

SPACE Social Protection Approaches to COVID-19: Expert advice helpline



VALUE FOR MONEY OF SOCIAL PROTECTION AND HUMANITARIAN CASH TRANSFERS IN THE CONTEXT OF COVID-19

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This document was developed alongside others – most importantly a [Strategy Decision Matrix](#) and a [Delivery System Decision Matrix](#) – as a technical tool used to structure an independent and unbiased analysis of COVID-19 response options. It does not necessarily represent FCDO or GIZ own views or policies.

1. INTRODUCTION

Social protection and humanitarian cash responses¹ to the COVID-19 pandemic have emerged globally within the last few months, with more responses to come as the early phases of lockdowns have in many places been replaced with the beginnings of L-shaped recessions and on-going extreme economic hardship for tens of millions globally².

While the value for money (VfM) of social protection and cash transfers is already well established, and existing guidance already plentiful³, the COVID-19 context raises some particular issues from a VfM perspective. This short note addresses these issues and is aimed at economists, social protection and humanitarian specialists within development partner organisations, as well as policy-makers in government – anyone tasked with designing social

¹ We include here in humanitarian responses cash, 'near cash' such as vouchers, and also in-kind food aid.

² For more on the L-shaped recessions and implications for social protection see SPACE [Social Protection in the COVID-19 Recovery: Opportunities and Challenges](#)

³ DFID has produced several guidance documents that describe how to undertake a Value for Money (VfM) assessment of social protection: the benchmarking costs in DFID's social transfers VfM guidance ([here](#)), VfM guidance for social protection systems ([here](#)) and social transfers value for money checklist ([here](#)).

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protection responses and assessing different options, whether in concept notes, business cases, or budget submissions.

The emphasis of this note is mainly on what is *new* with respect to VfM for social protection in the COVID-19 context. As such, this note assumes some familiarity with value for money concepts as they relate to social protection and cash.

The note is structured as follows:

- The note begins with a brief overview of the basic framework for assessing VfM;
- This is followed by a discussion on how to apply the VfM Framework to humanitarian and social protection responses to COVID, outlining major categories of cost and benefit streams that need to be considered, followed by a discussion on some of the key contextual issues that are likely to affect VfM in COVID, as well as a discussion of the trade-offs that need to be considered with reference to specific design elements; and
- A detailed table highlights the key VfM considerations that need to be considered for each of the components of a cash response across the delivery chain, unpacking the economy/efficiency, and effectiveness/equity considerations that need to be considered for coverage/targeting, adequacy, comprehensiveness, harmonisation/coordination, and accountability.

COVID-19 specific recommendations for assessing the Value for Money of response include:

- COVID-19 presents a range of challenges in design and implementation of social protection and humanitarian transfers. These have specific implications for assessing both the costs and the benefits of response, and therefore a critical assessment to ensure value for money is required.
- Any investment in response will require trade-offs between costs and benefits. The key point is that increases in costs to ensure safety, reduce exclusion, improve targeting, raise transfer values, and work through local partners etc. do not imply lower VfM if they improve effectiveness.
- Carefully assess these trade-offs transparently. Where it is not possible to make accurate estimates, it is still important to use whatever information and data is available to make best-guess assumptions to qualitatively and quantitatively assess the range of potential investment options for COVID 19 and their relative cost effectiveness.

2. UNDERSTANDING VFM OF CASH TRANSFERS AND SOCIAL PROTECTION

1.1 Basic Framework: the '4Es'

The starting point for understanding VfM in any setting is always the '4 E's': economy, efficiency, effectiveness, and equity.

- Economy is achieved through the minimisation of the cost of inputs.
- 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.
- Equity refers to *who* is reached to ensure that programmes reach their intended groups and do not exclude those who should be included, recognising that reaching different groups will have different implications for costs and effectiveness.

All four of these considerations are designed to be assessed together: overall cost effectiveness relates to the extent to which the whole causal chain, from inputs to outputs to outcomes, results in the desired impacts for the desired groups. VfM indicators are then expressed simply as the cost to achieve the outputs, outcomes, and impacts as defined by a causal chain, as well as the cost to ensure that equity considerations are embedded in the design.

