

*Draft for discussion*

# Building the role of social protection in disaster response and resilience in Lesotho



World Bank Disaster Risk Financing and Insurance Program



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# Building the role of social protection in disaster response and resilience in Lesotho



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World Bank Disaster Risk Financing and Insurance Program



# Acronyms

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ACP	African, Caribbean Pacific	LVAC	Lesotho Vulnerability Assessment Committee
AGOA	African Growth and Opportunities Act	M&E	Monitoring and Evaluation
AIDS	Acquired Immune Deficiency Syndrome	MIS	Management Information System
ALNAP	Active Learning Network for Accountability and Performance in Humanitarian Action	MoA	Ministry of Agriculture
CA	Community-based Assessment	MoE	Ministry of Education
CBT	Community Based Targeting	MoF	Ministry of Finance
CEO	Chief Executive Officer	MoFo	Ministry of Forestry
CERF	Central Emergency Response Fund	MoH	Ministry of Health
CGP	Child Grant Program	MoHA	Ministry of Home Affairs
CODI	Core Diagnostic Instruments	MoSD	Ministry of Social Development
CT	Cash Transfer	NGO	Non-Governmental Organization
CV	Community Validation	NISSA	The National Information System for Social Assistance
DFID	Department for International Development	NRP	National Response Plan
DMA	Disaster Management Authority	OAP	Old Age Pension
DPMO	Deputy Prime Ministers Office	OPM	Oxford Policy Management
DRM	Disaster Risk Management	OVC	Orphan and Vulnerable Children
DRR	Disaster Risk Reduction	PM	Prime Minister
ENSO	El Nino Southern Oscillation	PMT	Proxy Means Test
EU	European Union	PSNP	Productive Safety Net Program
EWS	Early Warning System	RVAC	Regional Vulnerability Committee
FAO	Food and Agriculture Organization of the United Nations	SADC	Southern Africa Development Community
FS	Food Security	SACU	Southern Africa Custom's Union
FY	Financial Year	SP	Social Protection
GDP	Gross Domestic Product	SPI	Standardized Precipitation Index
GEF	World Bank Global Environment Fund	SVAC	Swaziland Vulnerability Assessment Committee
GFDRR	Global Facility for Disaster Reduction and Recovery	TB	Tuberculosis
HBS	Household Budget Survey	ToR	Terms of Reference
HCT	Humanitarian Country Team	TWG	Technical Working Group
HEA	Household Economy Analysis	UN	United Nations
HIV	Human Immunodeficiency Virus	UNICEF	United Nations Children's Fund
HR	Human Resources	USAID	United States Agency for International Development
HSNP	Hunger Safety Net Program	VAC	Village Assistance Committee
ICP	Intensive Crop Production	VCI	Vegetation Condition Index
ID	Identification	VDMT	Village Disaster Management Team
IPC	Integrated Food Security Phase Classification	VSLA	Village Savings and Loan Association
ISPA	Inter Agency Social Protection Assessments Group	WASH	Water, Sanitation, and Hygiene
ISSN	Integrated Social Safety Nets Pilot	WFP	World Food Programme

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# Executive Summary

This report examines the social protection systems currently in place in Lesotho and analyses their capacity to respond effectively to shocks such as the drought of 2015-2017. The report is based on a series of consultations with key stakeholders over the course of two one week visits in April and June 2017. Field work was undertaken by Matt Hobson (team leader), Stephen Anderson, Miles Murray and Alejandra Campero. The report was written by Stephen Anderson, Matt Hobson and Miles Murray with support from Alejandra Campero under the guidance of Lucilla Maria Bruni and Julie Dana. The consultation process was supplemented by an analysis of available data on Lesotho and the broader issues of social protection and Disaster Risk Management.<sup>1</sup>

The recent drought of 2015-2017 in Southern Africa caused by El Nino, had disastrous effects on the people of Lesotho. With much of the country categorized as living below the poverty line, a significant percentage of the population is susceptible to food insecurity in times of crisis. The country is classified as drought prone, and the frequency of droughts has risen considerably since 2000 because of climate change. Thus, the establishment of robust social protection systems that are easily scalable, respond quickly to shocks, and that integrate with disaster preparedness and management is imperative.

In Lesotho, the only government social protection programme that was scaled up during the drought of 2015-2017 was the Child Grant Program (CGP), a conditional cash transfer initiative for poor households with children. Funding from the Central Emergency Response Fund (CERF) of \$2 million and from the World Bank of \$6.57 million, were used for the emergency 'top up' of \$36 per household per quarter, distributed in 2 rounds between June 2016 and April 2017. The funding was used to increase transfers for existing CGP beneficiaries registered in 36 out of Lesotho's 64 councils. Towards the end of the

drought period, the CGP was able to expand to reach 6,000 additional households. The remaining councils (where CGP is not present) received transfers from humanitarian food assistance programmes in different amounts and with different frequencies. The WFP food assistance programmes for example were distributed in councils where CGP was not present. WFP assistance programmes were also initially funded by the UN CERF (\$106,418), and later by the Government of Switzerland (\$1.0 million), ECHO (\$2.1 million) and DFID (\$2 million).

Lesotho has two ex ante financial instruments that could have been used to support an early response to the drought, the Administration Fund (Contingencies) and a Disaster Management Fund. Unfortunately, by the time the emergency was formally declared, these official Funds were exhausted. Consequently, there was a reliance on ex post interventions, including the Government's M162 million (\$13 million) Food Subsidy (which became available in June 2016) and World Bank funded Additional Financing of \$20m, of which some \$6-8 million supported both retroactive and future actions aimed at topping up cash to CGP beneficiaries and providing emergency cash transfers to households. In addition, other, traditional emergency measures were undertaken to mobilize resources (the government and the international community had mobilized some \$20.8 million and \$40.7 million respectively by July 2017) and adjustments were made to Sector development budgets. In the event, humanitarian funding was delayed and came in volumes lower than was needed. This resulted in needs not being fully met – it was only in November 2016 that humanitarian food assistance programs reached scale providing food assistance to 120,000 of the planned 200,00 households.

It is understandable why the CGP was at first slow to respond to the needs of the population. Its coverage was restricted and its systems were not sufficiently flexible

1. The diagnostic process benefited from an ongoing research effort funded by DFID on Shock Response Social Protection Systems undertaken by the Oxford Policy Management group and the Overseas Development Institute. Lesotho is one of 6 country case studies.

(particularly its payment and targeting systems) to respond quickly. Given the lack of fiscal space, an early response through such a program was unlikely to have been aggressively supported. However, by addressing these issues an early response during times of crisis –enabled through thorough preparedness planning– would minimize damaging effects on livelihoods and would be more cost effective than late response using other mechanisms. While a lack of preparedness planning and funding prevented Lesotho’s social protection systems from responding quickly or adequately to protect the interests of the most vulnerable, experiences from elsewhere indicate that these issues can be resolved and should not limit the potential for an effective response through social protection systems.

While there was collaboration between DRM/humanitarian and social protection systems during the crisis, there is potential for a more efficient and effective response once stronger institutional linkages and systems are in place. The Disaster Management Authority, which is responsible for coordinating national and international actors during an emergency, was understaffed and had low technical capacity which impacted performance. As a result, the Disaster Management Authority’s National Response Plan was not produced in time for an early response and was insufficiently detailed to guide the operations of development and humanitarian agencies.

The lack of preparedness planning, in part caused by institutional weakness, dictated the way that response efforts were carried out. There were differing ideas on transfer sizes between emergency actors, and development partners. Although there were efforts to avoid overlap of social protection and DRM/humanitarian operations, tensions arose due to the different transfer sizes distributed by the CGP and humanitarian agencies. In addition, the drought revealed a general mistrust between development and humanitarian actors as they were unaccustomed to working together and unfamiliar with each other’s operations.

Stronger preparedness planning within a clear institutional framework detailing roles and responsibilities would much enhance future responses through social protection instruments. Ensuring a clear space for resolving thorny issues such as differing ideas on transfer sizes between

emergency actors, and development partners could facilitate a smoother response. Having relationships and arrangements agreed and implemented builds trust ex ante and overcomes frictions when development and humanitarian actors are unaccustomed to working together and unfamiliar with each other’s operations. Overall, the drought highlighted both the significant potential of scalability of social assistance programs and their absence from the emergency response framework.

This report identifies potential strategic and technical entry points for developing a cross-Government plan for designing, implementing and financing such a shock-responsive social protection program. These are suggestions as a starting point to inform a dialogue on how best to make the current social protection instruments more shock responsive. Based on the current structures of the social protection and DRM/Humanitarian systems and their performance during the crisis, this report outlines actions for the immediate term, short to medium term and medium to long term.

- **Immediate term:** Build Consensus for the Role of Adaptive Social Protection as part of the DRM/ Humanitarian Architecture.
  - » In Lesotho, there are emerging linkages between the humanitarian system and social protection programs to build upon given the precedent of the scale up of CGP.. However, a clear process of further discussion and awareness creation will be key to ensuring that there is a clear understanding of potential roles and responsibilities
- **Short to medium term:** Build an Integrated and Sequenced ‘Continuum of Response’ Framework for Action.
  - » In order to ensure an effective future response to shocks, a practical Continuum of Response framework could be developed. It should detail how both development and humanitarian entities work together to facilitate a joined up response under government leadership. Suggested key components are:
    1. One integrated information system
    2. One assessment process
    3. One response plan

4. One targeting process
  5. One sequenced response with common procedures
  6. Continuum of financing modalities to support collective measures
  7. One shared architecture
- **Medium to long term:** Develop a Productive Safety Net with a Livelihoods Component for Resilience Building.
    - » Investigate the possibility to improve SP coverage and improve resilience through the long-term investment in an integrated safety net mechanism. Consider the establishment of a more integrated safety net that combines cash transfers with productive elements to promote resilience, building on the new Community Development Model that is currently under development



# 1. Introduction

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## 1.1 The Diagnostic Process

This diagnostic is an analysis of the design and implementation of the social protection responses to disasters with a focus on the recent El Nino induced drought in 2015/16. With support from the Global Facility for Disaster Reduction and Recovery (GFDRR) Trust Fund and the EU/ACP Africa Disaster Risk Financing Initiative, the World Bank Social Protection and Finance & Markets team are carrying out a series of analytical and capacity building activities to support the governments of Lesotho and Swaziland in designing the building blocks of a safety nets system capable of responding to shocks and strengthening the resilience of poor households. The diagnostic report is the first stage of a process to help determine what role social protection can play in disaster response and resilience in Lesotho, and how to promote that role through policy.

The report is based on a series of consultations with key stakeholders over the course of two one week visits in April and June 2017. Field work was undertaken by Matt Hobson (team leader), Stephen Anderson, Miles Murray and Alejandra Campero. The report was written by Stephen Anderson, Matt Hobson and Miles Murray with support from Alejandra Campero under the guidance of Lucilla Maria Bruni and Julie Dana. The consultation process was supplemented by an analysis of available data on Lesotho and the broader issues of social protection and Disaster Risk Management.<sup>2</sup>

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## 2. Country Context

### 2.1 Poverty in Lesotho

The highland Kingdom of Lesotho is a small, landlocked country bordered on all sides by South Africa. Trade with, and migrant labor to, its South African neighbor plays a key role in the Lesotho economy. Historically, remittances from miners working in South Africa were a very important part of Lesotho's economic stability. The introduction of the African Growth and Opportunities Act (AGOA) led to the rise in export-orientated trade which became an important driver of economic growth. In the last decade, construction, transport and communication, manufacturing (mainly of food and beverages), and the textile clothing sub-sector have all made important contributions to Lesotho's economic performance (Malefane et al, 2016).<sup>3</sup> However, the construction boom associated with the Lesotho Highlands Water Development Programme has levelled off and Lesotho currently faces enormous economic challenges. Of the various challenges, one of the most pressing is the decline in Southern Africa Custom's Union (SACU) trade revenues (World Bank, 2017). High unemployment of 24-28% coupled with high public spending at 50% of GDP, as well as low economic growth opportunities are some of the other critical issues facing Lesotho today.<sup>4</sup> Prolonged drought in 2015/16 and the prospect of more frequent extreme weather events due to climate change are further challenges facing the Kingdom of Lesotho.

Lesotho's population of around 2.2 million has notably seen declines in average life expectancy since 1990. The current life expectancy at birth is 50 years for men and 48 years for women. An extremely high HIV prevalence rate compounded by high rates of TB infection amongst the HIV positive population, are both associated with the declines

in life expectancy.<sup>5</sup> This health crisis has also contributed to the very high poverty rates in the country which, according to a recent World Bank report, stood at 57% in 2016. Not only is much of the population living below the national poverty line but many of the poor are extremely poor. 34% of the population live below the extreme poverty line (i.e., expenditures are below minimum food requirements) (World Bank, June 2016).<sup>6</sup> Poverty affects children's health and 33% of children under 5 years are considered stunted (low height for age) (World Food Programme, 2017). The other age group disproportionately affected by extreme poverty is the elderly. Overall, children and the elderly account for about 44% of the poor (World Bank, June 2016).

