

**BETTER ASSISTANCE IN CRISES RESEARCH**



# **Value for money of social assistance in crisis settings: considerations, evidence, and research priorities**

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BASIC Research

March 2022

Implemented by



Better Assistance in Crises (BASIC) Research (funded by UKAid) aims to inform policy and programming on how to help poor and vulnerable people cope better with crises and meet their basic needs through more effective social assistance. All costs related to BASIC Research are covered by the UK Foreign, Commonwealth and Development Office.

# Summary

Value for Money (VfM) is an essential tool for balancing difficult policy and programme decisions. While many of the conceptual approaches to VfM and methods for estimation are similar between regular development programming for social protection and humanitarian cash and food assistance, so far these literatures have evolved in fairly distinct silos. There is relatively little work that brings the two strands together.

This thematic review provides a conceptual framework for understanding VfM of social assistance in fragile and conflict-affected situations (FCAS). It draws out what is particular to these contexts and identifies key areas for focus. It then reviews the existing literature to identify gaps and point to priorities for further research.

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# 1. Introduction

Value for Money (VfM) is an integral part of all Foreign, Commonwealth and Development Office (FCDO) programming. Compared to other sectors, it has also been especially well developed in the social protection sector. In part, this is thanks to the relatively straightforward nature of assessing concrete benefits packages, as well as a relatively deep and robust evidence base on key outcomes and impacts, at least for stable contexts. In fragile settings, however, the applications of VfM have been more limited by the availability of both cost data and robust evidence on impacts, which are necessarily more difficult to generate in crises. In addition, while many of the conceptual approaches to VfM and methods for estimation are similar between regular development programming for social protection and humanitarian cash and food assistance, so far these literatures have evolved in fairly distinct silos. There is relatively little work that brings the two strands together.

A holistic approach to VfM is clearly essential when considering assistance in fragile and conflict-affected situations (FCAS), where the nexus between humanitarian and development interventions is most urgent and also most challenging.

## 1.1. Objective

The aim of this thematic review is two-fold. First and foremost, it seeks to provide a conceptual framework for understanding VfM of social assistance in FCAS. It draws out what is particular to such contexts and identifies key areas for focus. Second, it reviews the existing literature to identify gaps and point to priorities for further research.

Although VfM is singled out as a separate thematic area for the purposes of the BASIC Research programme, ultimately it cuts across the entire research agenda, as it provides a framework for assessing policy options and programme implementation choices of all kinds. So, while evidence on effectiveness across all the BASIC Research thematic areas is theoretically relevant for VfM –outcomes and impacts are major drivers of overall value for money – this paper does not attempt to provide a comprehensive review of, for example, livelihoods interventions or targeting. These issues are covered elsewhere. Rather, the focus here is on the extent to which VfM is addressed explicitly in the literature, and on identifying the key issues that should be considered from a VfM perspective in each of these areas.

## 1.2. Outline of this paper

The paper begins by setting out a conceptual framework for understanding VfM in the context of crisis settings before providing an overview of the existing literature. Based on these findings, it then presents some conclusions and potential options for further research.

### Box 1.1: Note on methods

Given the sparse literature on social assistance in FCAS in general and VfM in particular, the approach here is based on casting a fairly wide net in order to ensure potentially relevant documents are included. This involved structured searches of published literature, but ultimately relied more heavily on grey literature and programme documents from donors and implementers. Snowball techniques were as important as the structured searching. Further detail is provided in Annexe 1.

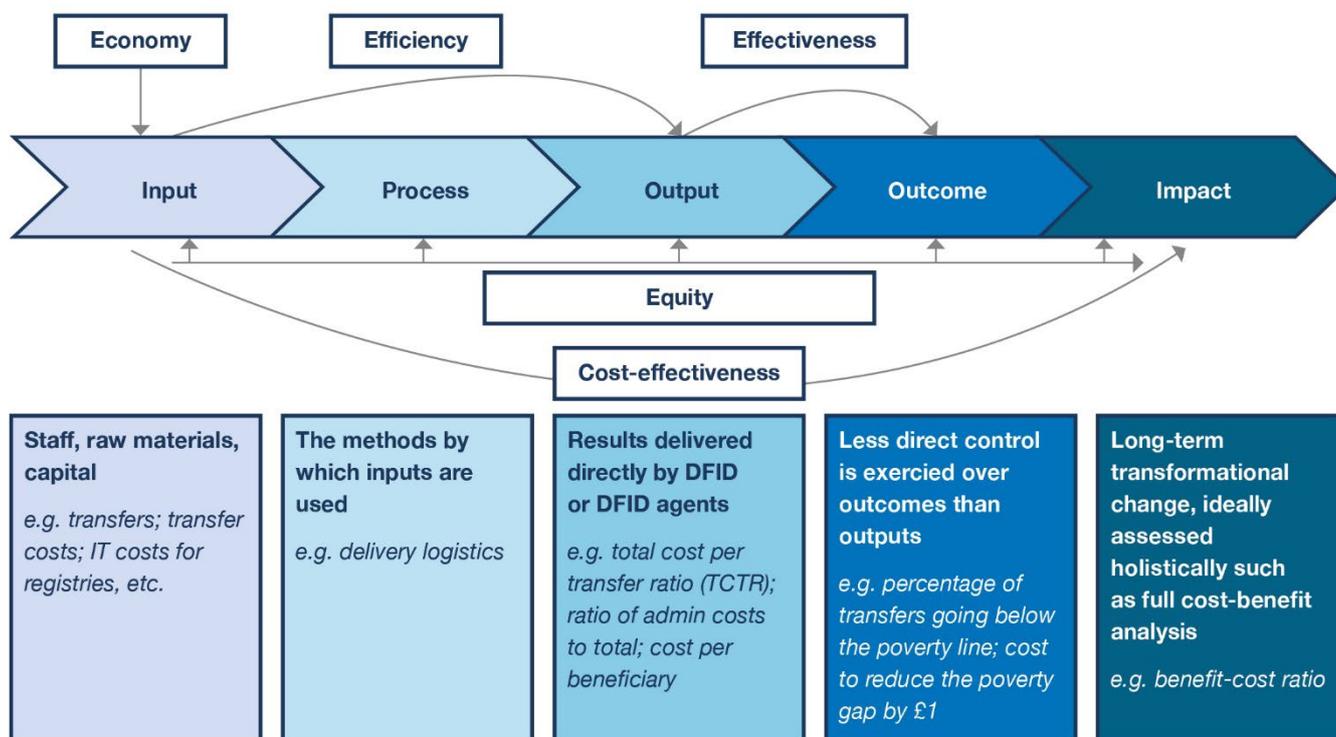
## 2. Conceptual framework

Before proceeding with the literature review, it is useful to set out the conceptual framework for understanding VfM of social assistance in crisis settings, and to clarify how the term ‘social assistance’ is deployed.

For the purposes of this paper, social assistance programmes are defined to encompass social transfers, public works, fee waivers, and subsidies that are often directed and coordinated by national governments. In FCAS, social assistance also generally encompasses humanitarian assistance, which often uses the same modalities as state-driven social assistance programmes, but usually with greater emphasis on social transfers than on other mechanisms such as subsidies or waivers (Slater and Sabates-Wheeler 2021). The literature reviewed in this paper does not always explicitly distinguish between social assistance and broader social protection or humanitarian responses. In VfM on social protection, a large share of programmes that are assessed are social assistance, but forms of social protection beyond social assistance are also frequently included. Similarly, VfM in the humanitarian sector may incorporate a range of actions beyond social transfers. For this reason, the terminology of social protection (rather than social assistance alone) is used in the paper in relation to VfM, where it more accurately reflects (rather than misrepresents) the subject matter of the literature reviewed.