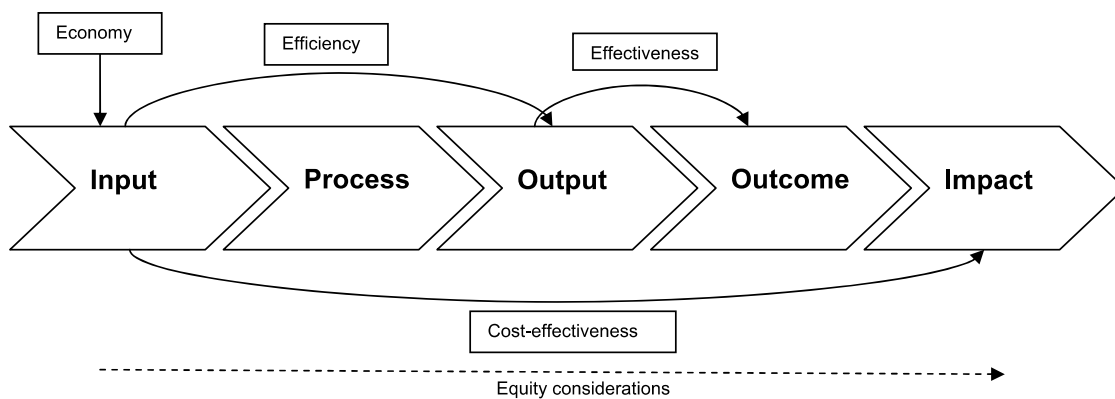


Figure 1. The causal chain and the '4E's

VfM can never be assessed in a vacuum. It is always a relative concept, a tool to guide decisions about which option represents the best use of society's scarce 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)?

The most important aspect of this framework that we will return to in the COVID-19 context below is the recognition that ultimately VfM is all about trade-offs, often between efficiency and effectiveness and short-term versus long-term and, as a result, cheapest is not always best. While there may be some unambiguous cases where improvements could increase efficiency and effectiveness simultaneously, more often policy and programmatic decisions will hinge on achieving the right balance between the '4Es'. One of the main trade-offs between efficiency and effectiveness manifests as a tension between the quantity of outputs achieved for a given cost and the quality of those outputs. The quality of outputs will often have 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 it results in 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 on overall value for money, considering the balance between the full stream of costs and benefits over the medium- to long-term and, crucially, how these are distributed. Some of the most common cost and benefit streams in social protection and humanitarian cash transfers are listed in Table 1.

Table 1. Common Cost and Benefits Streams from Humanitarian and Social Protection Programmes.

Common Cost Streams	Common Benefit Streams
<ul style="list-style-type: none"> • Cost of the transfer itself. • Cost of delivering the transfer, including administrative, set-up, roll-out, operational, monitoring & evaluation costs, and including targeting and local partner costs for delivery. • Cost of addressing multi-dimensional needs, i.e. cash+ activities. • Cost of building systems: coordination, social registries, government capacity, shock responsive systems, etc. 	<ul style="list-style-type: none"> • Meeting basic needs via direct transfers, which are a function of: size, frequency, and duration of the transfer, and any transaction costs borne by recipients or opportunity costs of labour (public works only). • Avoided cost of humanitarian aid and avoided losses due to reduced negative coping strategies. • Improvements in health and reductions in mortality from improved nutrition, spending on health insurance and uptake in health care. • Returns to investment in children’s education and nutrition. • Increased income/consumption resulting from beneficiary investments in productivity or income generation. • Multiplier impacts on the wider economy.

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 broader information systems 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.

1.2 WHY focus on VfM in the context of COVID-19?

While these themes are relevant regardless of COVID, they are critical to highlight here because:

- I. COVID offers an opportunity to bring greater alignment across sectors (focusing on joint outcomes) and build systems;
- II. The response to COVID – and its likely effectiveness – has been heavily differentiated based on where strong social protection and humanitarian assistance systems existed already.
- III. COVID-19 also allows for the inclusion of the core humanitarian principles of humanity, neutrality, independence, and impartiality – which are also relevant in non-humanitarian contexts – into the centre of the discussion of VfM, as they effectively serve to amplify many of the trade-offs between efficiency, effectiveness, and equity by helping to define the overall objectives (Box 1).

Box 1: VFM AND THE HUMANITARIAN PRINCIPLES

The usual tension between efficiency and effectiveness can be even starker where there are urgent needs to respond quickly in order to protect lives and uphold the principle of humanity, even if speed is more expensive. 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 where they are parties to conflict). In these situations, although delivery through humanitarian mechanisms may be more expensive and less efficient than through government (social protection) systems, upholding these wider humanitarian principles could mean that effectiveness 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.