### 2.2 Food Security & Livelihoods in Lesotho

For the most part, Lesotho is characterized by a highland topography and a temperate climate. Summer storms bring rain during the November-April period and in the winter, between May-October, the highlands are usually covered with snow, and temperatures can be very cold (18°F). An estimated 80% of the population lives in rural areas. By comparison with the urban population, a disproportionate number of rural households are poor.

3. M. Malefane, N. Odhiambo, 2016: The Role of International Trade in Lesotho's Economic Growth: A Review, Universitatus Danubius, *Economica* Vol. 12, No.5 [2016]. [journals.univ-danubius.ro/index.php/oeconomica/article/view/3385/3679](http://journals.univ-danubius.ro/index.php/oeconomica/article/view/3385/3679)

4. Lesotho's SACU revenues dropped in two years from 25% of GDP in 2014/15 to 13.6% of GDP in 2016/17 according to the World Bank (World Bank Country Overview, April 2017), <http://www.worldbank.org/en/country/lesotho/overview>

5. Lesotho's HIV prevalence rate amongst adults is the second highest in the world

6. World Bank, 2016: Country Partnership Framework for Kingdom of Lesotho for the period FY16-20. The World Bank Group, June 2016.



## 2.3 Disaster Risk in Lesotho

### 2.3.1 Shocks and Hazards in Lesotho (frequency / severity)

Lesotho faces a number of hazards that affect crop and livestock production. The most common types of hazards that impact the agricultural sector include drought and dry spells, heavy rainfall, soil erosion, river flooding, and localized hailstorms as well as early frost in the mountain zone. One study estimated that 80% of the variability in crop output was due to variability in weather conditions.<sup>8</sup> This finding highlights the vulnerability of local farmers to weather outcomes. Furthermore, various livestock diseases limit livestock production although one of the main hazards affecting the livestock sector is stock theft.

Although Lesotho farmers face various hazards, data from EM-DAT showed that between 1960 and 2017, disaster incidences were mostly related to storms and drought and less to floods and epidemics. Droughts affected many more people than other types of disasters (Figure 2).

The country as a whole is considered drought-prone, especially areas such as the Mountain Livelihood Zone. In particular, the early 1990s were intense drought years. Prior to the 1990/91 drought, major drought events affecting Lesotho occurred in 1968 and 1983 (Masih et al, 2014). Since 1990, the country has been rocked by several major droughts, notably the droughts of 2002, 2007, 2011 and 2015/16. This latest sequence of droughts highlights the **regularity** of major drought events as well as the **high frequency** since 2000.<sup>9</sup> In addition, droughts associated with the warm phase of ENSO (El Nino Southern Oscillation) are often followed by heavy rain and flooding. For instance, in Lesotho, the floods of 2011, post-drought, were the largest in the country since the 1930s.<sup>10</sup>

Overall, due to climate change, droughts are reported to be occurring more frequently. A paper by researcher Masih and his colleagues of 2014 reported that “the intensity, frequency and geo-spatial coverage of droughts have significantly increased across the entire African continent during the second half of the 1900-2013 period” (Masih et al, 2014).<sup>11</sup> Notably, the drought of 2015/16 has been the most

Figure 2: Natural disaster in Lesotho between 1960 and 2017



Source EM-DAT

8. World Bank, 2016: Climate Change Key for Lesotho’s Domestic and Industrial Water Security, Agricultural Production and Regional Water Transfers. World Bank, Maseru, Lesotho 2016

9. Although El Nino events are not the only cause of drought – and indeed some have argued that it cannot be used as a predictor of a drought – nonetheless, the association between the warm phase of ENSO and droughts in the region is very strong (Masih et al, 2014).

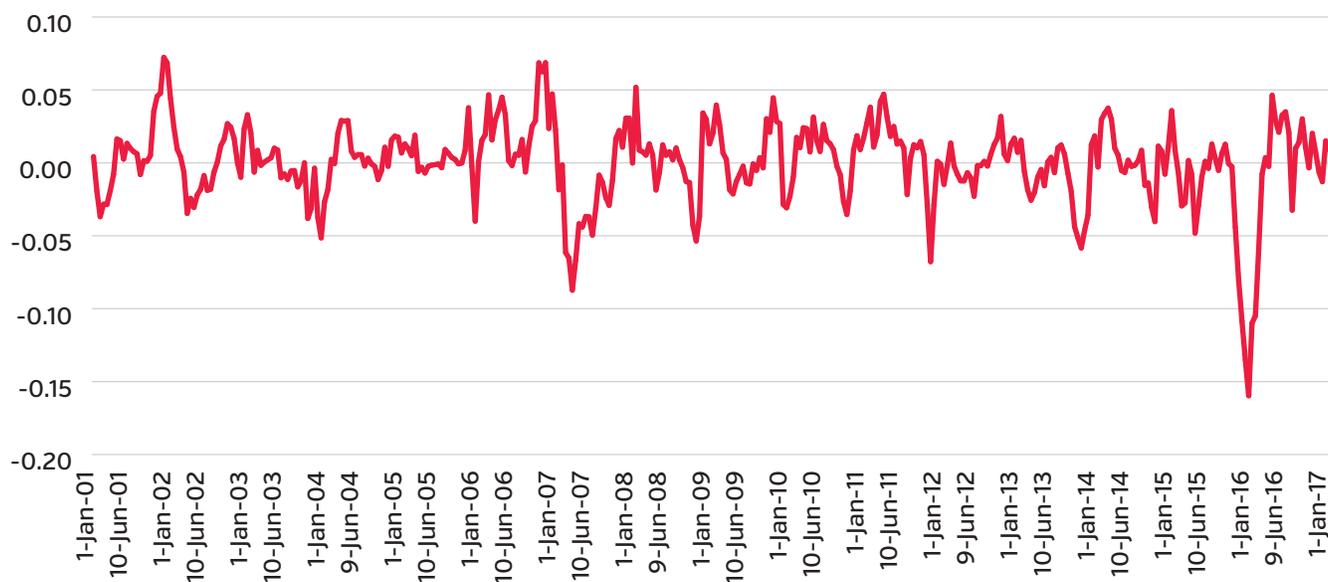
10. World Bank, 2016: Climate Change Key for Lesotho’s Domestic and Industrial Water Security, Agricultural Production and Regional Water Transfers. World Bank, Maseru, Lesotho 2016.

11. I Masih, S. Maskey, F.E.F. Mussa and P. Trambauer. 2014: “A review of droughts on the African continent: a geospatial and long-term perspective”. *Hydrology and Earth System Sciences*, 18, 3635-3649. www.hyrol-earth-syst-sci.net/18/3635/2014. Note that intense drought events in the southern African region are often associated with the warm phase of ENSO [El Nino Southern Oscillation]. An older study from 2005 which used SPI [standardised precipitation index] estimates for the period 1900-1999, concluded that the ENSO [El Nino conditions] were attributed to 8 out of the 12 droughts that occurred in the 20<sup>th</sup> century (Masih et al, 2014, p.7).

severe on record and led to the driest agricultural season in the last 35 years (World Bank, 2016).

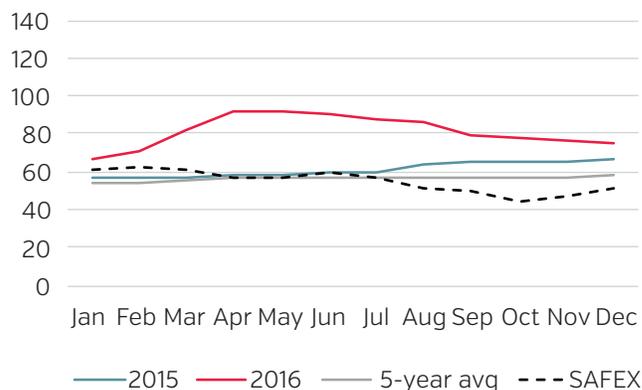
The intensity of the El Nino induced drought in 2015/16 is well captured by the normalized difference vegetation index (NDVI). The NDVI is one of the most widely used measures to assess vegetation conditions globally. The NDVI uses satellite images to measure the “greenness” of the vegetation. Figure 3 presents the NDVI anomalies or deviations from the historical average.<sup>12</sup> As it can be observed, the vegetation index anomaly around the end of 2015 and beginning of 2016 has been the largest anomaly since there is record of his index, which started in 2001. At the peak of the drought in January 2016, the vegetation was 34% dryer than the historical average level. The index also shows how the 2015/16 drought compares to other major droughts like the ones experienced in 2007 and 2011.

Figure 3: Vegetation Index [NDVI] Anomalies



Source: World Bank calculations based on data from MODIS.

Figure 4: Price of white maize meal in Maseru (LSL for 12.5 kg)



Source: BOS, SAFEX

12. The NDVI anomalies were calculated as the deviations from the decadal average in the 2011 to 2017 period (historical average). Calculating the deviations using subsamples in this period did not alter the results. Negative values correspond with vegetation being dryer than the historical average while positive values reflect vegetation being greener than the historical average.

During the recent El Nino induced drought event, price shocks also had a severe impact on food access. In April 2016, the price of a 12.5 kg sack of white maize meal rose 58% from its 5 year average of the same time of year (LVAC 2016).<sup>13</sup>

Local people's perception of their disaster risk is consequently very high. A 2011 inquiry into the general perception of the threat of disaster found that 45% of respondents felt that they face a high to very high threat of disaster in Lesotho. By comparison, 16% of respondents felt that their threat of disaster was minimal to low.<sup>14</sup>

### 2.3.2 Seasonal Food Insecurity

Due to the high prevalence of poverty, including extreme poverty, most years a relatively high proportion of the population faces a lean season. In the southern Africa region, this lean season falls during the rainy period between November and March/April. At this time, new crops are growing but old stocks from the previous harvest have typically already been consumed. High consumer food prices during the rainy season hurt poor households who are reliant on market purchases for their food, and this leads to seasonal hunger often lasting several months.

as: reliance by most farmers on rain-fed crop production; reduction in non-agricultural income sources (specifically remittances from migrant workers in South Africa); and a health-compromised population suffering from HIV/AIDS, TB and, in the case of children, malnutrition.

Chronic food insecurity in Lesotho has historically been associated with the Mountain and Senqu Valley livelihood zones. These zones have a high proportion of poor and very poor households who comprised an estimated 50%-60% of households in 2011. The poor and very poor rely heavily on local agricultural labor for cash income (as well as income in-kind) which supplements their own crop production. However, labor opportunities are heavily influenced by weather-related shocks and these two zones are noted in particular for their dry spells, poor soil fertility and generally unfavorable weather conditions for high potential agriculture.<sup>16</sup> Rangelands are also showing signs of declining quality with reported erosion of the topsoil and the colonization of grazing land by undesirable vegetation species (Turner, 2009).<sup>17</sup> These factors, combined with national, macro-economic slow-growth factors, have all contributed to high levels of chronic poverty.

## 2.4 Vulnerability to Shocks

### 2.4.1 Geography and Drivers of Chronic Food Insecurity

Lesotho is extremely vulnerable to weather-related shocks which have an enormous impact on the agricultural and livestock sectors in particular. For instance, during the drought of 2011/12, the combined production of cereals was only 32% of the average harvest over the last ten years (ALNAP 2012).<sup>15</sup> In the most recent El Nino event of 2015/16, maize production in Lesotho was only 47% of production levels in 2014/15. The reasons why the population is so vulnerable to weather-related shocks (and to the price shocks that follow production failure) can be attributed to a number of underlying conditions. ALNAP lists these causes

13. Lesotho VAC, 2016: *Market Assessment Report*, Lesotho Vulnerability Assessment Committee, Maseru, March 2016.

14. African Centre for Disaster Studies, 2011: *Views from the Frontline Southern Africa, Lesotho Country Report*. Northwest University, South Africa.

15. ALNAP, Lesotho Food Insecurity - Disaster Needs Analysis, September 2012

16. Disaster Management Authority, 2012: *Lesotho Rural Livelihoods Baseline Profiles*. DMA, Office of the Prime Minister, Maseru, Lesotho, January 2012.

17. Turner, S.D. 2009: Promoting Food Security in Lesotho: issues and options. Review of the Priority Support Programme. Maseru, PSP



# 3. The Social Protection System in Lesotho

## 3.1 Institutional and Policy Framework

An important feature in the social protection architecture of Lesotho is the country's National Policy on Social Development. Created in 2014, the National Policy sets out a ten-year vision for the 2014-2024 period that is based on facilitating economic participation by vulnerable population groups. The long-term National Policy is supported by the National Social Protection Strategy of 2014-2019, which delivers a medium-term vision of how to implement the policy. A characteristic of the National Strategy is addressing social protection throughout the human life-cycle with programs for infants and children to pregnant mothers and working adults to the elderly. Most of the programs, with the exception of the civil service pension, are non-contributory schemes which can be classified as "social assistance" and "social care" type interventions.