For VfM, the starting point is the basic framework of what is termed the ‘5Es’ (economy, efficiency, effectiveness, equity, and cost effectiveness). This is already extensively applied in social protection in development contexts, but is equally relevant in any setting, including those in which humanitarian interventions are required. Applying VfM to humanitarian cash and food transfers does, however, require some further conceptual layers to be added to the generic 5Es framework. The nexus between humanitarian, development, and peace interventions also raises some particular considerations from a VfM perspective. Each of these areas is briefly discussed in turn.

**Figure 2.1: The causal chain and the 5Es, applied to social protection delivery**



Source: Author's own. Created using data from DFID (2020) and White et al. (2013)

## 2.1. Basic framework: the 5Es

The starting point for understanding VfM in any setting is always the 5Es: economy, efficiency, effectiveness, equity, and cost effectiveness. **Economy** is achieved through the minimisation of the cost of inputs, while **efficiency** involves maximising the amount of output achieved for a given input. **Effectiveness** relates to the extent to which the intended outputs lead to the desired outcomes. In this context, **equity** has a specific meaning. That is, it does not necessarily refer to an equal distribution of outcomes and impacts, since for many social policies (but especially social assistance) the objective is often specifically to reach the poorest. Rather, considerations of equity should drive the design and implementation of programmes to carefully articulate who exactly are the intended beneficiaries, how their participation will be encouraged and supported, in what ways they will be expected to benefit, and how these might be different for different groups. Finally, overall **cost effectiveness** relates to the extent to which the whole causal chain, from inputs to outputs to outcomes, results in the desired impacts, with the desired distribution (see Figure 2.1).

VfM indicators are then expressed simply as the cost to achieve the outputs, outcomes, and impacts as defined by a causal chain. These costs will depend on the precise way in which the specific objectives and theory of change (and often a logframe) have been articulated. A fairly common set of metrics have been established for social protection delivery (with outputs often defined in terms of number of beneficiaries reached, outcomes in terms of increases in consumption or reductions in poverty and/or inequality, and impacts in terms of sustainable exits from poverty or increased household resilience to shocks) (see Figure 2.1).

What is clear is that VfM can never be assessed in a vacuum. Rather, it is always a relative concept, a tool to guide decisions about which option represents the best use of scarce social resources. As such, an essential element is also the counterfactual: How does the VfM of one option compare against another, even if that is simply doing nothing?

VfM is therefore all about trade-offs, often between efficiency and effectiveness, and the short term versus long term. As a result, the cheapest option is not always best. While there may be some unambiguous cases whereby improvements could increase efficiency and effectiveness simultaneously, more often policy and programmatic decisions hinge on achieving the right balance between the 5Es. There are often trade-offs between efficiency and effectiveness, which manifests as a tension between the quantity of outputs achieved for a given cost and the quality of those outputs. The quality of outputs often has a direct bearing on the extent to which outcomes and impacts are achieved. For example, spending less on administrative costs would be more efficient, but could seriously compromise both effectiveness and equity if this results in, for example, greater targeting errors because the poorest are harder to reach (requiring more skilled outreach officers, greater allocations for transportation costs, robust programme monitoring and grievance systems, etc.). The key is to focus not only on the 5Es in isolation, but on **overall value for money**, ideally considering the full stream of costs and benefits over the medium to long term and, crucially, how these are distributed.

This perspective also allows for a full recognition of the rationale for investing in systems and capacities, which take time to build but which yield dividends over many years. This includes systems for delivery (such as social registries, payments systems, and the Management Information Systems [MIS] that underpin them), implementation capacity (including adequate staffing and training of local delivery units through to management), and wider administrative capacity to build and sustain political support and adequate financing for delivery at scale.

Some of the key themes for VfM in social assistance reflecting the most pressing policy and programme design questions generally include: (1) Targeting approaches; (2) Transfer size; (3) Conditionality; (4) Public works programming; (5) Scaling up coverage; (6) Payment mechanisms; (7) Cash plus extensions; (8) Graduation/livelihoods models; and (9) Investments in systems.

## Box 2.1: Common benefit streams from social protection programmes

These benefit streams are the ones that are most commonly included in cost-benefit analyses (White, Greenslade and Hodges 2013, 2015) because they reflect underlying theories of change about how inputs translate into outputs, outcomes, and ultimately higher-level impacts.

- Direct transfers to households, which are a function of:
  - Size of the transfer;
  - Opportunity costs of labour (public works or programmes with conditions).
- Improvements in health and reductions in mortality from improved nutrition, spending on health insurance, and uptake in health care
- Improvements in productivity due to improved nutrition
- Returns to investment in child education and nutrition
- Increased income/consumption resulting from beneficiary investments in productivity or income generation
- Multiplier impacts on the wider economy

The relative size of each of these streams changes over time. At the outset, benefit streams are dominated by the transfers themselves and multiplier impacts on the wider economy. Then, over time, the investments in productivity begin to accumulate and often eventually begin to dominate. Returns to investments in the education and nutrition of children are critical – and of course, immediately hold enormous value from a child rights perspective – but only begin to appear in the quantitative terms 15 to 20 years later, when they enter the labour market. These tend to have little impact on the net present value of investment decisions because their effects are discounted away.\* (See, for example, cost-benefit analyses (CBAs) for Department for International Development [DFID] programmes in Wylde 2015, 2016, 2017, 2018, 2019.)

There are other benefit streams that are less easily quantified, but that are also important. This includes women's empowerment, reducing gender-based violence, and reducing social tensions. These aspects can and should also be incorporated into VfM discussions, whether in strictly qualitative or rights-based terms. Ideally, they should also be incorporated in terms of beginning to estimate monetary costs.

\* This highlights an issue inherent in the choice of interest rates, which implicitly favours current adults over future generations. Although this is worthy of discussion, for practical purposes, cost-benefit analysis tends to set this aside. It would be worthwhile to revisit this as a side point, as part of the wider research effort under the BASIC Research programme.

## 2.2. Humanitarian contexts: additional considerations

Humanitarian assistance tends to be framed differently, focusing on the core humanitarian principles of humanity, neutrality, independence, and impartiality. These principles are, in fact, entirely consistent with the general VfM framework of the 5Es. In many cases, the humanitarian principles overlap entirely with the objectives of social protection programming, with designs that are rooted in principles of humanity and are neutral, independent, and impartial in their targeting design and implementation. In other cases, depending on the context, humanitarian principles might simply serve to amplify many of the trade-offs between efficiency, effectiveness, and equity because they help to define the overall objectives.

For example, the tension between efficiency and effectiveness can be even starker than in non-humanitarian social protection contexts, given the need to protect life, where there are urgent needs to respond quickly such as natural disasters, even if speed is more expensive. In the humanitarian literature, this is referred to as the 'speed, quality, cost' trade-off (Cabot Venton, Bailey and Pongracz 2015), but it is also equivalent to the efficiency/effectiveness trade-off in standard VfM terms.

Even in slower moving and more protracted crises, however, relative speed is often still a consideration. The sheer acuteness of need necessitates a humanitarian response because governments are unwilling or incapable of acting within a time window that would preserve life and human dignity. Other efficiency/effectiveness trade-offs may arise as a result of the need to maintain neutrality, impartiality, and independence, where the state is unwilling or incapable of doing so (particularly when they are parties to conflict). In these situations, although delivery through humanitarian mechanisms may be more expensive

and less efficient than through government systems, upholding these wider humanitarian principles could mean that effectiveness and equity is nevertheless greater through the humanitarian system. Similarly, short-term priorities for prioritising humanity, independence, impartiality, and independence may need to dominate long-term ones related to building systems.

In terms of the 5Es framework, then, upholding humanitarian principles can be achieved by explicitly integrating them into the articulation of the desired outcomes and impacts, and the rest of the standard VfM analysis then applies equally.

### 2.3. The humanitarian–development–peace nexus

Beyond the basic VfM of social protection and humanitarian cash transfers viewed in isolation, there is growing awareness of the need to better understand the trade-offs between – and sometimes synergies within – the two types of responses and to help identify the comparative advantage of each in a given context. This is part of a wider recognition of the need to better link humanitarian and development (and peace) interventions through the humanitarian–development–peace nexus, which has emerged from the confluence of several different strands of thinking, as follows.