- IV. COVID-19 brings to the forefront the broader trade-offs and synergies between humanitarian and social protection interventions. VfM is rooted in a comparative approach to assess different options, including short- and long-term considerations of costs and benefits. This includes the VfM of a) intervening before a crisis through adaptive social protection programming to 'shrink the need' by building household resilience in advance to withstand crises and as well as b) the systems that can flex/scale to accommodate any additional needs that do arise without requiring relatively more expensive and less effective humanitarian assistance after a crisis has hit⁴. Once a crisis has hit, it also allows for comparison between different options for delivery through humanitarian or social protection approaches or some combination of the two.

3. APPLYING THE VFM FRAMEWORK TO HUMANITARIAN AND SOCIAL PROTECTION RESPONSES TO COVID-19

Some of the main changes brought by the COVID-19 context are illustrated in Table 2, to illustrate the key issues, options, and trade-offs between economy/efficiency; effectiveness and equity that will need to be considered⁵. These relate to the level of coverage and the appropriateness of targeting and payments mechanisms; the timeliness of support; the adequacy of support; the comprehensiveness of multi-dimensional support; the choice of system (social protection or humanitarian), extent of harmonisation across different actors and institutions; and accountability to affected populations. These are all dimensions that are

⁴ EU (2019) Social Protection Across the Humanitarian/Development Nexus: Tools and Methods and Cabot Venton, C et al (2019). "The Economics of Early Response and Resilience." USAID

⁵ Note that here we combine the discussion of effectiveness and equity in the table for simplicity, as in the context of social protection these are often two sides of the same coin, given the explicit objectives – and VfM metrics around cost effectiveness – to reduce poverty. Where there may be some divergence between them (for example, where we are addressing equity along other dimensions that do not relate directly to poverty, such as disability or gender or marginalized groups, we make a specific note.

explored in other SPACE foundational documents, such as the [Strategy Decision Matrix](#) and [Delivery Systems Matrix](#) – discussed below from a VfM perspective.

1.3 The level of coverage and the appropriateness of targeting and payment mechanisms

The economic impact of COVID-19 has required a significant expansion in those requiring assistance, and expanded coverage to include groups not previously considered vulnerable, e.g. urban/informal workers.⁶

The increase in costs necessitated by the expansion required is to some extent unavoidable. But the inherent trade-off is heavily justified by avoiding humanitarian losses (for example the cost of humanitarian assistance, as well as the loss of income, assets and human capital that occur when households begin to engage in negative coping strategies), ensuring equity, and improving outcomes. Costs associated with delivery to new and expanded caseloads are likely to increase:

- Expansion of coverage via changes to targeting design and setting up new systems for targeting (e.g. registration, eligibility determination and enrolment) and paying previously uncovered caseloads (e.g. onboarding, etc.) require additional costs.
- Prevention of the spread of the disease implies new or different costs related to registration/payment/supervision/case management etc., whether through increased costs for training and personal protective equipment (PPE), or switching to cheaper digital methods that may reduce physical contact requirements, but which have major implications for equity.
- Costs are increased through minimising exclusion errors and enabling equitable access along the [delivery chain](#), for example through last mile registration particularly given the needs for rapid horizontal expansion. A strong equity and [Gender Equality and Social Inclusion \(GESI\) focus](#) is needed in assessing coverage and targeting design, which can increase costs by reaching the most vulnerable groups and ensuring their participation by addressing the specific risks and barriers that they face.
- Sensitization around the transfer size and inclusion criteria is critical for mitigating (and offsetting the costs of) a wide range of risks and is particularly important in COVID-19 where transfers are extending to new areas/populations.
- Costs of targeting and delivering in fragile and conflict states, particularly where COVID-19-induced deprivation is wide-spread, will incur additional costs in terms of access, security, sensitization and risk mitigation.

These costs, however, will be significantly outweighed by the gains in terms of increased equity and better outcomes. Inclusion of those affected, including the most vulnerable, is critical for:

- offsetting the short run impacts of immediate deprivation that would lead to severe malnutrition, with its consequences for mortality, morbidity, and cognition, losses in productive activities, and education losses, requiring ongoing/increased humanitarian assistance,
- the long-term impacts of potential poverty traps,
- reduction in losses through negative coping mechanisms which in turn have long term economic, health and education implications,
- losses through reductions in human capital investments,

⁶ SPACE, [Social Protection and Humanitarian Cash and Food Responses to COVID-19: Needs, Coverage, and Gaps](#)

- and the consequences of protection issues (early marriage, trafficking, risky work) and gender-based violence, not to mention the extreme cases of.