The creation of a national social protection policy grew out of institutional changes in 2012, with the establishment of the Ministry of Social Development. The new Ministry reflects the commitment of the government to delivering social protection programs to vulnerable population groups throughout the country. Indeed, Lesotho spends a high percentage of its budget on social protection – reportedly nearly triple the average for sub-Saharan Africa (OPM 2017). The programs are scattered, however, amongst various Ministries, including the Ministry of Education and Training, the Ministry of Finance, and the Ministry of Forestry. This situation has led some reviewers to note that one weakness in the current system is both

the fragmentation of the programs and the lack of an overarching coordination mechanism (OPM 2017).

## 3.2 Funding for SP Programming

*One of the key challenges of the social protection architecture in Lesotho is that there is currently no overarching coordinating mechanism [see also the section on Sector Coordination for more detail].*

Lesotho spends about \$197 million per year on social protection programs. This amounts to an estimated 16% of public expenditure or 9% of GDP although this varies depending on how social protection programs are categorized.<sup>18</sup> The government's commitment to adequately fund social protection programs is commendable and the focus is more on how to use the funds effectively and equitably throughout the country rather than how to increase government financial commitments. The significant funds provided to social assistance and social care programs translate into broad coverage. Of Lesotho's population of 2.2 million, an estimated 410,000 children are reached through the School Feeding; 27,000 households are reached in the Children's Grant; 80,000 elderly people receive Old Age Pensions; and about 115,000 adults participate in the public works program.

18. Source: Lesotho: A Safety Net to End Extreme Poverty [World Bank report 77767-LS].

### 3.3 Social Protection Programming<sup>19</sup>

The following table is from the recent OPM analysis of the social assistance program response in Lesotho (OPM 2017):

	Programme	Description	Coverage	Level of benefit
Child	CGP <sup>a</sup>	Cash transfer programme targeting poor households with children under the age of 18, identified through a combination of community-based targeting and proxy means-testing.	Around 27,000 households in 33 community councils	Quarterly benefit dependent on household size: 1-2 members M360 [\$28] 3-4 members M600 [\$46] 5+ members M750 [\$57]
	National School Feeding Programme <sup>b</sup>	1-2 free meals daily to all children attending primary schools offering free education (1,450 schools) and some pre-schools	410,000 primary school children as of late 2014  Starting support to 50,000 in pre-school	In transition at time of writing. Currently two models.  80,000 children—mostly in mountainous areas—receive two meals per day. Porridge, then lunch [e.g. maize meal, beans or peas]  330,000 children—mostly in lowlands—receive lunch. May include bread, eggs, vegetables, maize meal, beans, peas, milk.
	OVC bursary programme <sup>c</sup>	OVCs under 18 enrolled in secondary school. Eligibility requirement: students who have lost one or both parents; have a sick, disabled or incarcerated parent; or are considered needy	13,172 children	Bursary varies by grade and type of school but generally includes tuition fees, examination fees, registration cost, stationery, books, special subject fees [e.g. science fees and boarding fees]
Working age / household	Public Works Programme <sup>d</sup>	Able-bodied individuals living in rural areas	115,000 individuals	M960 [\$75]
	Agriculture input subsidy <sup>d</sup>	Provision of subsidised seeds and fertilisers to farmers	Not clear	M140 and 50 kg bag of fertiliser
	Food subsidy	This is a temporary programme introduced by government in response to drought	Nationwide	30% subsidy on wholesale value of certain types of maize, beans and peas.
	Public Assistance <sup>e</sup>	Support to destitute individuals. One of the country's oldest social assistance programmes, it provides permanent and temporary assistance to OVCs, the severely disabled, severely ill and elderly	11,800 households supported between April 2014 and January 2015	Provides a monthly cash transfer, food package and medical fee exemption and other in-kind benefits for destitute households and individuals. Amount determined by social workers. Temporary cash benefit is M250 per person per month for 6 months
Elderly	OAP <sup>f</sup>	Pension for any person over the age of 70 and not receiving civil service pension. This is application based.	More than 80,000 individuals	Monthly payment of M580 [\$44]

Source: [a] MoSD interview [b] Government of Lesotho [2014b] [c] Cirillo and Tebaldi [2016] [d] World Bank [2013] [e] Ministry of Small Business interview [f] Ministry of Finance interview

19. See Annex 2 for a detailed description of each program

## 3.4 Social Registry – the NISSA

### 3.4.1 Status of the Social Registry in Lesotho

The National Information System for Social Assistance (NISSA) was launched in 2009, under the Child Grants Programme (CGP) pilot, to collect and manage socioeconomic information at the household and individual level to target poor households with children. The primary objective of the CGP is “to improve the living standards of Orphans and other Vulnerable Children (OVC) so as to reduce malnutrition, improve health status and increase school enrolment”. CGP currently provides quarterly unconditional cash transfers (in-kind) of M360 – 750 (depending on household size) to 26,681 households in 36 Community Councils. The Government of Lesotho has committed to scaling-up the CGP to reach all extremely poor households with children as part of its National Social Protection Strategy.

Targeting of the Child Grant Program is linked to the NISSA. Rather than focusing on households caring for orphans (either single or double), the CGP is targeted at poor households with any child aged 0-17.

The NISSA originally used a Proxy Means Test (PMT) as the basis for its targeting. Households were categorized into five groups: ultra poor (NISSA 1), very poor (NISSA 2), poor (NISSA 3), less poor (NISSA 4), and better off (NISSA 5). The determination of NISSA category was based on a proxy means test (PMT) using a model derived from the 2002/03 Household Budget Survey (HBS), together with a community validation (CV) process carried out by Village Assistance Committees (VACs). In Phase 1 – Round 2 those households that: a) were categorized as NISSA 1 or NISSA 2; b) were also selected by members of their community as being the ‘poorest of the poor’, and; c) have at least one child, were deemed eligible for the program.

The new NISSA methodology combines Community Targeting and PMT. A 2014 OPM review<sup>20</sup> uncovered problems with the NISSA PMT which resulted in an over-representation of households in the NISSA 1 and NISSA 2 categories and also highlighted that the number of

households covered by NISSA data collection was below on the number of households that would be expected, based on Bureau of Statistics (BoS) projections. The OPM review showed that the PMT model has reasonable accuracy *only* when used to identify households that are relatively well-off.

A new community-based assessment (CA) was recommended that classified households into three poverty levels: very poor (NISSA 1), poor (NISSA 2) and non-poor (NISSA 3). Households classified under NISSA 1 would be eligible for the CGP and would be asked to complete NISSA forms. A modified PMT would be used to screen out richer households, moving them out of NISSA 1. This would mitigate the inclusion errors. While the original NISSA PMT collected information on all households in a community the revised model only collected on households the NISSA 1 category.

### 3.4.2 Future plans for the Social Registry in Lesotho

There are plans to expand NISSA to all 64 councils from the 36 that it currently covers. In 2017 there were 60,000 households in the NISSA data base. The MoSD hopes to expand this to 190,000 household by the end of 2017 and to complete registration of all household by the end of 2018. It would then start to re-certify the original 33 councils. This expansion is funded by UNICEF and EU and was launched by the former PM of Lesotho in March 2017, which adds political capital to the effort. It expected to achieve this goal by the end of 2018. NISSA is also seeking to decentralize information to districts. There is also a plan is to include an emergency module in NISSA to make it more useful in disaster response. These initiatives could provide an opportunity to engage further with the DRM/Humanitarian stakeholders on the use of NISSA as a resource for ongoing programming, and for the next major shock.

Further integration with national systems is possible starting with links to the civil registry. The Ministry of Home Affairs (MoHA) is partnering with multiple Ministries to leverage the national civil registry for sector work. In particular, with Ministry of Education to register children early in the civil registry with birth certificates and Ministry

20. Review of the National Information System for Social Assistance (NISSA) in Lesotho, Oxford Policy Management, 2014

of Health to use a unique identifier with NISSA for easy identification during disaster period. The MoHA is trying to work with the MoSD (NISSA team) to accompany them when registering households so that they too register individuals in the national civil registry. They have the ability to register households using mobile identification but this remains a work in progress.

### 3.5 Complementary Sectors

Lesotho's over-arching social protection program targets groups across sectors. This has led to a sectoral management approach with the various programs being "housed" in their sector-specific Ministry. The Government has been debating how they can do a better job at both the building resilience and quickly responding to shocks. There is recognition that this requires more joint initiatives both internally and externally. In that regard, there are a number of complementary sectors that are important for any integration with social protection instruments and programs. These include interventions within other sectors including agriculture, forestry, health, education and within MoSD (the One-Stop-Shop-Approach). These are described in detail in Annex 3.

# 4. Disaster Risk Management

## 4.1 Legal and Policy Framework

The Disaster Management Act of 1997 provides the legal basis for the management of disasters and for how risk reduction activities and responses are financed. It establishes the Disaster Management Agency (DMA) as the central planning, coordination and monitoring institution for DRM. The DMA is accountable to the Prime Minister's Office. The CEO of the DMA sits on a Board of Directors with Permanent Secretaries from across relevant line Ministries. The purpose of this Board is to advise the DMA and to review all documentation. Once approved by the Board, any Plans or draft Declarations of Emergency are forwarded to a Council of Ministers, a cross-sector body of Ministers including the Ministries of Finance, Social Development, and chaired by the Prime Minister. Only the Prime Minister has the authority to formally Declare an Emergency (although as noted customary practice is for the Cabinet to agree the need for a formal Declaration, based on recommendations from the Council of Ministers). All line ministries, including the Ministry of Social Development (MoSD), are coordinated by the DMA prior to and after the Declaration of an Emergency. All humanitarian agencies are also answerable to the DMA for their responses. Figure 5a below shows the institutional arrangements<sup>21</sup> and accountability lines in relation to the Declaration of Emergencies.

Lesotho does not have a specific policy or strategy to guide humanitarian action, other than the current national planning document, the National Strategic Development Plan 2012/13–2016/17. This simply states that making provision for vulnerability to natural disasters and climate

change is an essential aspect of strategic planning and confirms the DMA's mandate.

The DMA is supported by a number of functional support structures from both within and outside of Government. At a technical level, there are six Technical Working Groups (TWGs). These TWGs are chaired by staff from DMA and populated by technicians from relevant line ministries, international agencies and NGOs. Their mandate is to support the preparation of the multi hazard contingency plans, DRR plans and the management of disasters through engagement in the Early Warning System (EWS), LVAC and preparation of the National Response Plan (NRP). For implementation of any responses outlined in the NRP, the DMA relies on line ministries and their existing capacity, administration and processes to deliver support; the DMA coordinates and does not implement. For coordination of activities from central level to household level, the DMA relies on District DMA offices and Village Disaster Management Teams (VDMTs). In total, there are 43 DMA staff working at the District level, spread across 7 districts. The District DMAs are heavily supported by staff from across Government sectors, international agencies and NGOs. The VDMTs are supported by a number of community volunteers as well as a small number of staff from across sectors, who act as the primary interlocutors with communities. Outside of Government structures, the DMA sits in a number of the UN-organized clusters, although human resources capacity constraints mean that these clusters need to be strictly prioritized. In total, the DMA has 7 staff working at the central office. Figure 5b shows the management and coordination roles and responsibilities of the DMA.

21. Institutional Arrangements refers to the internal rules, regulations, reporting mechanisms, and operating procedures that specify the relationships, roles, and responsibilities of bodies and actors, and whether structures and processes to execute Government programs and systems are well-functioning.