- **Questioning the exceptional nature of international humanitarian responses:** Until fairly recently, there was a presumption that only the international humanitarian community was able to uphold the humanitarian principles of impartiality and independence, particularly in the case of fragile and conflict states, but this exceptionalism and its inherent superiority is increasingly being questioned (EU 2019). This is partly as a result of increasingly blurred lines between humanitarian and development efforts in the growing number of protracted crises, but also reflects a more general recognition of the need for more nuanced application of humanitarian principles that accounts for the complex political realities of conflict and political implications of the effects of assistance in conflict zones (Labbé and Daudin 2016). The result is much greater questioning of what the role of the state can and should be, given its political will and capacities, so that responses can be as local as possible and as international as necessary. For social assistance, this opens many questions around the potential for and implications of using government systems, or at least of forging greater linkages between humanitarian and government cash or other kinds of social transfers.
- **Understanding humanitarian and development as part of a contiguuum not a continuum** (Ulrichs and Sabates-Wheeler 2018): Shocks need to be expected, not as something to cause a divergence from a development path, but as something that development itself needs to fully incorporate. Preparing for and responding to shocks is therefore something that all governments should do as part of their regular policy and programming.
- **Shrinking the need:** On the humanitarian side, there is heightened urgency related to a chronic and systematic financing gap for humanitarian interventions – even before Covid-19. This has led to an understanding of the need to, first and foremost, shrink the need by investing to reduce the scale and scope of emergencies before they occur, and then for greater efficiency and effectiveness in spending when a humanitarian response is required (High-Level Panel on Humanitarian Financing 2016). This awareness culminated in what is termed the ‘Grand Bargain’, which emerged out of the 2016 World Humanitarian Summit. The Grand Bargain is a set of 51 commitments across nine thematic areas by 61 different humanitarian actors, including a specific thematic area focusing on increasing the use of cash transfers across humanitarian programming. While increasing the use of cash has perhaps been the area that has gained the most traction since the Summit, and may have been motivated partly by chronic and extensive under-funding of humanitarian responses, the underlying case for shrinking the need through investments in resilience – of households and systems – is also crucial from a VfM perspective. Even if greater funding were available, it would not make more sense to wait to respond – at higher cost and lower efficiency – when earlier preparedness, risk reduction, and mitigation measures would be an overwhelmingly better use of resources.
- **Strengthening inclusion:** Leaving no one behind is crucial for both inclusive growth, humanitarian interventions, and peace. Without a focus on resilience strengthening and reducing risks in the first place, the poorest are the most vulnerable to disasters and the most likely to be left behind by both humanitarian and development responses. They are likely to be excluded from growth and to be the losers in the wider structural change happening in economies. These tendencies will only be exacerbated by climate change. A thorough understanding of inclusion is also essential from the perspective of peace, to ensure that, at a

minimum, the targeting of humanitarian assistance does not stoke tensions. Ideally, inclusive targeting can also evolve into social protection systems that can play a positive role in addressing poverty, inequality, and social protection as part of post-conflict political settlements.

The combination of these different strands of thinking has led to some important shifts in ways of working at the nexus, including a burgeoning growth in adaptive and shock-responsive social protection (see: Beazely, Marzi and Steller 2021; O'Brien *et al.* 2018; Longhurst *et al.* 2020), the shift towards cash-based humanitarian programming, and greater demands for humanitarian delivery to actively support government systems wherever possible and, at a minimum, to ensure that they are not undermined (Longhurst *et al.* 2021).

Although it is true that there is a decades-long history of linking relief and development, it is arguable that more recent approaches to the nexus are qualitatively different. This is due to their focus on centring risk as key to all government policy, rather than as an external force that knocks countries off some linear development path, requiring outside assistance in the immediate response, but also through recovery to get back on the original development path. Instead, these more recent nexus approaches focus on acknowledging assessing risks as fundamental realities. These approaches integrate preparedness, risk reduction, and mitigation strategies into policy, programmes, and institutional capacity as core government (development) policy rather than merely linking reactive, external humanitarian relief to the development of recovery.

Ultimately, much of the focus on the nexus can be usefully understood with a VfM perspective, helping us to ask better questions about the trade-offs involved. Given the extremely risky world in which we live – where shocks are expected and a long-term perspective is prioritised – how should we define objectives and measure the costs and benefits, and for whom? This approach ensures that risks – to households and to government systems – are fully costed in to any assessment of options, and that short-term pressures can be transparently weighed against long-term costs and benefits. It is at this nexus where many of the bigger trade-offs, over longer time periods, are brought into question, with potentially much larger implications for VfM in the long run.

## Box 2.2: VfM for whom?

Value for money is sometimes viewed as something that is imposed from the outside by donors, but it is important to understand VfM as something for which all governments are accountable when using public funds (and NGOs should be accountable for VfM even to their private donors).

The FCDO has a particularly strong emphasis on VfM as this is embedded in public finance management processes in the United Kingdom (UK). Given that VfM is so strongly rooted in an understanding of the theory of change, as long as FCDO (or any other development partner) objectives are aligned with those of partner governments, then VfM judgments will also be aligned.

In development contexts, this alignment is usually assured through the nature of cooperation agreements, in which development partners support the policies and strategies of partner governments. In most instances, coordination in social protection sectors is formalised through sector working groups, with development partners contributing to a common sector strategy. VfM objectives are therefore the same no matter the funding source. That is, achieving VfM is in line with the public finance management objectives of all participating governments.

This alignment of VfM objectives can be more complicated in humanitarian contexts where governments are not upholding their duties to all of their citizens equally, such as when they are parties to conflict against their own citizens, or where there is active discrimination against particular groups, or in the case of forced displacement, where host country governments might not fully recognise their duties towards refugees. In these instances, the VfM considerations of humanitarian actors might well differ from those of the governments in FCAS, but they should be aligned with one another in pursuit of the human rights of the populations whom they are supporting.

## 2.4. What is unique about VfM of social assistance in crisis contexts?

With this overall conceptual framework in place, the question for this exercise then becomes: What is **distinct** about VfM for social assistance in crisis contexts? Perhaps the best way to frame this query is in terms of the way that the calculus of costs and benefits changes in crisis settings. Both costs and benefits can move in either direction, so the shifting balance between the two needs to be carefully assessed in each particular context.

### 2.4.1. Conflict is a very particular kind of shock

Poor people face numerous risks in general. Shocks to income and expenditure are common, stemming from sources such as agro-climatic events (drought, floods, etc.), illness or death of income earning members, and price volatility. Violent conflict is different from these types of shocks by the deliberately destructive nature of the deprivation and distress caused, including the intentional destruction of survival strategies and social networks that would normally provide coping mechanisms, on the one hand, and infrastructure and basic services (including the rule of law, transportation, and social services), on the other. These aspects therefore combine to have major impacts on livelihoods and access to essential services and commodities, which can be further exacerbated by physical displacement (Justino 2006: 4; also see Cramer 2009 and Justino 2009). Somewhat surprisingly, there is rather little concrete empirical evidence on the relationship between conflict and poverty. That this relationship exists is fairly uncontroversial, however: conflict increases poverty, and often hits the poorest the hardest.