The increased focus on localisation as a delivery mechanism in this crisis also has important implications for VfM that cut across the cost and benefit trade-offs outlined above. COVID-19 is requiring new operational models with a much heavier reliance on local actors, due to movement restrictions and a lack of international staff. Local actors are critical for last mile registration (inclusion benefits), sensitization and management of grievances, identification and proactive management of GBV, and providing a holistic response tailored to local community needs. These local actors are likely to be much less expensive and deliver a more timely and effective response that is tailored and responsive to local needs. However, initial costs of identifying organisations and for capacity building to ensure compliance with procedures may be higher, they may not be able to operate at scale, and in some contexts (especially conflict ones) they may compromise impartiality and therefore effectiveness.

1.4 The timeliness of support

The *timing* of response can fundamentally affect the trade-offs between costs and benefits: the effectiveness of a faster response may justify losses in efficiency (e.g. higher delivery costs, lower fiduciary controls, targeting). This is because the speed of the response has a major impact on the overall effectiveness of transfers through two main channels: (i) by reducing the need for negative coping strategies that have long-term consequences such as taking on unsustainable levels of debt for consumption purposes, distress sales of productive assets, reliance on child labour and school drop-out, early marriage of girls and child trafficking, and reduction in food consumption below basic nutritional requirements; and (ii) by ensuring that key productive windows are not missed, especially in agriculture⁷. This applies in both the contexts of lockdowns and L-shaped recessions and will be more important the larger the shock and the fewer the positive coping mechanisms available (the ability to draw down savings).

1.5 The adequacy of support, in terms of the size, frequency, and duration of the transfer

Where there is a fixed budget, there is an unavoidable trade-off between lower levels of transfer to more people, and higher levels of transfer to fewer people (especially in a fiscally constrained space). Yet this should not weigh the decision automatically in favour of coverage.

In the COVID-19 context, transfer sizes may need to be re-evaluated. Transfer values needed now may be higher than normal, primarily because (1) usual transfer sizes are assumed to supplement existing earnings that may be wiped out entirely during lockdowns or recessions, necessitating larger transfers; and (2) women-headed households and households caring for

⁷ In the context of responses to natural disasters, a recent study from Nepal after the 2015 earthquake and Bangladesh after the 2016 and 2017 floods found that: in Nepal those who received cash transfers sooner (by 2-6 months) had earnings that were 22-51% higher (depending on timing) than those who received transfers later in the year following the earthquake; either the *level* of indebtedness was greater amongst those with later transfers (Nepal) or the *reasons for borrowing* was for consumption rather than investment (Bangladesh); and 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 while in Bangladesh, the earlier transfer group had fewer beneficiaries who resorted to begging or reduced their food or non-food expenditure. Wylde, Emily (2018) "Value for Money of Investing in Cash Transfer Preparedness in Emergencies". Save the Children.

the elderly or disabled, or OVCs, may require additional support to mitigate the effects of the crisis.

The overall cost of larger transfer sizes will be greater (requiring more money for more people) but may actually realize efficiency gains as the cost per dollar transferred will be smaller on larger transfers.

Critically, the broader benefits of larger transfer sizes can be significant:

- Larger transfer sizes can help to mitigate the impacts of negative coping strategies, may help to re-build asset stocks and reduce debt burdens, which will allow for faster recovery especially for those needing to re-start or shift into self-employment.
- Larger transfers are also more likely to generate economy-wide multipliers, allowing households to spend on more than just food, which is even more important in the context of recessions than normal circumstances.
- Larger transfers that induce investments in human capital can prevent significant losses by ensuring that children do not drop out permanently (especially in many places adolescent girls and in others adolescent boys); similarly, families may need extra incentives to ensure routine vaccinations take place, malnutrition services are utilized, or births take place in facilities, with long-term implications for morbidity, mortality, cognition, etc;
- However, if larger transfers to fewer households means that some households are not able to meet basic needs, the losses to those households without sufficient support could outweigh the additional benefits realized by households receiving higher levels of support.

Cash versus in-kind provision also needs to be carefully assessed and monitored: there is a theoretical risk of food price inflation and supply disruption which may threaten the functioning of local markets, although so far supply chains have continued to function well outside of a few hotspots (where there are other issues like drought or conflict). This needs to be continually monitored, in case supply chains deteriorate rapidly. At the same time, it will also be important to consider jointly the VfM of wider investments in supply chains and production to ensure that local markets can continue to function; it may be that some of these complementary investments provide better overall VfM than simply switching to in-kind provision, although of course it will depend on how quickly supply chains can be supported.

Over the medium/long term, political economy realities mean that budgets are rarely truly fixed, and more narrowly targeted approaches tend to remain smaller (as they have less 'popular' support), so it also depends on whether smaller transfers to more people are highly targeted or more universal. If a wider (but smaller) blanket approach allows for the creation or expansion of a more universal system, which will be politically sustainable over time and ultimately cover more people in the long run, the long-term benefits could outweigh short-term reductions in efficiency or effectiveness.

