge conservatism. Keep humanitarian aid accountable to the people we serve by systemically ask: is there a way to do better, asking affected population for their preferences of modality, adapting our work to really meet the needs of the most vulnerable and putting them and their dignity in the center of what we do, engaging constructively with governments, private sector actors, building synergies across sectors, anchoring humanitarian assistance in local social, cultural and economic context.
• Take any opportunity to connect humanitarian CVA with safety nets and broader social protection systems. Because of the nature of the crises it faces, this region should champion the nexus and CVA is an obvious instrument to start with.

For humanitarian practitioners across sectors:

• Stop applying different standards between CVA and other modalities: assessments including market assessments are not to assess CVA feasibility but to select the most appropriate response option. If CVA does not seem like a perfect option, can any other modality do better without harming local systems?
• Build capacities to translate market assessments in programme decisions. In Nigeria, a recent market assessment stated that 55% of vendors declare that low purchasing power is the main barrier. Typically, difficult access to markets does not mean that CVA is not appropriate.

For donors:

• Continue promoting recommendations on CVA uptake and quality programming. Better aid means standards apply to all modalities and that programme design builds on a comprehensive response option analysis process, demonstrating how the selected modality/combined modalities is the most appropriate and efficient to address identified needs
• Fund capacity building and humanitarian CVA coordination through CWGs
• Give resources for preparedness and appropriate response option analysis processes through inter-sector coordination mechanisms
• Technically and financially support the development of strong adaptive social protection systems based on social registries to respond to shocks
• Adhere to the common donor approach wherein funds are made available faster (especially in case of newly erupting emergencies), more flexibly, through more streamlined proposal frameworks and less bureaucratically.

Notes:

Throughout the document CVA is used to refer to humanitarian Cash and Voucher Assistance as implemented by non-governmental humanitarian actors. Financial Safety Nets refer to government-led social assistance specifically delivered through cash transfers, while safety nets can also be in-kind. Cash transfers refer to the broader modality encompassing humanitarian cash assistance and government financial safety nets.

Elaborated recommendations from this note complement other existing recommendations as mentioned in section III.

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