But what does this mean for VfM of social assistance? Many of the key themes are the same as in non-conflict contexts, but the calculus of benefit streams in FCAS is different in a number of potential ways, even in cases where there is no long-term displacement:<sup>1</sup>

- Reducing targeting efficiency, making it more physically difficult to effectively reach those who are most in need because of security considerations.
- Increasing caseloads: in contexts of high levels of poverty, attaining adequate levels of coverage is challenging even in non-conflict settings, but conflict multiplies the number of people in need, stretching budgets and creating more immediate and urgent trade-offs between programme scale, scope, predictability, and duration.
- Reducing incentives for households to invest transfers in productivity (where risks of eminent displacement or theft of produce is high, there may be little incentive to make investments in seeds or fertilisers, etc.) or human capital (where basic services are not functioning, or security risks to children attending school are too great) (Gunasekara 2020).
- Altering the benefits to households of public works programmes (PWPs), in particular reducing the substitution effects because viable alternative livelihood options are absent, and also altering the benefits of the public goods created. Public goods created through PWPs (roads, community buildings, etc.) have generally been deemed to have little value because of poor construction and lack of maintenance funding and implementation arrangements (McCord 2012), but in conflict areas if there is extensive damage to these public goods, then the value of replacing them using PWP labour could be higher than in non-conflict settings.
- Reducing potential impacts because of delays in disbursements because of the lack of functional services or predictability of financing. This could be mitigated through larger less frequent transfers, although that might change the potential impacts if that altered decision-making around how to spend transfers (whether on food or more lumpy expenditures).
- Increasing the importance of transfers in maintaining food security and dietary diversity, thereby increasing impacts on morbidity, mortality, and childrens' cognition via nutrition outcomes and uptake of health services.

<sup>1</sup> It is important for the discussion to recognise that there are different kinds of displacement: 'First, there is "pendulous displacement", where internally displaced persons (IDPs) spend the day in their villages or on their farms and hide in the bush or stay in host communities or even camps at night. The second type is "preventative displacement", where IDPs flee for short periods and return when conditions are relatively safe. The third type is "long-term displacement", where IDPs move away from their homes for long periods of time. This is typically the case with protracted armed conflict' (Nguya 2019, cited in Gunasekara 2020: 6).

- Increasing the role of transfers in avoiding negative coping mechanisms, with important long-term implications on the short-term crisis responses of households.
- Changing societal relationships and power balances between groups where government fails to deliver basic services or infrastructure and non-state actors fill the void.

In a similar way, conflict potentially increases the cost side of the equation through increases in administrative costs due to security requirements, delivery costs due to inadequate infrastructure, and potentially increased leakage of funds due to a reduced ability to closely monitor delivery on the ground and perform audit functions.

#### 2.4.2. Political will and capacity in crisis settings

Where states are unwilling or unable to provide assistance to citizens in an impartial manner, delivery through humanitarian channels is the only solution in the short term. This increases costs, as delivery through humanitarian rather than government programmes is generally expected to be more expensive (due to higher salary costs for NGO<sup>2</sup> and United Nations [UN] or multilateral implementing partners compared to government salaries; smaller-scale programmes with fewer economies of scale; short-term funding of programmes that requires greater overheads to manage, etc.). At the same time, if government systems are unwilling or unable to reach those most in need, targeting efficiency might increase using humanitarian cash, thereby increasing benefits.

Of course, low capacity for delivery is not specific to FCAS. Many stable governments also have low capacity. In these instances, there is a fairly clear VfM case for investing in capacity (building systems, strengthening the knowledge and ability of the civil service, etc). In FCAS, trade-offs related to investments in state capacity have fewer easy answers, but are no less relevant. Moreover, the specific answers depend entirely on the particular context. Where there is some kind of existing state capacity and some kind of social protection system already in place before the crisis, there will be different options available than in places without these foundations.

In all cases, in terms of the 5Es, the VfM conversation should be based on clearly assessing all the trade-offs over time between delivery through humanitarian programming versus investing in government channels. Where there is the political will but capacity is simply very weak, it is mainly a difference of degree, where the relative investments required to strengthen capacity might be much higher, and/or the returns would likely be lower, and/or take longer to materialise in FCAS settings. Where there is no political will by government to act appropriately as a duty bearer, however, or where government is not in control of all of its territory, this kind of capacity development is simply not possible in the short term. Here, the issues are then more about how to design humanitarian assistance so that at some point in the future the humanitarian systems could transition into government social protection, as has happened in Mozambique and other contexts (Cherrier 2014).

#### 2.4.3. The role of local actors

Related to these questions of which actors provide the best VfM in terms of provision, in crisis contexts there is often a potentially greater role for local non-state actors, which could be community or trade groups, civil society organisations, or private sector actors. Particularly where physical access to areas needing support is limited by security or natural hazards, where infrastructure for delivery is non-functioning or non-existent, and/or where speed of delivery is especially important, Cabot Venton and Sammon (2020) argue that local actors are best placed to undertake crucial functions of outreach and communications, targeting, beneficiary selection and enrolment, and other delivery functions because their superior local knowledge, relationships of trust, and access to certain populations are likely to yield more accurate targeting and greater inclusion at greater speed, and at lower cost.

It is, however, also important to be aware of potential disadvantages that might come from this kind of local involvement. This is especially the case when there are tensions between groups, the potential for elite capture, or even more benign, but still exclusionary approaches that favour the deserving poor rather than groups that are socially marginalised. In other words, as with all aspects of provision, the role of local actors needs to be assessed through the same 5Es framework, and the trade-offs and distribution of costs and benefits articulated in each individual context.

<sup>2</sup> This refers to both international and local NGOs.

#### 2.4.4. Forced displacement

One of the most obviously distinctive features of fragile settings is often the forced displacement of significant numbers of people. Different contexts, though, have different implications for VfM. In the case of refugees, much ultimately hinges on the political will of the host country government and its policies towards refugee integration. In these instances, integrating refugees into national social protection systems is often less expensive than providing humanitarian cash assistance to the same refugees. This is the case in terms of administrative costs alone, but is especially so if they are given the right to work and live in the community, thereby requiring smaller benefits packages for support.

Similarly, on the cost side for internally displaced people (IDPs) there are questions around who is best placed to provide, the size of the transfers, and the systems that are best placed to deliver to those who are displaced (particularly long term). The answers to these will depend on whether IDPs are in camps or host communities, and the nature and length of their displacement. The costs of delivery are likely to be higher across the board using humanitarian approaches; however, where services and infrastructure are already disrupted, where states are parties to conflict, and/or where IDPs are in camps, the higher costs of humanitarian provision are likely to go hand in hand with improved benefit streams through better delivery in terms of speed, targeting accuracy, higher transfer sizes, and so on.

For both refugees and IDPs, on the benefit side of the equation, benefit streams resulting from investments (in productivity and human capital) are likely to be lower, while those due to improvements in immediate food security higher.

#### 2.4.5. Financing

In general, financing of humanitarian cash transfers raises VfM issues compared to financing of regular social protection (also see forthcoming BASIC Research financing paper). The very short-term and last-minute nature of funding tends to create perverse incentives, particularly in terms of balancing short-term versus long-term trade-offs. It tends not to provide any incentives for investing in preparedness, thereby increasing costs of response *ex-post*, imposing high administrative costs through the need for frequent new requests for funding and frequent reporting requirements on short-term funds. It can also undermine long-term delivery systems (for example, by causing staff shortages as government staff are enticed to the higher-paying humanitarian NGO implementers) through the use of parallel systems instead. These issues are also found in humanitarian responses outside of FCAS countries. Again, however, it is mainly a question of degree, with FCAS having even weaker governance capacity (or political will) and therefore a greater likelihood of going off system.

In terms of benefit streams, the nature of financing social assistance in FCAS can lead to delays in payments, with negative implications for the impacts at household level. Transfers that are short term in nature and therefore less regular and predictable than regular cash transfers will also have lower impacts on all of the main benefit streams (DFID 2011).