1.6 Comprehensiveness of multi-dimensional responses

Providing a multidimensional response – particularly activities that can enhance the effectiveness of the cash transfer and allow it to be more productive – will increase costs but should improve effectiveness overall. However, this is dependent on the activities being designed based on a sound understanding of local needs and opportunities (i.e. investing in market systems approaches based on market systems that are viable), and these needs and opportunities are different for some groups affected by this crisis (i.e. urban, informal

workers). In contexts where a humanitarian response requires the use of transfers via the humanitarian system, the ability of refugees to engage in certain activities needs to be considered as requirements could significantly undermine the potential effectiveness of certain response options.

- In a limited fiscal space, the trade-off between ensuring a comprehensive cash response and investing in cash+ activities is critical: funds must not be diverted from ensuring that the full population can meet their basic needs (see points raised in the previous section).
- Evidence generally supports that cash+ and multidimensional support yield much greater benefits than costs and therefore is typically justified from a VfM perspective.
- In the context of COVID-19, public awareness campaigns, health services, and Gender Based Violence (GBV) protection case management and prevention are essential multi-dimensional activities. The costs of responding retrospectively will be significantly higher than addressing these risks up front.
- Longer term activities to address multi-dimensional needs and economic recovery in the context of COVID-19 need to be context specific, for example addressing the needs of informal workers in urban and peri-urban areas.
- Given that women are on the frontlines of the response, multi-dimensional activities will yield higher VfM when they are tailored to the specific needs of women and engage women in the design and implementation.

1.7 The extent of harmonisation across different actors and institutions

There is a growing awareness of the trade-offs and synergies involved in harmonizing humanitarian and social protection systems for shock responsiveness. In a humanitarian context there is a need to ‘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 required⁸.

The underlying case for ‘shrinking the need’ through investments in resilience – of households and systems – is crucial from a VfM perspective and requires that social protection and humanitarian systems work together. This area is large and complex, with many trade-offs that need to be considered from a VfM perspective. Further, many of the decisions around harmonization of systems have important political economy and legal implications, and therefore a VfM assessment that consists of monetizable cost and benefits may not accurately reflect many of the wider issues around harmonization that are also important.

Potential cost implications of harmonization can include opportunities for reducing costs by piggybacking on existing systems, or integrating the two systems, resulting in significant economies of scale, through sharing common registries and/or accompanying information systems, registration/enrolment/payments/grievance redressal systems, etc. These cost savings can be significant. See [SPACE Identifying Practical Options for Linking Humanitarian Assistance and Social Protection in the COVID-19 Response](#). The upfront costs to align systems may be higher, but the above-mentioned opportunities for also reducing costs are likely to improve economy and efficiency, particularly over the medium term.

Benefits can also be improved. However, careful consideration of context is critical – for example, integration may completely undermine VfM by compromising impartiality in countries where governments may be party to conflict (see Box 1). Even where a separate system is

⁸ High Level Panel on Humanitarian Financing (2016) Too Important to Fail – Addressing the Humanitarian Financing Gap. Report to the Secretary General

deemed to be better, the integration of registration of new caseloads onto social registries for longer-term use and targeting could improve cost effectiveness by ensuring that any investment builds longer-term systems.

1.8 Accountability to affected populations

COVID-19 enhances the importance of ‘accountability to affected populations’ as a core VfM consideration. COVID-19 may limit the opportunities for in-person supervision and/or disrupt normal grievance mechanisms. Further to this, with significant expansion to new communities and new beneficiaries, and large funding flows running via government systems, accountability, transparency and grievance redressal are fundamentally important to delivering VfM gains. Large investments in targeting and delivery of cash will fail on their cost effectiveness and equity considerations if that funding is not reaching intended beneficiaries or causing grievances that go unresolved.

Costs of ensuring effective accountability mechanisms in COVID-19 will increase:

- Because of the expansion to new caseloads who may not have received cash previously, higher costs to ensure accountability mechanisms are well resourced and effective will be needed.
- Responding to complaints and grievances also needs to be well resourced. In COVID-19, where child protection and violence are amplified risks, proactive identification of cases and management of those cases is necessary and will incur extra costs.
- One of the primary delivery mechanisms for ensuring accountability in COVID-19 times is through networks of trusted community representatives via local CBOs and investing in those networks can incur additional costs.