Figure 5a: Key institutions engaged in Declaration of Emergency

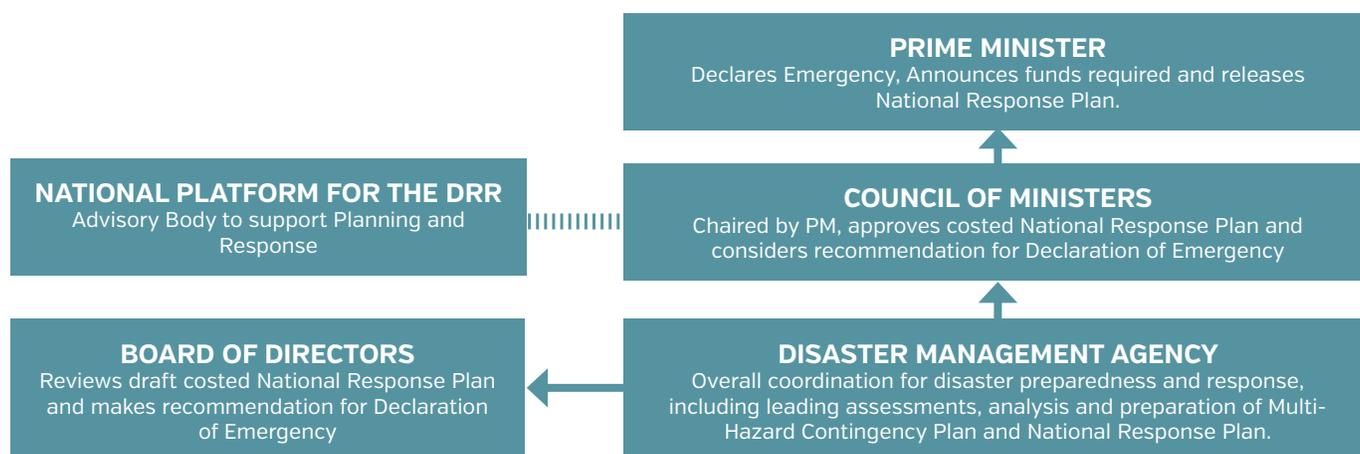
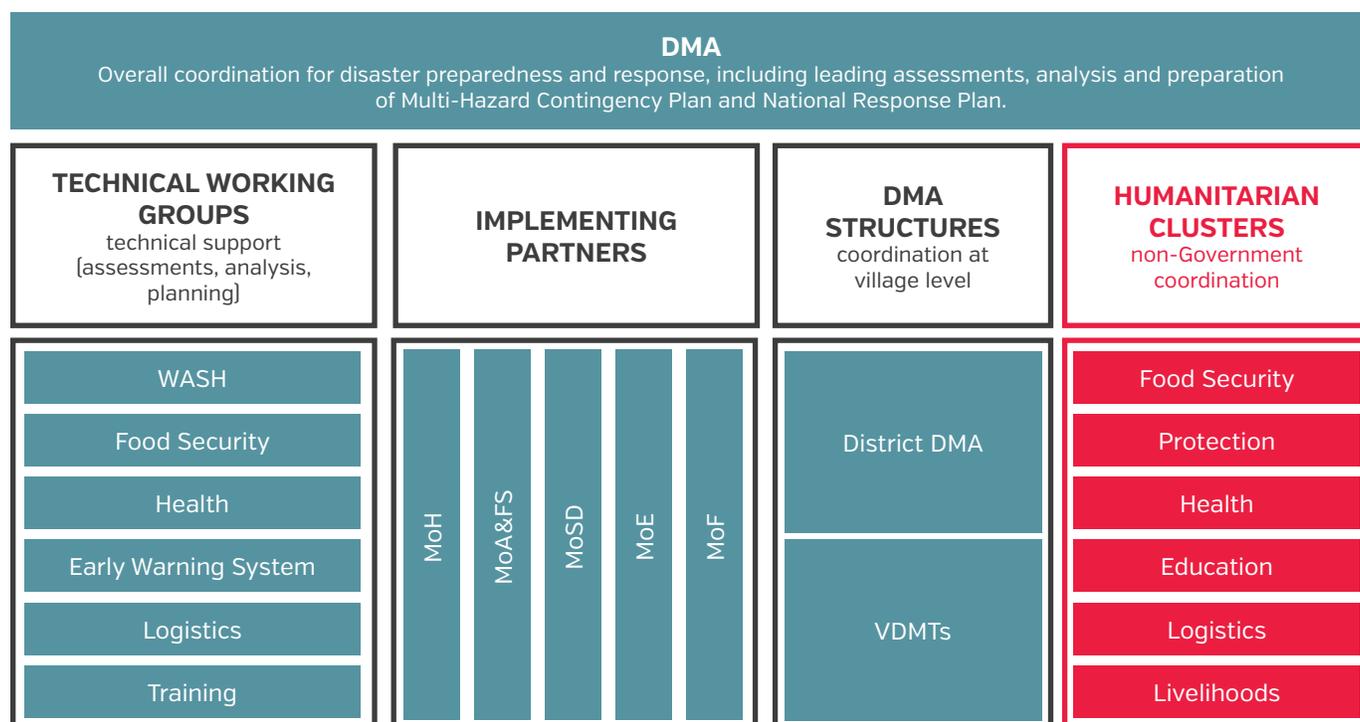


Figure 5b: Roles and Responsibilities of DMA



The DMA has struggled to build capacity and maintain technical staff. This impacted their ability to coordinate and oversee the drought response. For example, the DMA is meant to chair the six TWGs but has only one person in place to engage with them. At the time of the assessment (June 2017), only three of the six TWGs (the WASH, FS and EWS) were functioning. Resources had been channeled into the EWS-TWG through a World Bank Global Environment Fund (GEF) grant, managed by WFP. Despite the physical

capacity and hardware being in place, the human capacity for this TWG was missing. The DMA is also mandated to lead the LVAC process through an LVAC committee but this was essentially not functional before the drought. As the crisis unfolded, a Multi-Agency Task Force was established - based on the cluster system approach - and the LVAC committee ToRs were then revived to fill this function. However, this was done without the benefit of using established and well capacitated structures.

*Contingency planning tends to be used interchangeably with other, similar terms, such as emergency preparedness and disaster management. The most important distinction is between contingency planning and emergency preparedness. Emergency preparedness consists of all activities taken in anticipation of a crisis to expedite effective emergency response. This includes contingency planning, but is not limited to it: it also covers stockpiling, the creation and management of stand-by capacities and training staff and partners in emergency response. Contingency planning experts agree that contingency planning is most effective when done in the context of a well-articulated emergency preparedness framework.*

*Source: Contingency Planning & Humanitarian Action, HPN Network Paper 59 [p.8]*

## 4.2 Overview of Preparedness and Early Warning

### 4.2.1 Preparedness Planning

A preparedness plan is typically regarded as a broad overview that covers many potential hazards and encompasses multiple systems (e.g. logistics, finance, HR as well as programming). A contingency plan is typically regarded as a more specific plan in response to a forecast / imminent hazard.

It is important to note that contingency planning and preparedness planning are not mutually exclusive; Contingency Planning and Emergency Preparedness Planning are seen as two distinct but inter-dependent process, “whereby preparedness actions are elaborated on a regular basis, and then, once a specific emerging crisis is identified, a more detailed scenario-based contingency planning phase begins”. Contingency planning can therefore be viewed as a sub-set of preparedness planning and in fact contingency planning for a specific forecast hazard is most effective when it builds upon a broader preparedness plan<sup>22</sup>.

Research from East Africa shows that to be effective contingency planning needs to be both detailed and specific enough to inform effective operational planning. Generic contingency plans add little value and are seldom used to inform emergency response plans. Detailed & specific

contingency plans would include: quantification of the estimated population in need, the timeframe within which specific interventions should be implemented, realistic estimates of operational & financing lead times. These operational lead times would vary by response modality and agency capacity. Financing lead times are typically dependent on the availability of contingency funds. Contingency planning should be specific enough that it is able to determine the decision date that enables a response to be implemented within the required timeframe. Finally, the processes and plans must include all of the potential actors and programs that have the capacity to respond to a shock.

The DMA has a Multi Hazard Contingency Plan in place, which is meant to be updated annually. However, due to capacity constraints it had not been updated since 2014. It therefore did not play a major role in the disaster response and it did not inform the National Response Plan (NRP).

## 4.3 Financial Preparedness

Lesotho has two *ex ante* financing instruments<sup>23</sup> that can be used to resource a timely response to any shock when the first early warnings are received. These two instruments are a contingency fund and a Disaster Management Fund (DMF). At the time the Declaration of Emergency was announced, neither fund had sufficient resources to mobilize a response to the drought.

22. Choularton (2007).

23. Financial Instruments refers to the various mechanisms used by Government to raise, allocate and channel monetary or in-kind resources for the full implementation and monitoring of programs and systems.

A. The contingency fund is controlled by the budget office in Ministry of Finance (MoF) and is renewed annually. A formal contingency fund (referred as Administration Fund (Contingencies) in the budget) was established in the FY2010/11. Prior to this year, the budget made provisions for the allocation of resources for contingencies. It is not yet clear if the establishment of the Administrative Fund, referred to by at least one official as a contingency fund, meant changes in governance or the rules for allocating and spending resources for contingencies. Since FY2013/14 the contingency fund yearly budget allocation has been equal to M 100 million (\$7.8m). While the objective of the contingency fund is to finance emergencies and associated necessary spending, by 2015 it had become customary practice for it to be used to finance line ministries' programs and expenditure that were not budgeted for through the normal budget process. The contingency fund is not a revolving fund; it has to be used within the fiscal year.

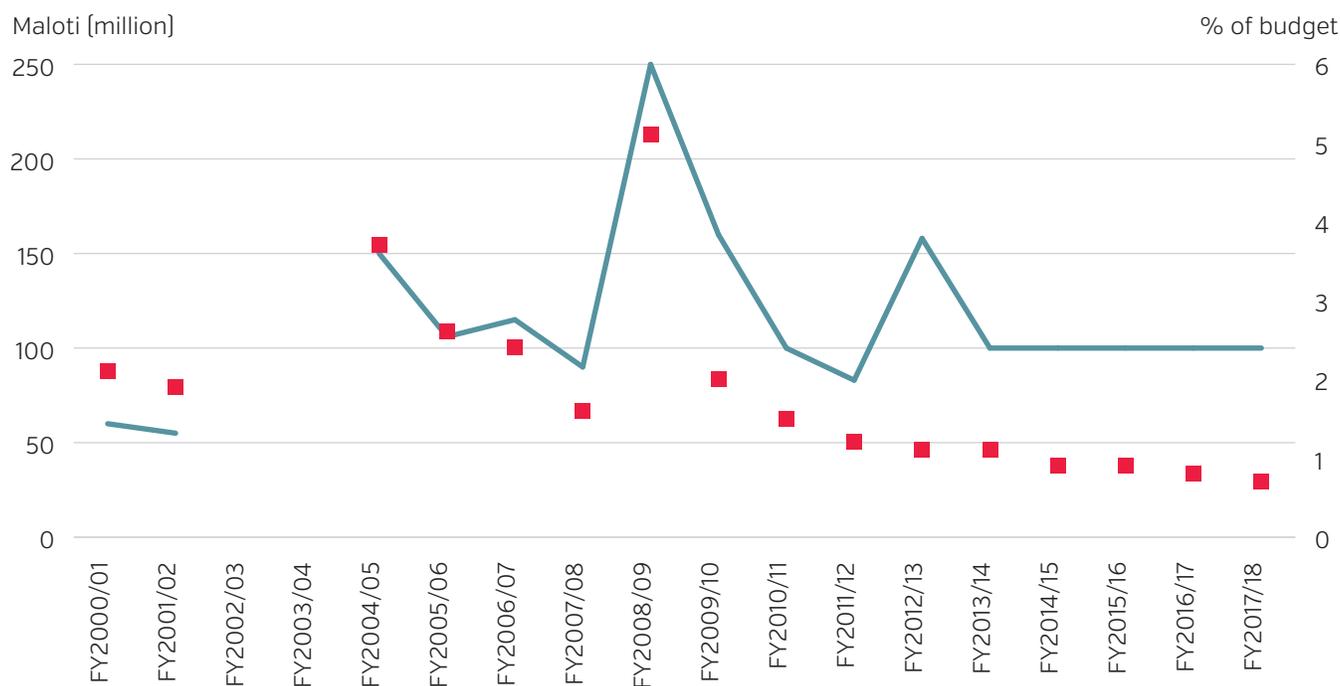
B. In addition, Lesotho's Disaster Management Agency (DMA) manages a Disaster Management Fund (DMF), which was established in 2002. In the past, the DMF has been resourced through the DMA's budget, which is allocated by the MoF. There is however limited accountability on how resources are used. In theory, the DMF has authorization to use M 5 million (some \$350,000) at its discretion before the Declaration of an Emergency. The objective of the DMF is to prepare for and respond to disasters. New national and international receipts can be allocated to the DMF *ex ante* by partners.

In 2014 line Ministries had been encouraged by Ministry of Finance to cease budgeting for contingent liabilities, as there were considered to be more pressing, 'real-time' needs to fund at that time.

### 4.3.1 Needs Assessment System

In Lesotho, seasonal assessments are regularly conducted in May each year shortly after the main harvest. The results

Figure 6: Budget allocation for contingencies



Source: Budget speeches, Ministry of Finance of Lesotho

are updated in November during the lean season. The Disaster Management Authority (DMA), under the Prime Minister's Office, has responsibility for chairing the Lesotho Vulnerability Committee (LVAC) which coordinates the seasonal assessment. In line with the approach supported by SADC's Regional Vulnerability Committee (RVAC), the Lesotho Vulnerability Committee (LVAC) seasonal assessment uses the Household Economy Approach (HEA) method as the basis for the food security & livelihood analysis. HEA is a well-established food security & livelihood analysis approach. HEA is widely used by FEWS Net for global famine early warning and has been incorporated into Government early warning systems across the SADC region and beyond (e.g. Ethiopia). The LVAC seasonal assessment collects data on crop production, source of cash income and the cost of key household expenditure (e.g. staple grains). This data is used to model household annual food access and determine whether households are likely to face a food deficit. The analysis is able to quantify the number of people in need of external assistance and well as the quantity of food and / or cash require to address their immediate food needs.