#### 2.4.6. Long-term implications for peace and distribution

In addition to these more immediate considerations for FCAS settings, it is also important to think about the long-term implications. At least in theory, social protection is thought to have a role to play in a transition away from fragility, with the sector being both a beneficiary of stability, as governments increase capacity for stronger policy and governance arrangements more generally, and also a contributor to increased stability through increased social cohesion, reduced tensions caused by poverty and inequality, and increased legitimacy of the state and a strengthened social compact. In practice, however, it is important to have a fairly nuanced understanding of the relationship between poverty, social exclusion, and conflict. Poverty and exclusion are not easily viewed as determining causes of conflict, but they are likely to play an important role in the extent to which the poor engage in violence (on either side) and, once concluded, demands for redressing grievance become important as part of an effective settlement.<sup>3</sup>

<sup>3</sup> Collier (2000) points out that although alleviating sources of legitimate grievances including poverty, inequality, and exclusion would not be likely to be successful *pre-conflict* policies to avoid the outbreak of civil war (because it is the financial viability of rebel organisations that ultimately plays the decisive factor in the outbreak of conflict),

This implies a potentially important role for social protection in the post-conflict period, not only for its poverty reduction objectives, but also as part of peace-building and, ultimately, state-building efforts. These processes are, however, highly challenging to measure robustly. Actions taken during and just after conflict, therefore, have potentially important long-term implications for the scale, nature, and distribution of the expansion of government social protection activities. In turn, this could have important implications for wider benefit streams in the future related to the stability of peaceful political settlements.

## 2.5. Gender, social exclusion and conflict

We need to understand gender in all situations. The gendered nature of conflict is especially important because women and girls are often targeted differently than men and boys, have different vulnerabilities, different resources and coping mechanisms, and experience different impacts. Similarly, disability must be explicitly considered, given the higher vulnerability of people with disabilities to violence in the first place, their greater reliance on access to basic services, greater susceptibility to abuse and exploitation, and their more limited options for movement where security concerns drive displacement (Pearce 2014; Pearce, Paik and Robles 2016), in addition to the increase in disability caused by conflict itself. Women and girls with disabilities often face double discrimination, being especially vulnerable to violence even in peacetime, but especially during conflict (Ortoleva 2011; Cornelson 2012).

There are also other aspects of social exclusion in FCAS. Whether it is particular ethnic groups or geographical locations, exclusion takes on another dimension in conflict situations, in terms of actual risks of violence as well as distribution of resources in an equitable manner.

All of these aspects of exclusion have important implications for programme design and implementation, as it becomes especially important to understand who is affected, in what ways, and the particular barriers they may face to inclusion in programming. From a VfM-specific lens, ensuring gender equality and social inclusion (GESI) considerations are integrated into programming may increase the costs (it may be more expensive to reach these groups; they may need larger transfers; and cash plus interventions will be needed to reduce risks of gender-based violence). The gains in terms of equity and ensuring that support is effective are likely to outweigh these costs, however – even if **quantifying** these gains is often challenging.

## 3. Evidence on assistance in crisis: what does the literature say?

With this conceptual understanding in place, the next question is to assess to what extent there is an existing evidence base to help quantify these costs and benefits in the crisis context. Unfortunately, the literature is quite limited and exists entirely in silos. Although the literature on VfM of social protection in development contexts is extensive, there is much less on the humanitarian side overall, and also very little on the nexus between them. What does exist is often dominated by a few authors and organisations.

### 3.1. VfM of social protection

On the social protection side, the literature is already well developed, particularly at the FCDO, in terms of conceptual frameworks and practical tools for applying those concepts in analytical work (White *et al.* 2013, 2015). Other development partners, such as the World Bank, also include some aspects of VfM in project appraisal documents, but this tends to be much less comprehensive than the FCDO and much of the explicit VfM work on social protection comes from FCDO-funded programmes, given the importance of VfM throughout the programme cycle.

Economic appraisals of business cases assess the relative costs and benefits of FCDO investment options.<sup>4</sup> These are of course specific to the countries and programme design features being considered, but they tend

*post-conflict* peace building policies cannot ignore the underlying grievances. Once the conflict has occurred, group grievances are a sort of a genie out of the bottle that must be dealt with.

<sup>4</sup> For further information, see some of the major Economic Appraisals for FCDO social protection programmes including: Ethiopia's PSNP, Rwanda's VUP, Tanzania's PSSN, Bangladesh's SFPMS.

to address some common issues such as coverage, targeting, nature of programming (public works versus unconditional cash transfers), livelihoods and other cash plus interventions, and administrative capacity strengthening. In many countries, there are further value for money assessments undertaken during the implementation period, and VfM is revisited at the end of a programme as well (White and Ellis 2012; Wylde 2015, 2016, 2018, 2019).

There is little in the published academic literature on VfM specifically, as this tends to focus more on impacts in isolation from costs. Impact evaluations are essential for providing the robust evidence needed to conduct economic appraisals and VfM assessments. The focus of the impact evaluation literature has shifted somewhat over time, starting with some fairly basic questions around the immediate impacts of social protection on consumption and poverty to longer-term consumption, poverty, and income impacts as well as a whole range of impacts on nutrition status, children's educational attainment, and more recently some evidence on women's empowerment and gender based violence.<sup>5</sup>

There are, however, still significant gaps in the evidence to inform some of the policy trade-offs that are high priorities in many places, including:

- Comparative analysis of programme design and implementation models: Which features are better or worse at including different groups, and who benefits most from different kinds of approaches?
- Adaptive, shock-responsive, and climate-smart social protection: What design features are needed to protect consumption, reduce climate risks where possible, mitigate the impacts of shocks, and reduce negative coping strategies? Do programmes reach those most in need after particular shocks, and what do systems need to do to ensure effective coverage against (or protection from) different kinds of risks and shocks?
- Graduation and cash plus: What does the term 'graduation' really mean in practice across the whole range of programming? Where is it appropriate, and for whom, and where not? What underlying conditions – related to local economic potential, household financial, physical, and human capital assets – are necessary conditions for success? How can programmes adapt even when these conditions are not present?
- Capacity development: What kinds of technical assistance works in which context? What kinds of institutional and systems strengthening investments yield results under different governance conditions?

Alongside these themes, there are also emerging questions related to methods, in particular how to appropriately account for heterogeneity in uptake and outcomes across households and individuals. This requires moving beyond average effects, even for sub-groups of the population, towards a focus on the whole distribution of impacts, to better understand who participates and who benefits, why, and how.

In particular, there are gaps in our understanding of the gendered contexts in which social protection programmes operate and the ways in which programme design and implementation can achieve better outcomes for women, including: (1) Barriers women face to participation in programmes; (2) Demands of participation on their time; (3) Implications for intra-household bargaining and women's agency; (4) Implications for decision-making on caregiving and investments in children; and (5) Impacts on intimate partner violence (IPV).<sup>6</sup> Recently there have been some efforts to quantify the costs of gender-based violence (e.g. CARE no date; Spence 2020; KPMG 2020; Merino *et al.* 2020). We did not, however, find any applications of these to cost-benefit analysis of social assistance. Better evidence on these questions of heterogeneity is essential for more nuanced and accurate VfM assessments of equity and the implications for potential trade-offs with efficiency and effectiveness.

Even where the evidence base is lacking, VfM assessments should, in theory, be an ideal route to foster initial exploration of these questions, as vehicles to articulate different feasible options and start to set out the trade-offs involved between the 5Es, document an initial set of assumptions, and model the potential implications. Scenario analysis can be a useful tool even in the face of high degrees of uncertainty. Then, as evidence emerges over time, it should be used to update assumptions about transmission mechanisms and magnitudes of effects. In practice, however VfM assessments tend to be used in more limited ways related to

<sup>5</sup> See Bastagli *et al.* (2016) and Hagen-Zanker *et al.* (2017) for comprehensive reviews of the evidence.

<sup>6</sup> Although the evidence base is currently increasing, in part through investments in FCDO's Gender Responsive Social Protection Programme.

the demands of project cycles, with varying degrees of rigour used in economic appraisals of programme design (and the full technical analysis underpinning these appraisals is rarely publicly available) and often mechanistic reporting on efficiency metrics during annual programme reviews instead of VfM being more fully integrated into adaptive management and learning approaches.

## 3.2. VfM of humanitarian cash programming

The literature on VfM in humanitarian cash programming is not extensive by any means. What little is there focuses more on issues related to economy and efficiency, with more limited discussions of issues related to effectiveness. One of the major challenges in the analysis of VfM of humanitarian cash transfers is that comparable cost data is much more difficult to obtain than it is in social protection settings.<sup>7</sup> At the same time, analysis of effectiveness is often hampered by a lack of robust impact evaluation, partly due to challenges of rigorous evaluations of humanitarian interventions (ethics considerations, logistics). The short-term nature of funding cycles also likely contributes to more hurried and less detailed economic appraisals.