The benefits of effective accountability are also likely to be high:

- Avoided losses can be significant: a) the costs of violence and unrest due to unmitigated issues are significant; b) the costs of investing in targeting systems that do not realize those most in need – particularly given equity concerns – are significant (as described in previous sections).
- Local organisations are more connected to what local communities want and need, especially changing needs in C19. The role of local actors in sensitization around social transfers is critical to mitigate the costs of unrest and grievances that can severely compromise cost effectiveness. Local networks are also important to act as a counterbalance to local government officials in ensuring accountability. However, where local elite capture, for example, means that transfers are diverted away from the neediest, benefits may be compromised.

1.9 Other considerations

Although not a consideration in ‘normal’ times, well-designed and well-timed social protection/cash interventions themselves could actually help ensure compliance with lockdowns or other public health interventions, with wider implications for morbidity and mortality as well as further knock-on effects on the economy. This will obviously depend on the course of the disease in a given context but is likely to be an important consideration that should be quantified as much as possible, especially with respect to urban populations who are likely to migrate back to rural areas if earnings dry up. As such, it is important to consider social protection and cash interventions within the wider context of public health and economic

interventions when assessing costs and benefits; measures that contain the spread of the disease to rural areas and reduce the economic impacts on agriculture in the first place (through transport policies and supply chain management), for example, could be far more efficient and effective than supporting households with transfers after a lockdown in rural areas is required. 'Shrinking the need' is essential now more than ever, given the sheer scale of potential caseloads, and that is likely to require an assessment of social transfers within the context of wider policy options.

Table 2. Key Considerations for Assessing VfM trade-offs in the COVID-19 Response

Issue	Options	Economy/Efficiency (+/-)	Effectiveness and Equity (+/-)
LEVEL OF COVERAGE AND APPROPRIATENESS OF TARGETING AND PAYMENTS APPROACHES			
<p>Who to target with programme expansions: Those most impacted by COVID-19 are likely to be different from those groups normally targeted by SP/humanitarian cash programming.</p>	<p>Expand existing programmes vertically (retaining existing caseloads).</p>	<p>Vertical expansion will be administratively the least expensive option, generally requiring only additional amounts for transfer costs (which will depend on the modality).</p>	<p>Vertical expansions (without any expansion in coverage) less effective at addressing needs overall, and less equitable, than alternatives where caseloads are expanded.</p> <p>Horizontal expansion mechanisms that rely on existing data will likely lead to serious exclusion error as there will be many people who have not been pre-identified, and registries are often out of date and/or inaccurate.</p> <p>Investment in systems – e.g. working through local actors for last mile support, etc - to ensure inclusion of those most in need due to COVID-19 will improve effectiveness as well as equity by mitigating a wide range of short- and long-term impacts (effectiveness) and ensuring those who are most vulnerable receive support (equity).</p>
	<p>Expand existing programmes horizontally (reaching new caseloads) using existing targeting data.</p>	<p>Horizontal expansion using existing data will entail relatively more administrative costs compared to vertical, but less than setting up entirely new approaches, depending on the complexity.</p>	
	<p>Set up new targeting criteria and mechanisms for horizontal expansions to new groups.</p>	<p>Requires additional investment costs, but necessary in many contexts. Response can be made more efficient by piggybacking on existing systems/capacity/tools and by integrating with wider systems (so that sunk costs are leveraged for future responses).</p>	
<p>Complexity of targeting: Cash transfer programmes with more complex targeting tend to be more administratively expensive. In the context of COVID-19, where caseloads are rapidly expanding especially in urban/densely populated</p>	<p>Use more accurate and complex targeting.</p>	<p>The more complex the approach, the more expensive administratively.</p>	<p>The effects of these options would depend on the overall level of coverage (depending on the underlying eligibility criteria and qualifying conditions).</p> <p>For a fixed number of beneficiaries, more accurate targeting would improve efficiency and effectiveness compared to blanket approaches. However, if blanket approaches provide higher levels of coverage (though a more universal approach),</p>
	<p>Use blanket and categorical approaches.</p>	<p>Costs of targeting reduced, though the overall cost may increase as more people receive a transfer.</p>	