The LVAC seasonal assessment provides a key input for the Integrated Food Security Phase Classification (IPC) analysis, a universal system for classifying the severity of acute food insecurity that enables comparison between countries.

Capacity to run the HEA modeling the forms the basis of the LVAC seasonal needs assessments lies with a few key individuals within the DMA. There is also limited understanding more broadly amongst users of the functionality that the LVAC's HEA based modeling can provide.

## 4.4 UN Response Architecture

As is standard practice in humanitarian contexts across the world the UN established a Humanitarian Country Team (HCT) in order to coordinate the response to El Nino across multiple UN agencies. In Lesotho the HCT was established in early 2016 and proved effective in supporting the UN system. The HCT in Lesotho was supported by a Humanitarian Coordinator and individual agencies (e.g. WFP, FAO, UNICEF) increased their internal response

capacity. The UN's response to El Nino in Lesotho linked into the broader regional response coordinated by SADC and the UN.

## 4.5 DRM and Social Protection Coordination Mechanisms

Effective coordination is essential for making the most of scarce resources and avoiding duplication of effort. This applies to both the humanitarian and development spheres, and is especially relevant when the aim is to respond to shocks as early as possible. While coordination structures are often well developed within both development and humanitarian circles, there is a need to ensure that overall coordination is in place to maximize the ability to respond to shocks.

## 4.6 DRM and Finance Coordination

There is limited coordination between the DMA and the Ministry of Finance. There is little public financial management and fiscal risk management related to disasters. The National Strategic Development Plan for 2012/14 to 2016/17 recognizes the need to allocate funds for building resilience and respond to disasters. The Plan proposes to place funds within the DMF, managed by the DMA.

## 4.7 DRM and Humanitarian Sector Coordination

The DMA does not directly implement any program or activities but has a vital planning, coordination, and monitoring role. The DMA's coordinating role requires horizontal and vertical linkages. Vertical linkages are realized through two main coordinating structures: District Disaster Management Agencies (DDMAs) and Village Disaster Management Teams (VDMTs). In each of the 7 districts supported by the DMA, there is one DDMA with approx. 5 staff, who are in turn supported by various other

agencies (including government sectors, international NGOs and the UN). At the village level, the VDMTs do not have any permanent staff. Instead, community volunteers and a small number of staff from other government sectors run the VDMTs.

Horizontal coordination is achieved through a range of working groups. For instance, the DMA is officially the chair of six Technical Working Groups (WASH, early warning, health food security, logistics and training), although only three of these working groups (WASH, EWS and food security) functioned in the 2015/16 El Nino response effort. Implementing partners for the 2015 response included five different Ministries: Health, Finance, Social Development, Education, Agriculture and Forestry. Outside of government, the DMA sits on various UN-organized Humanitarian Cluster committees (i.e., food security, protection, education, health, logistics and livelihoods).

## 4.8 Social Protection Sector Coordination

One of the key challenges of the social protection architecture in Lesotho is that there is no overarching coordinating mechanism (OPM 2017). This absence of a coordinating mechanism applies to social protection activities during non-crisis years and to crisis years. For instance, in the 2015/16 drought response, no committees were formed for actors working on social protection (OPM 2017, p.ii). This issue has been recognized in the country and has led to the proposal to establish a Cabinet Social Protection Committee. The secretariat would sit in the office of the Prime Minister. Several coordinating committees would support the secretariat including a policy SP committee, a technical SP committee and a district support committee on social protection. The proposal has not yet secured government approval but once approved, these mechanisms should allow for a more coordinated early response within a shock responsive social protection program, as long as the committees are explicitly given a role within the Continuum of Response framework for action.

# 5. Response to el Nino induced drought in Lesotho 2015-2017

## 5.1 Timeline of Response

Sept 2015	Credible Forecasts of El Nino LVAC projects that 477,000 people (approx. 24% of the population) will be in need of 6 months food assistance before the next harvest became available
Oct. 2015	Rains Delayed The 2014 National Response Plan (NRP) used as the basis for planning Government response
Dec. 2015	Formal Declaration of National Emergency <b>n.b. before harvest</b> Government appealed for M 584 million [\$43m] for Government-led responses United Nations Humanitarian Country Team's appealed for \$58.2m Funding of M.155 million was committed by Government. M. 132 million (85%) was allocated to WASH response 6-month timeframe
Jan. 2016	LVAC Rapid Assessment recalculates total number of food insecure people increased to 534,502
March 2016	CERF Funding: \$4.7m <b>n.b. before LVAC normal seasonal assessment</b> \$ 2 million allocated to CGP Top-up WFP: initially ration = 100% of food requirement
April 2016	Final National Response Plan (NRP) available
May 2016	LVAC Seasonal Assessment Significant variation in household deficits by District Average Household Deficit: 42% of food needs Average Household Deficit: M. 3,700 (annual) Total number of people in need of assistance 709,000 people
June 2016	Government Food Subsidy Government funding of M. 162 million was committed to provide a 30% subsidy for maize, sugar beans and split peas First CGP Top-up Top-up: M. 500 / HH / Quarter Targets 50% of Poor & Very Poor UNICEF and WFP "piggyback" on CGP's delivery mechanisms

June 2016	International Funding: \$35m Scale-up of WFP's emergency food assistance interventions Coordination to avoid "overlap" between WFP & CGP interventions Coordination burden to disaggregate GCP & non-CGP needs Advocacy from SP for Humanitarian operations to reduce ration No additional funding for CGP Top-up
July 2016	Transfer Value Calculation Harmonization of Deficit: using highest values Household Ration: M. 4,800 [annual] Household ration is 30% greater than average household deficit Humanitarian operations: revise target to M. 120/p/month
Nov. 2016	Humanitarian Operations reach Scale Reach 120k HH / 200k HH World Bank provides \$20m from IDA's Crisis Response Window

Already in **September 2015** there were **credible forecasts of an El Nino** event was likely to result in reduced rainfall for the Southern Africa region. As a result of the reduced rainfall, the LVAC projected that 477,000 people (approx. 24% of the population) would be in need of 6 months food assistance before the next harvest became available<sup>24</sup>. This figure included those who benefit through the school feeding scheme, cash and food transfers as well as grants by the Government and NGOs. In practical terms, this meant that some 180,000 additional people (11% of the country) were projected to be in need of immediate assistance.

In line with these forecasts, in **October 2015** the **onset of the rains in Lesotho were delayed** and there was widespread and relatively homogenous reduction in rainfall across the country. This resulted in similarly widespread and relatively widespread food insecurity across the country.

On **22nd December 2015** the Government of Lesotho declared a **National Emergency**. The **Governments emergency response prioritized water access and availability**. At the time of the Declaration, the Government appealed for M 584 million (\$43m) to finance Government-led responses, whereas the United Nations' Humanitarian Country Team (HCT) appealed for \$58.2m for emergency responses. The Government of Lesotho committed M.155 million to the emergency response and 85% of this was

allocated to WASH. There was therefore limited provision for food security & livelihoods protection needs in the first stages of the response.

In **February 2016** the LVAC conducted a **rapid assessment**. It is important to note that this rapid assessment provided an update of the previous 2015 LVAC seasonal assessment rather than projecting needs for 2016<sup>25</sup>. This meant that it only assessed needs as far forward as March 2016.

In **March 2016**, the UN held Central Emergency Response Fund (CERF) funding was released to support a response to the drought in Lesotho. \$4.7 million was allocated and of this \$2 million was allocated to a top-up of the Child Grant Program. WFP also began emergency food assistance interventions, initially targeting 100% of household food needs identified in the rapid assessment (need to confirm).

WFP launched an Immediate Response Emergency Operations (IR-EMOP), that was designed to address needs between March – May 2016. WFP secured 100% of the IR-EMOP's funding requirement (\$1 million) from WFP's own Immediate Response Account. WFP began distributing cash assistance to 20,000 people under the IR-EMOP in **March 2016**. WFP was therefore able to begin direct assistance before the harvest failed. In relation to other humanitarian operations, this represents a quick response time. Early

24. The 2014 Lesotho Vulnerability Assessment Committee 2013/14 report indicated the food insecure population at 447,760. The 2015 Lesotho Vulnerability Assessment Committee 2014/15 report indicated the food insecure population at 464,000.

25. The livelihood year (or consumption year) in Lesotho begins in April with the main agricultural harvest and ends with the hunger season that typical runs for Nov – March.

funding was an essential pre-requisite for an early response from WFP's IR-EMOP.

In **May 2016** the results of the **LVAC seasonal assessment** were released. The LVAC projected that 709,000 people were affected and that of these 491,000 people<sup>26</sup> would not be able to meet their immediate food needs and would require external assistance. The LVAC projected an average annual household deficit of M. 3,700 (which represented 42% of households' total food needs) but there was significant variation in household deficits by District. Significantly, there was no explicit recommendation for ration sizes in the LVAC seasonal assessment.

Even in normal years Lesotho is a food deficit country and relies on imports of food, particularly the staple maize from South Africa. South Africa is a net exporter of maize and serves as the default source of maize imports for many countries across Southern Africa. It was forecast that the El Nino event would have a significant impact on maize production in South Africa and that this would in turn increase staple grain prices across Southern Africa, including Lesotho. In response to the projected regional maize deficit and increasing price, the Government of Lesotho initiated a **12-month food subsidy** program in **June 2016**.

Also, in **June 2016** the first Child Grant Program (CGP) emergency top-up was transferred to beneficiaries. The top-up was only delivered to existing CGP beneficiaries. At this point, the CGP was operational in 36 out of 64 councils in Lesotho and targeted 26,681 households.

Following significant advocacy, significant international **funding for humanitarian programs** started becoming available in **June 2016**. In total ~\$35 million was secured to support the emergency response in Lesotho. This funding enabled a significant scale-up of emergency food assistance interventions by WFP and other operational agencies (e.g. World Vision with USAID funding). Humanitarian food assistance programs targeted councils where the Child Grant Program was not operational. There was a deliberate and conscious effort to avoid "overlap" between these two programs and this created a significant coordination burden

to disaggregate GCP & non-CGP needs. Notable is that none of the \$35 million emergency funding was allocated to the CGP top-up<sup>27</sup>.

During this period, there was advocacy from social assistance agencies for humanitarian operations to reduce the ration size they were distributing in order to harmonize the value of benefits across programs. In response, a **ration size calculation** was undertaken in **July 2016**. As noted above, the LVAC projected an average annual household deficit of M. 3,700 (42% of households' total food needs) but there was significant variation in household deficits by District. The ration size calculation in July 2016 harmonized deficits across districts, wealth groups and livelihood zones considering the Government food subsidy but *using the highest deficit values*. The analysis recommended a ration size of M. 4,800 (higher than the average deficit of M. 3,700 identified in the LVAC). In response to this ration size calculation humanitarian food assistance operations (that had originally been targeting 100% of household food needs) revised their transfers to M. 120 / p / month.

It was only in **November 2016** that humanitarian food assistance programs ultimately reached scale providing food assistance to 120,000 of the planned 200,000 households.

WFP had launched its Protracted Relief & Recovery Operation (PRRO) to address humanitarian needs from June 2016 (i.e. following on immediately from the IR-EMOP) until the next seasons harvest in April 2017. The initial funding requirements of the EMOP were \$27 million but the EMOP remained 35% funded through November 2016. In January 2017 the EMOP was still only 39% funded and by March 2017 it was only 42% funded. WFP's Emergency Operation (EMOP) scaled-up to reach 60,000 people (24%) by November 2016 and 130,000 people (49%) by December 2016. 68,250 of the 127,705 beneficiaries in December 2016 received cash. In comparison to the rapid and complete funding of the IR-EMOP, this immediately illustrates the significant delays associated with securing funding when there is not a dedicated response fund available. Delays in securing funding inevitable lead to delays in response.

26. 49% of the rural population

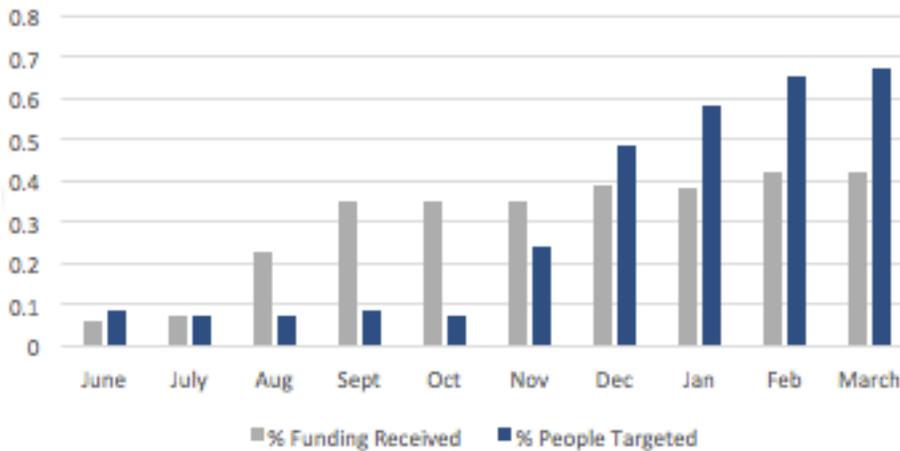
27. Interestingly, ECHO did not allocate their emergency funding to the CGP top-up even though the CGP has received significant support from the EU since its inception.