The key themes have been related to cash versus in-kind transfers, the size of transfers, implications of economies of scale, and the implications of short-term versus multi-year funding arrangements.

### 3.2.1. Cash versus vouchers and in-kind transfers

While questions over cash versus food have largely been settled in the social protection literature,<sup>8</sup> this remains one of the main areas of focus for VfM work on humanitarian cash transfers in recent years. This is also true of FCAS. Given that the evidence is already so strong on the VfM of cash over food in most circumstances, why is this still a focus for study in humanitarian cash?

One reason is that these programmes are operating in particularly challenging contexts, so there is still a need to justify where cash is appropriate and where it is not. ICRC (no date: 7) stresses that, 'although cash is often best, it is not *always* best'. Particularly in conflict situations where markets and infrastructure are not functioning at all or functioning so poorly that inflation is very high, cash might not allow clients to purchase what they need directly or at a lower cost. ICRC also point out that in some of these contexts where access is sporadic, the lack of ability to work closely with communities with careful monitoring and follow-up means they might not be cash ready.<sup>9</sup> There is also a fear that the use of third-party financial services providers might compromise neutrality and impartiality, if these are aligned with a party to conflict (ICRC no date; Faith, Roberts and Hernandez 2022)

In most instances, however, cash and vouchers are both more efficient than in-kind transfers. In an overwhelming majority of cases, studies find that delivering assistance through cash transfers is significantly cheaper than providing aid-in-kind worth the same value. For example, the FCDO Somalia Business Case cites evidence that:

- In Lebanon, cash is 10 to 14 per cent cheaper to deliver than non-food item kits of equal value, and 21 per cent cheaper to deliver than hygiene kits.
- In Yemen, food aid costs double to deliver compared to cash.
- In Uganda and Niger, distribution costs are 21 per cent and 15.4 per cent higher for food than for cash payments, respectively. In Ethiopia, these costs were 25 to 30 per cent higher for in-kind aid.
- In Somalia, cash transfers allowed 85 per cent of total programme budgets to be transferred to beneficiaries, compared to 35 per cent for in-kind aid.

<sup>7</sup> A consortium of NGOs (including Accion Contra el Hambre, CARE, IRC, Mercy Corps, and Save the Children) have collaborated on an online cost-efficiency analysis tool called Dioptra, which should add considerably to the evidence base and has already produced several interesting case studies. See: <https://www.dioptatool.org/what-does-dioptra-do>.

<sup>8</sup> See Gentilini (2014) for a good summary of the economic rationale for decisions around cash vs vouchers vs food and the existing evidence.

<sup>9</sup> Although it is not clear from the document exactly why the authors feel that cash is riskier, compared to in-kind transfers, where monitoring and follow-up are restricted. This may reflect more about institutional comfort rather than what is optimal for clients.

Across four countries (Ecuador, Niger, Uganda, and Yemen), three of which are FCAS contexts, Cabot Venton *et al.* (2015) show that 18 per cent more people could have been helped at no extra cost if everyone had received cash instead of food.

Cash is also more **effective**, giving clients the ability to spend flexibly according to their preferences. In Lebanon, the World Food Programme (WFP) post-distribution monitoring reports show that on average refugees exchanged one-fifth of the value of their e-vouchers for cash to buy more or better food, pay rent, and buy medicines, and hygiene and cleaning items, and that those with the lowest food consumption scores exchanged more of the value of their e-vouchers (Cabot Venton *et al.* 2015). Another study of WFP programming for Syrian refugees in Lebanon and Jordan finds that switching from vouchers to cash yielded cost effectiveness gains, with an increase in purchasing power of 8 to 15 per cent and greater impacts on food security when clients were no longer restricted to using WFP-designated shops (Boston Consulting Group, cited in EU 2018: 7)

### 3.2.2. Payment modalities

At the heart of some of these findings on the relative efficiency of cash versus vouchers is an analysis of the cost drivers of these two modalities. Cabot Venton *et al.* (2015) finds that the efficiency of e-vouchers is considerably higher than cash through automatic teller machines (ATMs), but this is partly because the cash programming was small and nascent, and being evaluated in the context of one-off transfers. The relative costs of cash versus vouchers changes significantly at scale, where there is scope for greater negotiation with financial service providers, and a greater opportunity for economies of scale through on-going transfers (to offset up-front costs such as cash cards, etc.). This is also found by International Rescue Committee (IRC) in Jordan (Systematic Cost Analysis Consortium 2020).

### 3.2.3. Transfer size

One of the biggest questions relates to the trade-off between programme coverage and transfer sizes. While this is also somewhat the case in stable government programme contexts, the question is much more urgent in crisis contexts. This is the case for several reasons. There may be parallel systems in place, with humanitarian programmes providing much larger transfers aimed at meeting (or at least providing more of a contribution towards) household needs, calculated in terms of minimum expenditure baskets (MEBs), more comprehensively, while regular government transfers provide much smaller values that are intended to supplement rather than replace other earnings. For example, in Lesotho some child grant recipients have received much smaller transfers, even after a top-up, than WFP emergency transfer recipients in the same community, even though they were equally poor (O'Brien *et al.* 2018).

As Carraro, McLean and Little (2020) and McLean, Carraro and Little (2020) articulate in a series of blog posts, there are no easy answers as to what is right, but they do find that there are many cases where inconsistencies are especially problematic, such as where there are risks of exacerbating social tensions. They argue that it is precisely the intractability of the choice between balancing needs, equity goals, political dynamics, and funding realities that means the trade-offs must be transparently and openly discussed.

Even aside from these higher-level questions, transfer sizes are also found to be important drivers of some potentially unintended consequences among refugees in Turkey, where the Emergency Social Safety Net (ESSN) is designed in a way that eligibility is more tightly controlled and access is highly rationed. Even aside from these higher-level questions, Özler *et al.* (2020) find that smaller transfer sizes are also important drivers of some potentially unintended consequences among refugees in Turkey.

One of the features of humanitarian provision that is distinct from government programming is a proliferation of different providers. A recent study (Juillard *et al.* 2020) looks at three design features of the operational model that have large implications for potential economies of scale: (1) Whether cash and voucher assistance (CVA) providers formalise their relationship through an alliance or consortium; (2) Whether there are operational arrangements to jointly deliver a single joint CVA project; or (3) Whether to use a particular operational model to consolidate separate sectoral grants or vouchers into a single multi-purpose cash transfer. The analysis shows that these decisions have important ramifications for programme scale (both in number of recipients and size of transfers as well as the duration of a project and maturity of the cost trajectory) and hence efficiency, but also on timeliness and thus effectiveness. Unified delivery platforms tend

to be efficient, but they also limit geographical reach and often take longer, so the efficiency gains from consolidation and coordination must be traded off against these impacts on effectiveness.

### **3.2.4. Implications of multi-year funding**

Although the lack of multi-year funding is often discussed as an important factor in reducing efficiency and effectiveness, there has so far been little concrete evidence on the size of the impacts. Cabot Venton and Sida (2017) find that multi-year funding increases economy, efficiency, and effectiveness through better planning. This manifests in lower procurement costs; for example, WFP spent 18 to 29 per cent less in Ethiopia through better timed purchases. In the Democratic Republic of Congo, multi-year funding has allowed UNICEF to improve delivery by incorporating diagnostic studies alongside implementation, which find that there would be efficiency gains to fewer larger transfers, and that these would also have larger impacts for clients as they were preferred over smaller more frequent transfers. The DFID (no date) business case from Iraq also notes that the multi-year approach reduces transaction costs (ranging from 11 per cent to 50 per cent) and offers partners predictability in funding.