Issue	Options	Economy/Efficiency (+/-)	Effectiveness and Equity (+/-)
areas, populations may be more mixed and difficult to target simply.			equity would be maximized, even if effectiveness might be lower than under stricter targeting. In areas of conflict, an additional consideration for effectiveness is the impact of targeting choices on conflict; more tightly targeted approaches might raise tensions, with further impacts on livelihoods in the short and longer term.
Targeting implementation and payment modalities: COVID-19 requires consideration of the public health implications of personal interactions during registration and payment.	Physical distribution of cash.	Additional costs for PPE/training/distancing, mechanisms for minimizing traffic at cash out points.	Public health measures will minimize spread of the disease and therefore improve effectiveness by avoiding losses associated with public health and further lockdown measures/economic implications.
	Use digital registration options (Mobile Network Operators lists of subscribers, online forms, etc).	Can be the most efficient, as there are significant economies of scale, but depends on whether initial investments in systems have been made, and if not the relative size of these investment costs. Additional costs for PPE/training/distancing, mechanisms for minimizing traffic at cash out points, modifying biometric registration Investment costs for mobilizing local networks to minimize exclusion and ensure registration of those who don't have mobile money.	Effectiveness will be increased where investment costs and harmonized with wider systems building, thereby leveraging economies of scale, with effectiveness improving over time as the system is used for repeated crises. Digital systems can enhance speed of response and therefore effectiveness. Public health measures will minimize spread of the disease and therefore improve effectiveness by avoiding losses associated with public health and further lockdown measures/economic implications. Equity and effectiveness can be significantly compromised due to the large number of people who do not have access to digital systems – most of them are highly vulnerable. Therefore, use of digital systems must ensure registration of those without access to bank accounts, phones or other digital platforms (particularly women, those who are illiterate, older people, some people with certain disabilities, etc).
TIMELINESS OF SUPPORT			

Issue	Options	Economy/Efficiency (+/-)	Effectiveness and Equity (+/-)
'Speed' of response	Swift delivery.	Potential losses in efficiency, due to the need to 'act fast' and leverage what is there (e.g. higher delivery costs, lower fiduciary controls, less accurate targeting, etc).	The speed of the response has a major impact on the overall effectiveness of transfers through two main channels: (i) by reducing the need for negative coping strategies that have long-term consequences such as taking on unsustainable levels of debt for consumption purposes, distress sales of productive assets, reliance on child labour and school drop-out, early marriage of girls and child trafficking, and reduction in food consumption below basic nutritional requirements; and (ii) by ensuring that key productive windows are not missed. From an equity standpoint, there is however a risk that 'swift' approaches are not sufficiently thought through, enhancing access barriers for many who are most in need. A sequenced approach may help to address the trade-offs over time.
	Slower delivery, enabling time for in-depth re-design.	Potentially higher 'sunk' costs due to higher investments in design and implementation of new systems. However, more chances to address the issues above.	
ADEQUACY OF SUPPORT			
<p>Transfer values may need to be higher due to COVID-19, to replace rather than supplement earnings.</p> <p>Women and other vulnerable groups may require greater levels of assistance to overcome additional challenges to resuming work.</p>	Higher values transferred to fewer people.	More administratively efficient.	Higher transfers can reduce negative coping mechanisms, rebuild asset stocks and reduce debt burdens and have greater impacts on nutrition, investments, and productivity as well as economy-wide multipliers, with long-term consequences, and may be better value for money overall. By more fully meeting households' needs, higher values could help ensure compliance with lockdowns or other public health interventions, with wider implications for morbidity and mortality.

Issue	Options	Economy/Efficiency (+/-)	Effectiveness and Equity (+/-)
<p>related to caring responsibilities.</p> <p>There may be additional reasons to increase transfers, to induce returns to children's schooling or uptake of vaccination, malnutrition, or maternity care.</p>	<p>Lower values transferred to more people.</p>	<p>Less administratively efficient.</p>	<p>HOWEVER, if larger transfer to less households means that some households are not able to meet basic needs, the losses to those households without sufficient support could outweigh the additional benefits realized by households receiving higher levels of support.</p> <p>Lower transfers to more people can be more effective in the short run in terms of the % of transfers going 'below the poverty line' but in the long run may not be enough to avoid negative coping mechanisms and poverty traps, with less poverty reduction over the long term.</p>
<p>COVID-19 requires consideration of the public health implications of personal interactions involved in frequency of payments.</p>	<p>Less frequent and higher-value transfers.</p>	<p>Might mean slightly more efficient through lower payment transaction costs (but this depends on the precise cost structure).</p>	<p>Larger transfers less frequently may allow households to better manage their spending in the COVID-19 context, where earnings are lost entirely, and cash is needed for large payments such as rent or repayment of debt that was incurred before transfers started, while more frequent transfers may allow families to meet basic needs more readily and prevent gaps in food security/nutrition.</p>
<p>COVID-19 may lead to increased inflation and/or disruptions in local markets.</p>	<p>Use cash transfers.</p>	<p>Much more efficient through lower admin costs.</p> <p>Efficiency also depends on the size of the transfer (which could be increased to account for inflation), in which case there would generally be more cost efficiency for programmes in general as well as on a per-calorie-equivalent basis, since items could be procured locally by households more cheaply than by programmes wherever markets are still functioning</p>	<p>There is strong evidence for the effectiveness of cash compared to food or vouchers in general, where local markets are functioning.</p> <p>However, this depends crucially on transfer values adjusting for inflation, otherwise the real value of the transfer can be eroded, which would in turn reduce the benefits both immediately and in terms of second-round effects via nutrition, productivity, and investments.</p> <p>Where markets are not functioning, the effectiveness of cash can be diminished due to the imposition of significant transportation costs on beneficiaries or, in more extreme cases, the inability of beneficiaries to access appropriate items at all. It is in these instances that the effectiveness of in-kind provision is likely to be higher.</p>