Figure 7: Monthly number of people targeted and reached from March 2016 to March 2017



Source: WFP VAM (2016)

Figure 8: Monthly percentage of funding received and people targeted from June 2016 to March 2017



Source: WFP VAM (2016)

The data shows that while delays in funding were a significant factor, additional delays were as a result of the time required for targeting. Figure 8 shows that while funding received significantly increased in August, targeting did not catch up until November.

## 5.2 Government Funding in response to Declaration of Emergency

At the time of the Declaration of Emergency (22<sup>nd</sup> December 2015), Lesotho’s Contingency Fund and Disaster Management Fund were both exhausted and there were no other *ex ante* resources available to respond. The

Government's response to the 2015 drought therefore relied on three *ex post* financial mechanisms: 1) Re-allocation of national and ministerial budgets to finance sector-led support, 2) Re-allocation of ministerial budgets and dividends from parastatals to finance a food subsidy, 3) Loans/grants provided by development partners to finance government support.

1. Between September 2015 and December 2015, M 155 million (\$12 million) had been identified as available through the reprioritization of the FY2015/16 national budget. Between December 2015 and March 2016, line Ministries implementing responses reprioritized their existing budgets. In line with the priorities identified in the National Response Plan (NRP), resources were channeled to Health and Nutrition sector, Agriculture and Food Security, and Water, Sanitation and Hygiene sector. Resources were allocated as follows:
  - » The Water Sector was allocated \$7.56 million (M 115 million). These resources were spent in assessments of ground and surface water, procuring chemicals for mobile water treatment plants, rehabilitation of broken water supply systems, the installation of pumps, procurement and delivery of water tanks, and raising awareness.
  - » The Ministry of Health received \$855,000 (M 13 million) from the Ministry of Finance (MoF) in circa. June 2016. Around \$592,000 (M 9 million) was allocated to nutrition interventions, with the largest program being the provision of plumpy nut supplement for under-5's. \$66,000 (M1 million) was used in WASH to provide training to health officials on water treatment and purification tablets. The balance of \$197,000 (M 3 million) was used in disease surveillance and response.
  - » The Ministry of Agriculture received \$657,870 (M 10 million) from the MoF in March 2016 based on a proposal for both livestock and crop response. The resources received were insufficient to finance all the proposed activities. A total of \$526,296 (M 8 million) was used to procure emergency seeds and \$131,574 (M 2 million) was used to support livestock.

The capacity of implementing Ministries to absorb and spend the M 155 million (\$12 million) emergency resources before the end of the FY was limited. As a result, the unused balances from implementing Ministries at the end of the FY2015/16 (March 2016) amounted to approximately M 115 million, or 74% of the original budget allocated for emergency response. To carry over resources from FY2015/16 to FY2016/17 these balances were transferred to the DMF in March 2016. The implementing Ministries were therefore able to continue to access their allotted resources for emergency response in line with the NRP, although the money was administered and accounted for by DMA.

2. A M162 million (\$13 million) food subsidy became available in June 2016 and was financed primarily from dividends of parastatals, but also from reviews of sector budgets and the reallocation of resources. The resources financed a 30% universal subsidy in the price of maize meal, sugar beans and split peas, and was expected to be released quarterly through the Ministry of Small Business.

Table 1: Food Price Subsidy cost breakdown

Item	Cost Estimate (Maloti)
Maize meal @ 30% subsidy	113,511,175.00
Sugar Beans @ 30% subsidy	29,030,400.00
Split Peas @ 30% Subsidy	9,865,440.00
Labelling costs	762,035.00
Sensitization, Monitoring and Evaluation	1,077,041.00
Transport for enforcement logistics	7,148,080.00
<b>TOTAL</b>	<b>162,716,671.00</b>

The Ministry of Small Business provided quarterly Interim Financial Reports (IFRs) and Request for Funds to the MoF in the usual manner. The subsidy was due to end of May 2017, but by June 2017 was still in effect and it was unclear how long the subsidy would continue for. In collaboration with government partners, the UN (WFP and FAO) and a World Bank team undertook a detailed review of the food subsidy component of the government's response, and shared this information with key stakeholders in June, 2016. More information on the food subsidy can be found in the report produced for that review.

3. At the time of the Declaration of Emergency, the Government approached its development partners to mobilize resources for a state-led response. Due to the legal restrictions of some partners, as well as concerns about absorptive capacity of some Ministries, resources were channeled both through Government systems as well as through civil society actors. Resources that were channeled through Government systems included a \$36 million in-kind distribution of rice (2,477 metric tons) from the Government of China, 62 metric tons in food parcels from the Government of Botswana, \$1 million from the African Development Bank to finance food procurement, a \$20 million loan through the World Bank's IDA Crisis Response Window to finance more intensive support to existing clients of the Child Grants Program (a so-called Vertical expansion of the CGP) and a World Bank funded loan for a \$6.57 million (M 100 million) subsidy for agricultural input.

### 5.3 Humanitarian Funding

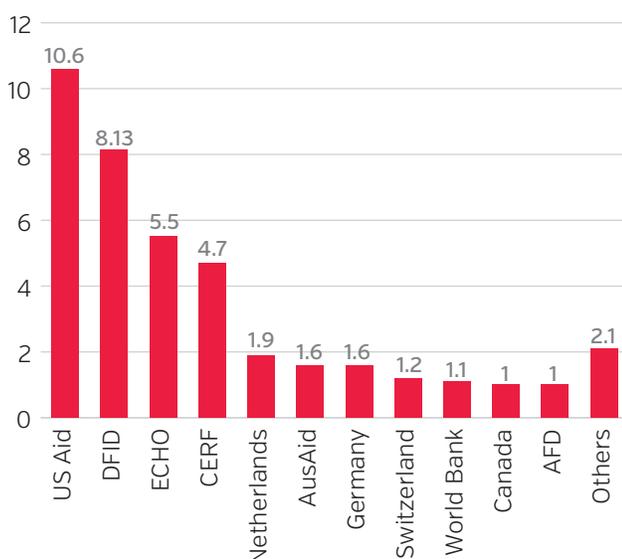
Humanitarian funding plays an important role to finance disaster response in Lesotho. This was the case during the response to El Nino induced drought in 2016. In January 2016, the government issued an appeal to humanitarian and development partners for support. By July 2017,

humanitarian and development partners had mobilized \$40.7 million for the relief response (UNHCT, 2017), and the government had mobilized \$20.8 million. The largest donors were USAID, DIFID, ECHO and CERF (Figure 9a). A total of 63.3% of the resources were used for food security and social protection top ups (Figure 9b).

The first round of funding from donors arrived in February and March. The largest amount of resources within this first round was from the UN's Central Emergency Response Fund (CERF). This proved effective in scaling-up *existing* social protection systems that had established mechanisms already in place.

Most resources were disbursed between July and August 2016 (see Annex 4 the month-by-month contributions from development partners). The delay in humanitarian funding was in part due to the regional nature of the crisis which slowed donor decision making. In July 2016, Lesotho was cited as one of seven priority countries in a Southern Africa regional action plan for responding to El Nino, issued by the Regional Inter-Agency Standing Committee (RIASCO) under the UN Office for the Coordination of Humanitarian Affairs (OCHA). This triggered a second round of funding, including from bilateral donors (e.g. DFID, USAID, Switzerland) and multilateral agencies (such as ECHO). By the end of August, some \$29 million of funding had been committed, and this rose to \$37 million by December (RIASCO, 2016b, 2016c).

Figure 9a: Funding by Donor



Source UNHCT

Figure 9b: Funding allocation by sector

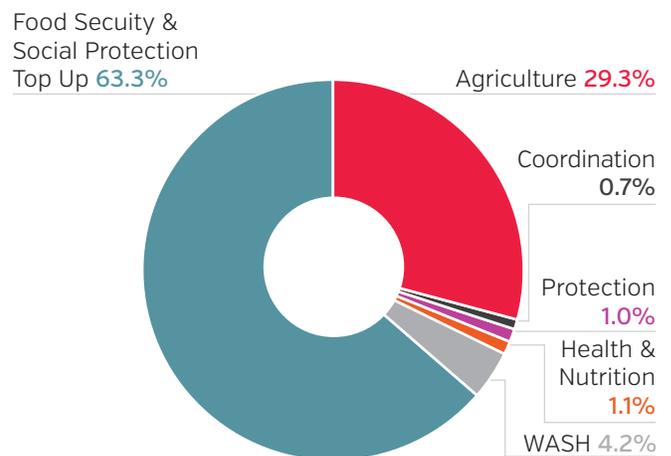
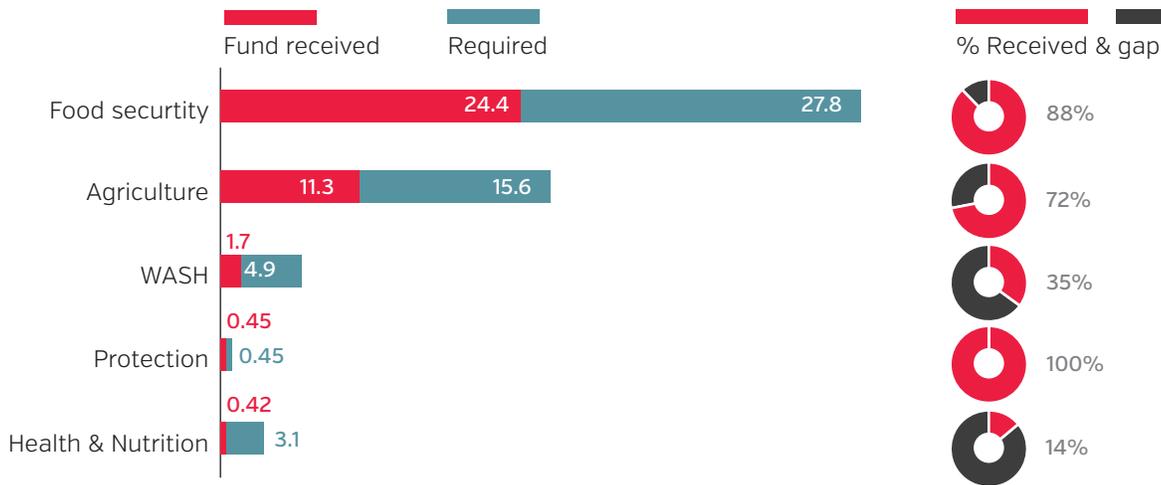


Figure 10: Funding allocations and gaps per sector



Source UNHCT

Even though significant humanitarian and development partners’ resources were mobilized to respond to the El Nino-induced drought in Lesotho, these resources arrived too late to support a timely operational response through humanitarian action or enable the horizontal expansion of social protection programs. It was certainly too late to provide preventative early response to protect the most vulnerable with limited coping capacity.

In addition, there was a gap between the amount of the government’s humanitarian appeal and the resources mobilized. The humanitarian appeal from government in January 2016 was for \$52.6 million. However, a total of \$40.6 million in funding was received by humanitarian partners. This left a funding gap of 27%. The sector where the gap was larger was in health and nutrition with a gap of 86% (Figure 10).

### 5.4 Funding for Shock Responsive Social Protection

The Child Grant Program received limited humanitarian funding to support adaptation to scale up in response to emergency events. The CGP received \$5 million under the initial UN CERF allocation to Lesotho but did not receive funds under the larger regional humanitarian appeal. The CGP also received support from the European

Commission’s Humanitarian Office (ECHO), which provided a \$2million grant to its non-State Actor partners to provide ‘top-ups’ to existing CGP clients.