In Somalia, an IRC (no date) analysis of short-term versus long-term programming finds that delivery costs are US\$0.67 per dollar transferred in the short-term programme compared to US\$0.37 in the long-term one. They also note that more predictable, longer-term funding increases effectiveness in tangible ways in the Central African Republic, Côte D'Ivoire, and Cameroon, allowing for greater community engagement to build trust, greater staff retention, and greater integration of gender-sensitive design elements.

### **3.2.5. Investing in preparedness for cash transfers**

In order to provide cash quickly in a crisis, investments must have been made well in advance, before it is known whether or when a shock will actually occur. This includes, for example, undertaking periodic market assessments to make sure areas are cash ready, making contractual arrangements with local partners, etc. In a microsimulation study for Save the Children, Wylde (2017) finds that the returns to investment are overwhelmingly positive; even under a conservative scenario, the incremental benefit-cost ratio is in the range of £6.00–8.00, meaning that for every £1.00 spent on preparedness, there is a £6.00–8.00 return.

### **3.2.6. Implications of the monopoly on international humanitarian architecture**

An important, but often ignored – or at least not often quantified – aspect of humanitarian cash delivery is the high costs of agency management fees, and the quasi-monopoly on delivery by a few large actors, the most important of which is the WFP.<sup>10</sup>

### **3.2.7. Other implications of crisis settings on costs**

Although we would expect that costs will be higher in FCAS, thus far there is little work to quantify what that means relative to similar programmes elsewhere. In South Sudan, the WFP finds that its public works programme is, somewhat surprisingly, similar in terms of cost effectiveness to non-conflict settings, with a total cost to transfer ratio (TCTR) of 1.42. It is estimated at appraisal to have a somewhat less favourable TCTR of 1.48, but the findings indicate that it is able to deliver a high labour intensity relative to capital costs (WFP findings, referenced in World Bank 2019). It should be noted, however, that this analysis appears to apply only to the public works component, and it is not clear whether all the wider programme costs have been fully included, so it may not actually be directly comparable to programmes elsewhere.<sup>11</sup>

## **3.3. VfM of the humanitarian–development nexus**

Although the conceptual basis for understanding VfM of the humanitarian–development–peace is strong, and suggests that there are significant gains from greater linkages between humanitarian CVA programming and national social protection systems, the evidence base remains quite thin. The logic is strong to assume that providing assistance through government systems is considerably more efficient than humanitarian provision (due mainly to economies of scale and significantly lower staffing costs for government programmes in general), although the evidence providing like-for-like comparisons is thin.

<sup>10</sup> FCDO, internal memo.

<sup>11</sup> This lack of comparability of costing methodologies often bedevils comparative analysis based on published results.

There are many different ways that humanitarian provision can be linked with national systems, from piggybacking (utilising existing beneficiary lists and/or delivery platforms to deliver humanitarian transfers) to full integration of emergency responses into adaptive or shock-responsive programming. The gains from using existing systems depend on the maturity and coverage of the system, the contractual arrangements with financial service providers, and the wider financial services landscape and availability of alternatives.

The closest data available in terms of a like-for-like comparison is from Ethiopia, where an analysis of the cost per beneficiary using the Productive Safety-Net Program (PSNP) was US\$53.00 compared to US\$169.00 through the UN and NGOs in non-PSNP areas during the 2011 food crisis, and the PSNP response was much faster, coming within two months of the crisis being identified, compared to the usual timing of up to eight months through the humanitarian system (Development Initiatives 2012). The greater efficiency of the PSNP is attributed to its ability to command low prices in procuring commodities and its established distribution networks (*ibid.*: 77).<sup>12</sup>

Although not directly comparing identical programmes in Kenya, Bahri and Merttens (2018) find that the Hunger Safety Net Programme (HSNP) had a cost to transfer ratio (CTR) of 0.32, which included significant investment costs in expanding the social registry to cover all households in programme areas and emergency payments to Group 2 households, for which transfers are horizontally scaled when there is a drought. By contrast, O'Brien, Hove and Smith (2013) find that NGO emergency transfer programmes in Kenya between 2009 and 2011 had CTRs of 0.64 and 0.15, although the latter appears to be a difficult comparison because of unusually large transfer values (making the CTR lower) and heavily discounted transfer costs. Although CTRs must always be compared very carefully since they will depend on programme objectives, transfer values, and the specific delivery contexts, these different data points suggest that HSNP does illustrate relatively efficient transfers through the regular system, especially considering it includes the investment costs in the social registry expansion.

More recently and in a better direct comparison, Juillard *et al.* (2020) look at the relative costs of the HSNP compared to NGOs providing transfers to HSNP areas in Kenya. They find that the competitiveness of the contract with the HSNP service provider, Equity Bank, was eroded over time as mobile money payments through provider M-Pesa were subsequently expanded to the region. Piggybacking on the HSNP delivery platform therefore did not provide efficiency gains, although piggybacking on the beneficiary list saved three to five months and registration costs. User costs in terms of time and transport were also higher through the banking network. These costs to users are essential to consider in VfM analysis, as in the case of Turkey, where the refugee programme, the ESSN, and Conditional Cash Transfers for Education (CCTE) used a banking provider with lower programme transfer costs (indeed Halkbank provided its services for free) compared to the provider for the social safety net, but with more restricted access to users, thereby effectively shifting some of the costs to users (*ibid.*). The ESSN, however, did utilise operational functions of the safety net, providing significant cost savings to the emergency programmes.

### 3.3.1. Integrating refugees into national programmes

Smith (2019) makes a case for an integrated approach to assistance for Syrian refugees in Lebanon, setting out a few options for piggybacking or alignment and the expected benefits versus costs, but these are theoretical rather than actual and no concrete estimates of these are made.

Separately, there is good evidence that allowing refugees freedom of movement and the ability to work can have positive impacts on host communities (Rosenbach *et al.* 2018; Taylor *et al.* 2016a, 2016b; Khoudour and Andersson 2017; Maystadt and Verwimp 2014), which would be an important potential benefit stream in a cost-benefit analysis of options for shifting refugees onto regular social assistance programmes while allowing them to work.

<sup>12</sup> This analysis covers the period when PSNP risk financing mechanism was triggered for the first time, allowing it to extend the duration of support to 6.5 million regular recipients and provide three months of support to an additional 3.1 million people in PSNP areas, whereas in non-PSNP areas humanitarian support was provided through the UN and NGOs. Unfortunately, there are no details on the costing methodology or what exactly was being transferred. From the description, it seems this comparison is of relatively similar food baskets.

### 3.3.2. Shrinking the need: early response

The literature with perhaps the greatest influence on the dialogue around effectiveness of humanitarian programming is Cabot Venton's estimates of the costs of non-response in Ethiopia, Kenya, and Somalia in the Economics of Early Response and Resilience (TEERR) studies (Cabot Venton *et al.* 2013; Cabot Venton 2018), and an update in the Covid-19 context for Ethiopia (Cabot Venton 2020). These studies use a simulation approach with household economy analysis data to estimate the relative cost-benefit ratios of late reactive humanitarian transfers compared to a scenario in which regular transfers are provided before a crisis, or early humanitarian responses reach households quickly.

These studies find significant gains through early response through two mechanisms: (1) Reducing the size of late humanitarian intervention caseloads and the size of each household's need, as these late responses have costs that are higher per dollar transferred; and (2) Reducing the income and asset losses incurred by households that are forced into negative coping strategies in the absence of timely support. These provide powerful illustrations of the VfM of avoiding descents into poverty traps that are very difficult to escape.

In the Covid-19 context in Ethiopia, for example, it is estimated that the existing PSNP programme saved US\$859m in one year, of which 54 per cent is due to reduced aid costs (in terms of averted humanitarian need), and the remainder is averted losses to households. Had the planned response been rolled out quickly, there would have been an additional US\$135m in savings. This would have represented a return on investment of US\$3.50 for every US\$1.00 spent.