Issue	Options	Economy/Efficiency (+/-)	Effectiveness and Equity (+/-)
	Use in-kind provision.	Administratively more expensive due to significant transportation and logistics costs (as well as transmission risk). Per-calorie equivalent costs may also be higher where goods are procured internationally rather than locally, although this only applies where local markets are functioning.	
COMPREHENSIVENESS: FULLY SUPPORTING DIFFERENT MULTIDIMENSIONAL NEEDS			
The COVID-19 context places additional requirements for (1) public awareness and communications, linkages to complementary services due to heightened risks related to public health, GBV, child trafficking, etc. And (2) cash+ approaches to support economic recovery.	Deliver cash only, to more people.	Efficiency will be higher as delivering cash only requires one system. However, costs are likely to be significantly higher over the longer term as ongoing cash will be required on an ongoing basis without investment in measures to build economic recovery.	Much lower effectiveness as the costs and consequences of public health risks, GBV, child trafficking, loss of productivity, recession are very high, and ongoing contagion will necessitate ongoing cash transfers.
	Deliver cash plus invest in interventions to address multi-dimensional needs, but with fewer people.	Costs will increase as additional measures are added, and likely to require multiple delivery modalities/partners (e.g. supporting GBV case management partners and increased costs due to targeting those at risk).	Effectiveness greatly improved, as investment offsets significant losses due to health impacts, GBV/protection lifetime effects, etc, and allows household economies to recover, delivering income, asset, educational and health gains and reducing the amount of assistance required over the longer term. Significant equity gains ensuring that those on the frontline of the crisis – either responders or those affected – are protected, and ensuring that those most affected are able to rebuild lives and livelihoods. HOWEVER, if cash+ activities detract from some household's ability to meet basic needs, the losses to those households without sufficient support could outweigh the additional

Issue	Options	Economy/Efficiency (+/-)	Effectiveness and Equity (+/-)
			benefits realized by households receiving multidimensional support.
SELECTION OF SYSTEM, HARMONISATION OF SYSTEMS			
Harmonisation of response systems can allow for a faster and more effective response – COVID-19 presents an opportunity to build more harmonized systems.	Work across separate systems.	Less cost efficient.	May be more cost-effective where more targeted/tailored responses are required. May also be more cost-effective where integrating humanitarian systems with government run social protection systems can undermine impartiality or where government systems are nascent and could collapse under the additional strain.
	Harmonize components of, or entire systems.	Requires alignment costs up front, but more cost efficient overall through significant economies of scale.	Can improve outcomes by offering a more consistent approach with good sensitization and communications, as compared with ad hoc/separate systems that can often have multiple different transfers going to different households in different combinations. Even where a separate system is deemed to be better, the integration of registration of new caseloads onto social registries for longer-term use and targeting can improve cost effectiveness by ensuring that any investment builds longer-term systems. Integration of systems can enhance preparedness for second waves.
ACCOUNTABILITY TO AFFECTED POPULATIONS			
COVID-19 may limit the opportunities for in-person supervision and/or disrupt normal grievance mechanisms.	Add/adapt accountability measures (through local actors as well as digital approaches, for beneficiaries and financial management).	Increases admin costs/lower efficiency Some of this cost can be mitigated through use of local actors where capacity exists, or using digital methods for grievance or fiduciary controls where feasible.	Effectiveness and equity can be improved if accountability leads to lower targeting errors, ensuring that those affected actually receive their transfer, and address grievances head on. Effectiveness can be increased if corruption is tackled or other improvements in service delivery are achieved. These can in practice also have equity implications, where the poorest, women, and most vulnerable groups suffer most from corruption or lack of accountability. Local elite capture can also reduce benefits.

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