World Bank funding for the adaptation of the Child Grant Program was of critical importance in maintain the top-up of CGP cash transfers beyond the initial UN CERF funding. This additional funding was obtained through the World Bank’s Crisis Response Window (CRW), which is designed to provide eligible countries with supplemental loans for relevant purposes, at discretionary rates. It is important to note that the global demands on this fund are always high, and were particularly so at the time of El Nino induced drought. In May 2016, the Government of Lesotho requested the World Bank to mobilize resources from its Crisis Response Window (CRW) to support the ongoing drought response. In June 2016, a \$20 million intervention on behalf of the Government was formally identified and went to Appraisal/Negotiations of Additional Financing in early November 2016. It was approved by the World Bank’s Board of Executive Directors in December 2016, with regular disbursements occurring from then onwards using existing CGP modalities, increasing allocations to existing CGP components. The rationale of the proposed Additional Financing was to provide support to the Government of Lesotho in its emergency response to the El Nino drought, by providing liquidity to the Government, and supporting the use of social assistance as a crisis response mechanism. Specifically, the Additional Financing supported \$6-8million

of both retroactive and future actions aimed at topping up cash to CGP beneficiaries and providing emergency cash transfers to households identified in the NISSA assisting the poor and vulnerable through the CGP during the crisis. The Additional Financing from the World Bank enabled the CGP top-up to be maintained for 12 months, which in turn ensured that it was adequate to meet humanitarian needs for those households that received it.

The CGP did not receive funds from the Government's own emergency funding. This appeared to be for a number of reasons including an emphasis on other sectoral responses (WASH was identified as an early priority), a lack of familiarity about the potential of the social protection programs outside of the Ministry itself, the tendency to use traditional emergency response approaches, and concerns that the use of the CGP would bias the response towards a group that was already receiving assistance and thus would not be broad enough a tool to target all of those in need in an area.

# 6. Analysis of Social Protection and the El Nino Drought

The following analysis of the social protection response to the El Nino drought examines the response in terms of responsiveness, inclusiveness/adequacy, appropriateness, and coherence/ integration. The assessment categories are adapted from the Core Diagnostic Instruments (CODI) developed by the Inter Agency Social Protection Assessments group (ISPA).<sup>28</sup> The criteria used have been agreed by leading international organizations and agencies<sup>29</sup> working on social protection systems, programs and implementation, and represent the sector’s best practice in how to assess the effectiveness and efficiency of social protection systems around the world.

## 6.1 Responsiveness

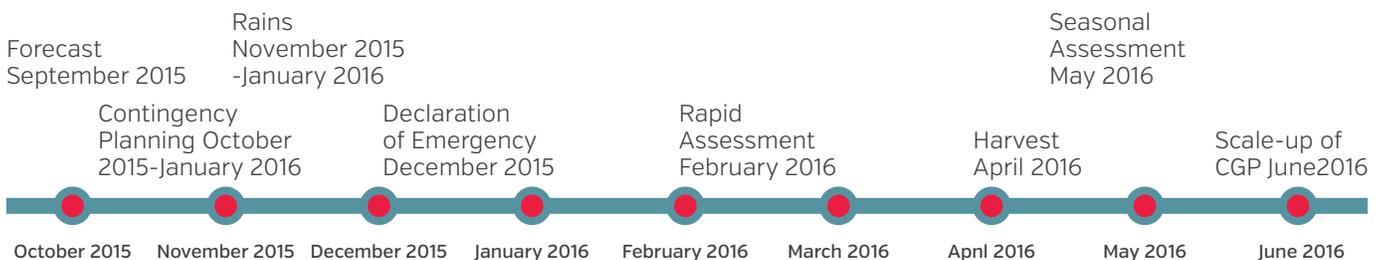
### 6.1.1 Responsiveness to the Overall Drought

Credible forecasts of an El Nino were available in September 2015. Initial needs assessment results were first available in February 2016. The harvest, upon which humanitarian

needs are dependent, is in April. The full seasonal needs assessment results, based on the April 2016 harvest, were available in July 2016. The seasonal assessment projected significant food insecurity and associated humanitarian needs from as soon as April – June 2016. This provides a timeline against which to assess the responsiveness of the humanitarian and social protection systems.

The other key factor to consider in determining responsiveness is the seasonality of need, which varies across districts. The HEA based seasonal assessment system used by the LVAC provides an annual analysis of food & livelihood needs. These annual requirements were presented in the LVAC seasonal assessment report. The HEA based seasonal assessment system is able to disaggregate the annual results to provide a seasonal analysis of food & livelihood needs. These annual requirements were not presented in the LVAC seasonal assessment report but a review of these seasonal assessments shows that the duration of assistance varies considerably between Districts,

Figure 11: Timeline of drought forecasts and the CGP scale-up



28. It is important to note that this diagnostic assessment is not an evaluation and is based on a review of existing data and interviews with key stakeholders.  
 29. These international organisations and agencies include Australian Government’s Dept of Foreign Affairs and Trade, CGAP, European Commission, OECD, Food & Agriculture Organisation [FAO], German Government’s Federal Ministry for Economic Cooperation and Development, Friedrich Ebert Stiftung, GIZ, HelpAge International, ICSW, International Labor Organisation, ISSA, ITUC, French Government’s Ministère des Solidarités et de la Santé, Finland Government’s Ministry for Foreign Affairs, ODI, Save the Children, socialprotection.org, UNDP, UNICEF, United National University, World Bank Group, World Food Programme [WFP].

based on households underlying livelihood strategies, from 7 months in Butha-Butha to 3 months in Mokhotlong. The annual analysis is based on a 'consumption year' beginning with the main harvest, which in Lesotho is in April. This implies that the target for the start of humanitarian food assistance would have varied from September 2016 in Butha-Butha to January 2017 in Mokhotlong. The average duration of assistance for the 2016/17 consumption year was 4 months, implying that humanitarian food assistance should have reached scale by December 2016 in order to meet the majority of humanitarian needs.

The scale-up of the CGP in June 2016 was well in advance of the projected household food deficits beginning in December 2016 and could therefore be considered to be very responsive if measured against a humanitarian response. However, it is important to bear in mind that while the CGP scale-up involved an increase in the transfer value for existing 26,681 households (~130,000 people). The CGP did not scale-up to reach additional clients. The initial increase in the CGP transfer value was funded by UN CERF funding that was committed in March 2016. It can be seen that the operational lead time required to scale-up the CGP transfer value was in the order of 2 months and that the scale-up was dependent on securing humanitarian funding, rather than specific contingency funds for shock responsive social protection which had implications for the sustainability of the CGP scale-up.

WFP's immediate response was also funded by the UN CERF. However, it took WFP's until November 2016, more than 12 months after the first credible forecasts, to scale-up to reach 120,000 people with in-kind food assistance. This represents an operational lead time of 7 months from securing funding (in comparison to 2 months for CGP).

The Government's response, which prioritized Water & Sanitation, was slow. One of the main reasons was that the Government prioritized sectors and agencies that had limited capacity to scale-up operations within an appropriate timeframe.

Given the stark differences in operational lead times between social protection response and humanitarian and government responses, the limited funding from both

Government and the international humanitarian system for shock responsive social protection is a key concern.

### 6.1.2 Early Response through Adapting Social Protection Programs

The only social protection programs adapted to respond to the El Niño drought was the Child Grant Program. The scale-up of the CGP began in June 2016 which was 6 months after the emergency declaration and 9 months after the credible first warning.

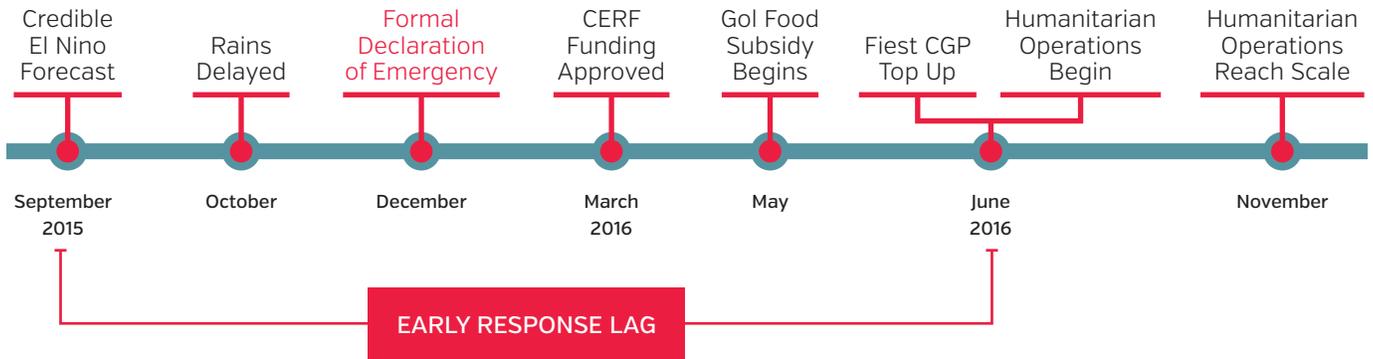
The responsiveness of the CGP was undermined by the confusion around transfer and ration sizes, the lack of a clear plan to scale up within the design of the CGP, and the issues related to problems between the needs assessment/early warning processes and the NISSA (see below).

The adaptation of the CGP focused on an increase in transfer values (vertical expansion) rather than a targeting more of the needy (horizontal expansion). This reduced its potential to effectively respond to the identified needs of those not registered in the CGP. For the CGP to expand horizontally in a timely manner, it would be necessary to undertake preparedness measures to *pre-register* NISSA 2 (poor) clients.

The initial increase in the CGP transfer value was funded by UN CERF funding that was committed in March 2016. The operational lead time required to scale-up the CGP transfer value was in the order of 2 months and was dependent on securing humanitarian funding. There were no specific contingency funds in place for scaling up the CGP or other MoSD social protection programs. In addition, the ability to scale up was not designed in any of the social protection programs including the CGP.

During the drought response, there were insufficient linkages between the LVAC seasonal assessment and social protection systems in terms of triggering an early scale-up of social protection programs. The VAC information was not used to its maximum utility in terms of determining needs by geography.

Figure 12: The Early Response Lag



### 6.1.3 The Early Response Lag

There was a significant ‘response lag’ between the first early warning signals and the actual response. Figure 12 shows the progression of action from first warning of the El Nino event to the start of the humanitarian operation. The response lag refers to the period from first accepted agreement of the emerging crisis (September 2015) and the main humanitarian response (June 2016). This 9 month lag represents a major lost opportunity to act earlier with less

resources to help protect livelihoods, and lives. The fact that the food subsidy began one month earlier was a positive sign, but the scale up of the CGP only happened in June as the humanitarian response began.

The rationale is that the earlier the action, the greater the impact in protecting vulnerable households. There is also the potential for aggregate national savings in terms of the overall cost of the response, and its eventual impact on the national economy.

#### *The Welfare Benefits of a Timely Drought Response*

An analysis of the economics of resilience in Kenya and Ethiopia found that early response is far more cost effective than late emergency response, and that investing in resilience is the best value for money. For example, a comparison of investments showed that the total investment required for emergency response and recovery could fund investment in resilience for 24 years consecutively.<sup>30</sup> An analysis of Disaster Risk Reduction work in Malawi found that for every dollar invested, net benefits of \$24 were delivered to communities - helping them to overcome food insecurity while building their resilience to drought and erratic weather.<sup>31</sup>

It is important to note that faster delivery alone does not necessarily improve efficiency. The overall objective must remain to improve impact by making sure that people in need receive the right amount of assistance and at the right time.<sup>32</sup> This requires not only a more timely response through existing programs, potentially social protection, but also much better cohesion and clarity around common systems of information and implementation. However, if social protection programs are able to expand in response to a shock, the best timing for this would be as early as possible to address the current early response lag.

30. Cabot-Venton et al [2012] The Economics of Early Response and Disaster Resilience: Lessons from Kenya and Ethiopia. DFID

31. Siedenburg et al [2011] Investing in Communities: a cost-benefit analysis of building resilience for food security in Malawi. ODI

32. OPM [2017]

### 6.1.4 Responsiveness of institutional arrangements and financing instruments

Government institutional arrangements for disaster management took time to respond. The DMA had the responsibility to set targets and timelines for the response but did not have the necessary authority and capacity to marshal the line Ministries' preparation or response to the drought. In the Government's Multi-Hazard Contingency Plan, the target for translating the early warning into a NRP was approx. one month; in practice developing the NRP took more than three months. Further, while a draft of the NRP was submitted to the PMO in December to initiate an official Declaration of Emergency, the Plan itself was not finalized until April 2016 (8 months after the first warnings).

The institutional arrangements could have been more responsive with stronger reporting mechanisms and the introduction of standardized operating procedures. While in principle the role of the DMA is recognized and clear, the architecture for disaster response and the lack of reporting requirements from Ministries to the DMA led to a blurring of responsibilities, and ultimately compromised the response. The MoSD suggested that social protection should form the organizing framework and structure for disaster response and, while this was resolved within a couple of months of the first early warning, there remain tensions under the surface.

The drought response highlighted the need for increasing preparation of, or investment in the institutional arrangements and coordination mechanisms to respond to emergencies. An example of investment in this area would be for example to annually update the Multi Hazard Contingency Plan, which had not been updated since 2014, and ensure it was sufficiently detailed to make it useful in guiding disaster responses and to inform NRPs. There is also a need to invest in ensuring the TWGs meetings are predictable and can widen participation from line ministries and the international community.