Going beyond simulations of anticipatory impacts, a recent study from Bangladesh (Pople *et al.* 2021) finds that very small delays in the timing of assistance – by even one day – had measureable impacts on recipients of a one-off transfer in advance of floods. Earlier recipients report that they were less likely to go a day without eating after the flood, and three months after the flood, they report lower asset loss and costly borrowing, and higher adult and child food consumption and well-being.

In a similar vein, using a quasi-experimental approach in a small survey in Bangladesh and Nepal after disasters in 2016, Wylde (2017) finds that providing transfers earlier allows households to return to their homes and hence their work sooner, reduce borrowing for consumption and other negative coping mechanisms, and increase earnings in the period following the disaster.

- In Nepal, where it was possible to directly test the impact of earlier transfers on earnings, those who received transfers sooner (by two to six months) had earnings that were 22 to 51 per cent higher (depending on timing) than those who received transfers later in the year following the earthquake.
- In both Nepal and Bangladesh, there is evidence that either the level of indebtedness (Nepal) was greater among those with later transfers or the reasons for borrowing (Bangladesh) was for consumption rather than investment.
- Beneficiaries of earlier transfers in Nepal were able to spend far less time in temporary accommodation (nine weeks versus 20) and took less time to rebuild (12 weeks versus 16 to 20 weeks), and they were also able to return to cultivation around one month earlier than those who received later transfers. Similarly, in Bangladesh, those receiving transfers earlier returned home more quickly and rebuilt their homes after the floods more quickly, even though floodwaters took longer to recede than they had for those receiving later transfers.
- In Nepal, the later beneficiary groups were more likely to have resorted to negative coping strategies such as reducing food expenditure, non-food expenditure, and buying food on credit, as well as a worrying level of child labour and migration, adult migration, and risky work for children and adults. In Bangladesh, the earlier transfer group had fewer beneficiaries who resorted to begging or reduced their food or non-food expenditure.

Combined with the simulation exercises by Cabot Venton (*et al.* 2013; 2018, 2020), this suggests that the benefits from early responses are enormous, and more research on actual experiences in practice should be prioritised.

Beyond these immediately anticipatory early responses, there are also bigger questions about the long-term nature of social protection programming in reducing poverty and vulnerability to shocks over time. In Ethiopia, Knippenberg and Hodinott (2017) find that PSNP payments reduced the impact of immediate drought shocks by 57 per cent and shortened the length of the persistence of long-term adverse effects from four years to two.

## 4. Conclusions

The VfM framework for identifying, articulating, quantifying, and assessing trade-offs among economy, efficiency, effectiveness, equity, and cost effectiveness objectives is an essential tool for policymaking and programming in social assistance in general, but especially in fragile and conflict settings where trade-offs are likely to be particularly stark. Many of the overarching VfM questions in FCAS are similar to those in more stable contexts. These are related to targeting, transfer size, the design of cash plus or graduation elements, delivery mechanisms, and system building and capacity strengthening. The contexts in which these questions play out, however, change the calculus of both cost and benefit streams.

The existing evidence base is very thin, although it is growing. So far, there is more emphasis on questions of efficiency rather than effectiveness, reflecting the wider gaps in impact evaluations and other forms of robust evidence in FCAS.

### 4.1. Research priorities

Given the strong theoretical rationale for understanding the particular trade-offs in designing social assistance responses in FCAS, and this very sparse evidence base to date, there are a number of emerging research priorities that could be pursued by BASIC Research over the coming years. This includes:

- Making sense of cost data across the nexus: What are the key cost drivers in different contexts, and how do these compare across different programmes, implementing arrangements, and types of crises? How do these compare with the cost drivers in more stable settings (in levels and shares), and are there any implications for potential gains in efficiency and effectiveness? How are VfM metrics being used (if at all) by programme managers?
- Better understanding potential benefit streams in different contexts and for different groups, including, critically, an initial baseline understanding of the impacts of conflict and complex crises on poverty and vulnerability of different groups (who is affected in what ways?), and what this implies about whom to target with interventions, how, what kind of support packages will have the greatest impacts, and what the options are for delivery of these through different mechanisms, whether humanitarian or government systems.
- Bringing these together in comprehensive cost-benefit analyses of concrete options, over the short, medium, and long term, including implications for system building:
  - Targeting approaches, including harmonising targeting approaches of humanitarian provision with national systems, and which approaches are most appropriate in which contexts for which groups;
  - Cash plus and graduation programme elements;
  - Investments in government systems, and how this compares with humanitarian provision in different FCAS (refugees, conflict, etc.);
  - Inclusion of grievance and redress mechanisms (GRMs), localisation approaches;
  - Integrating GESI perspectives more concretely, which can be challenging when poverty data is at household level, but much more that could be done to understand the gendered nature of risk, needs, and impacts, using existing household surveys (e.g. South Sudan, Somalia, Ethiopia, Nigeria); and
  - Adaptive and shock-responsive social protection programming, including early response.
- Implications of finance: What are the concrete issues related to money in/money out and how do these manifest in terms of VfM considerations? (Public Financial Management [PFM] issues; distribution/equity). Ideally, this would be done in concert with finance ministries in country.

In addition to this standard research, it is also possible to provide some more practical outputs; for example, how to do better economic appraisals (some kind of guidance or approach paper). Of course, this hinges on having evidence on the effectiveness of different programming models in FCAS (graduation/livelihoods, public works, poverty targeted vs categorical, etc.), so this would build on the research outputs from other work streams of the BASIC Research programme. Micro-simulations are especially useful here, and could even be used when impact evaluations are lacking or not yet available, particularly allowing the ability to integrate assumptions around risk through the use of scenario analysis (for instance, around different conflict trajectories or disasters).

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# Annexe

## Annexe 1: Methods

Given the particularly thin literature on VfM in FCAS, the approach to the literature review needed to be fairly flexible.

The starting point was structured searches in electronic academic and open-source databases including:

- BASIC Research and SPACE Zotero group libraries
- Google Scholar

It also relied on searches of key organisations including:

- FCDO project database
- World Bank project database
- CaLP
- Secure Livelihoods Consortium
- GSDRC (Governance and Social Development Resource Centre)
- WFP Documents Database
- United Nations Office for Coordination of Humanitarian Affairs (OCHA) Financial Tracking Service
- Overseas Development Institute (ODI) publications

The search began with structured search terms including:

"Value for Money" social protection in "insert country"
"cost effectiveness" social protection in "insert country"
VfM and graduation
VfM and adaptive social protection
"humanitarian cash" and VfM
efficiency and cash transfers in those countries
social protection/effectiveness AND humanitarian cash AND gender
VfM and localisation

The long list of countries included: **Lebanon; Niger; Nigeria; Yemen;** Somalia; DRC; South Sudan; Ethiopia; Mozambique; CAR; Libya; Syria; Jordan; Iraq; Afghanistan; Myanmar; Pakistan; Haiti; Colombia; Venezuela, and Ukraine.

The approach relied heavily on snowball techniques, using citation lists from the documents that were identified, as well as seeking recommendations from key actors and organisations working in the field.

Although we attempted to be as comprehensive as possible, there is undoubtedly some remaining bias due to language (with searches prioritised in English) and publication status. The latter is likely to be particularly important, as much VfM reporting done for donors is proprietary to the implementing organisation and is often not made publicly available.

## Acknowledgements and Disclaimer

This document was developed by the Better Assistance in Crises (BASIC) Research programme. BASIC is implemented by the Institute of Development Studies (IDS), the University of Sussex and the Centre for International Development and Training, funded by UKAid from the UK government. The views expressed in this document are entirely those of the authors and do not necessarily represent views or policies of the UK governments official policies.

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Published by IDS.

## Suggested citation

Wylde, E. (2022) *Value for Money of Social Assistance in Fragile Contexts: Considerations, Evidence, and Research Priorities*, BASIC Research Working Paper 9, Brighton: Institute of Development Studies, DOI: [10.19088/BASIC.2022.009](https://doi.org/10.19088/BASIC.2022.009)