To ensure that the changing social protection needs of the wider population are met during different stages of a crisis response, improvements could be introduced to allow institutional arrangements to be more flexible. At

central level, additional arrangements that took time to arrange were introduced: calling the DMA TWGs, attending cluster meetings, calling for Board of Directors meetings, Council of Ministers decision-making meetings. It would be useful to have more flexible coordination arrangements in place that allows for an expansion of existing programs during crises and ensure that relevant actors are aware of and familiar with. Further, the processes and procedures within Government ministries could be more flexible by responding to early signs of drought at local levels rather than having to wait for a national Declaration of Emergency to respond.

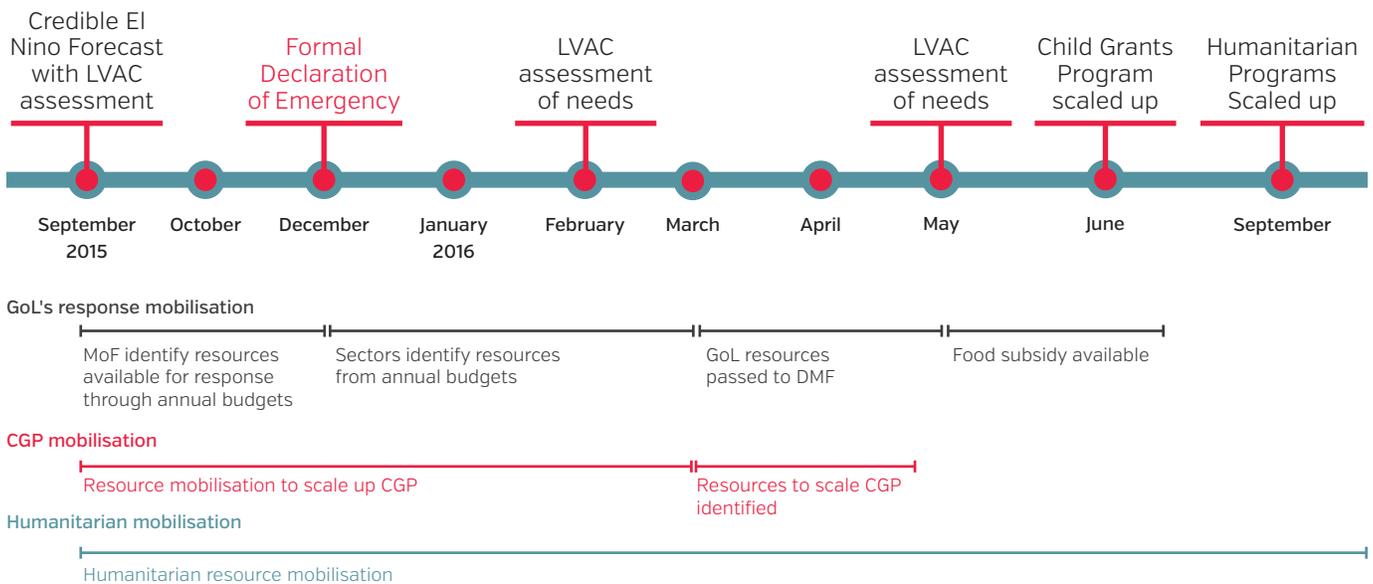
The two financial instruments intended to fund a response were not readily accessible. Both the contingency fund and DMF were near depletion at the time of the LVAC assessment and the Declaration of Emergency. The lack of immediate availability of resources from government contributed to delaying the governments early response to the drought.

The financing available from both the government and the international community was not flexible enough to adapt to the social protection needs of the population as they changed during the emergency. As drought stresses began to worsen into a disaster (from April 2015 onwards), there was no additional, early financing to be able to meet the changing needs of existing CGP households or the needs of additional households in need.

The existing structures available to prepare financially for an emergency were not available to allow government to respond early to this El Nino induced drought. Mobilizing humanitarian resources was slow and when it arrived it was less than needed. While a response was ultimately mobilized, Figure 13 indicates that the reliance on *ex post* financing instruments contributed to substantial delays.

Regular monitoring of Government budgets at the first signs of drought could also help speed up the response. The Government's public financial management system functions well in 'normal' times - the regular interim financial reporting is predictable and interim and annual audits are completed on time. However, as the likelihood of an emergency intervention increased, increasing the monitoring of expenditures could have served as a way of

Figure 13: Financial instruments responsiveness to El Nino induced drought 2015/16



establishing real time balance sheets at central and district levels. This would have enabled the Government to quickly identify available resources. In the case of the El Nino induced drought of 2015/16, it took a four months after the Declaration of Emergency was issued and the costed NRP was published to release resources to implementing Ministries. Greater investment in real-time monitoring of resources disbursements to line Ministries could help government deliver a more effective response to future natural disasters.

### 6.1.5 Overall Response Conclusions

The response to the El Nino was constrained due to the delays that occurred in preparing a response plan (ready in March 2016) and in identifying operational instruments that could ‘scale up’ or respond early, as well as limited fiscal space.

Overall responsiveness was hampered by the limits of the DMA’s institutional capacity including human resource capacity. Further work needs to be done to continue to build capacity in DMA. Its communication function could also be strengthened, both to translate and communicate early warning findings more efficiently, and to ensure the wider development community are also receiving this information.

## 6.2 Inclusiveness / Adequacy / Appropriateness

### 6.2.1 Coverage & Targeting of Social Protection and Humanitarian interventions

The CGP scale-up in response to the 2016/17 El Nino drought involved an increased transfer value for the existing 26,681 households (~130,000 people). This was a very positive and proactive approach by the government to reach the most vulnerable population as quickly as possible. The increase in transfer value for existing CGP clients was implemented in all the 36 councils where CGP was already operational. In these councils, the CGP targets 50% of the Poor & Very Poor households i.e. ~25% of the rural population. However, the LVAC seasonal assessment projected that 46% of the rural population required immediate food & livelihood support. Since the CGP did not scale-up to reach additional clients (i.e. no “horizontal expansion”) and humanitarian agencies excluded councils where CGP operated for fear of duplicating assistance, ~20% of the rural population in CGP councils who required assistance did not receive any external interventions . This represents a significant exclusion error that could be addressed by improving social protection and humanitarian coordination or incorporating horizontal expansion to the CGP scale up in response to future shocks.

Targeting of the CGP uses the existing NISSA database. The NISSA database includes details of all poor and very poor households and so could have been used to support “horizontal expansion” of the CGP. The horizontal expansion appears to have been constraint due to the availability of funding and because this expansion was not anticipated in the CGP design. In the end, there was limited horizontal expansion of the CGP in 2016/17 to an additional 6,000 households (30,000 people) but this occurred towards the end of the response in order to utilize unspent funds rather

than being a deliberate design decision when planning the CGP scale-up. There is a precedent for “horizontal expansion” of the CGP. During its pilot phase, the scale-up of the CGP in response to drought in 2012/13 did include horizontal scale-up and was designed to complement ongoing humanitarian operations. However, there appears to be quite limited institutional knowledge of that experience and any lessons learned did not figure in the El Nino response.

Future horizontal expansion could be facilitated by the pre-registration of additional CGP clients (either during

### *Social Protection Horizontal Expansion in Kenya*

The Kenyan Government, as part of its commitment to end drought emergencies by 2022, has established a Hunger Safety Net Program (HSNP) in four of the most drought prone counties of northern Kenya (Turkana, Marsabit, Mandera & Wajir). Currently in Phase 2, HSNP provides regular, electronic and unconditional cash transfers (CTs) of Kshs 2,700 [approx.US\$27/£19] per month to up to 100,000 of the poorest households (referred to as Group 1). Payments are made through a fully transactional bank account and fully functioning bank card. Phase 2 of the HSNP has been designed with the specific objective of being able to act as a scalable safety net in times of crisis, such as during droughts or floods. In order to support this objective the HSNP *all* 375,000 households in the four counties at the beginning of the program. The HSNP infrastructure enables cash to be transferred to *any or all* HSNP households via their bank accounts within approximately 2 weeks of a decision being made.

During 2015, HSNP scaled up four times to provide emergency cash transfers to over 207,000 additional households beyond its regular beneficiary households. The first three of these payments were in response to drought. However, in October 2015, payment was made to all non-routine beneficiary households as a *crisis preparedness payment in advance of anticipated El Nino rains and possible flooding*. Post distribution monitoring in 2015 showed that the majority [58%] of expenditure was on food items [58%] and that after food school expenses represented the most significant expenditure [13%]. Scale-up of the HSNP is triggered using the Vegetation Condition Index (VCI) derived from remotely sensed satellite imagery. Reliable VCI time-series data exists for the past 14 years, which were used to generate annual average cost estimates. HSNP scales up in during months when the VCI ‘severe’ and ‘extreme’ drought thresholds are reached in any Sub-County. This is likely to result in relatively frequent payouts. On the basis of past VCI trends it is likely that on average at least 4 (out of 22) Sub-Counties in the HSNP area will hit severe drought threshold each year.

Key lessons to date include:

1. **The value of the mass registration and bank account opening exercise.** Although resource-intensive to put in place, the marginal cost of all additional transfers is now negligible. This is a key advantage over other drought responses, such as food aid.
2. **Early warning can translate into early action.** The Kenya experience is proof that a single, scientifically objective indicator is sufficient to trigger an early, “no regrets” action. It works because the trigger and response were embedded in wider guidelines, established through prior negotiations, before a scale up was required.
3. **Financial and budgetary instruments should be the servant of the plan – not the other way around.** Financial models were developed using past VCI trends to facilitate agreement on the frequency and levels of scale up required. However, a financial instrument guaranteeing pre-defined payments is yet to be established.

<http://odihpn.org/blog/shock-responsive-social-protection-in-practice-kenyas-experience-in-scaling-up-cash-transfers/>

regular re-targeting exercise or as a contingency planning activity triggered by initial forecasts of an El Nino (i.e. Sept – January before harvest / seasonal assessment). A switch to electronic cash transfers would also facilitate horizontal expansion, as well as providing more flexibility to do more frequent and predictable transfers in times of disasters. In this regard, the experience in Kenya is useful.

Coverage of the humanitarian response focused on those 28 councils where the CGP was not implemented. There was a conscious effort to avoid “overlap” between the CGP and humanitarian programs which meant that humanitarian food assistance programs did not target councils where the CGP was being implemented.

Targeting by humanitarian agencies used a community-based approach informed by the LVAC assessment, which targeted ~50% of rural households in the councils where they were implementing operations. Humanitarian agencies did not use the NISSA database for targeting because they were concerned that the information in the database was both out of date (having originally been collected in 2010) and that the original proxy means testing methodology used by the NISSA was inappropriate for targeting humanitarian assistance.

For the NISSA to function as an effective common social register used by both humanitarian and development partners there would need to be a re-targeting exercise to address humanitarians concerns about both the original proxy means test methodology and out of date information. The current priority for NISSA however appears to be expansion to new geographic areas. Given the forecasts of a 50% likelihood of an imminent return of the El Nino phenomenon it may be worth prioritizing re-targeting over expansion.

## 6.2.2 Ration Size / Transfer Size

The issue of ration size is critical for both technical and institutional reasons since it exposes limitations in the seasonal assessment process as well as institutional tensions between humanitarian and social assistance agencies.

WFP’s ration size during the initial humanitarian response, in March 2016, targeted 100% of households’ food needs. At

this time there had not been an official needs assessment nor ration calculation. However, the 100% ration was perceived by a number of agencies (particularly those involved in social assistance programs) to be too large. It also points to the degree of unease between social assistance and humanitarian actors who had limited engagement on these issues prior to the preparedness planning process which did not begin until September 2015.

The average household food deficit, as presented in the LVAC seasonal assessment in May 2016, was 25% (in the absence of food subsidies). However, the LVAC seasonal assessment did not make explicit recommendations on household ration / transfer size. The results of the 2016 LVAC assessment were presented as total requirements by administrative area. A more detailed disaggregation of the results by wealth group & livelihood zone (with 46 distinct household deficit calculations) was provided in the seasonal assessment report. However, these calculation were also presented as total requirements, rather than household needs. The LVAC did not make specific recommendations about which of the 46 different wealth groups faced deficits, nor was this used as the basis for determining operational ration sizes.

Although the increase in the transfer value of the CGP took effect in June 2016, the design was undertaken before the LVAC seasonal assessment results were available in May 2016. A typical household of 5 people enrolled in the CGP would receive a total cash transfer of M.400 from a combination of the regular CGP transfer plus emergency top-up. This transfer value was perceived by a number of humanitarian agencies as being insufficient and there was concern that the CGP scale-up was not effectively addressing humanitarian needs.

There was a subsequent exercise to calculate ration sizes in July 2016. Since it was not operationally feasible to program multiple ration sizes, the ration size calculation was based on the highest district household food deficit, rather than the average. Using the highest district deficits results in a household deficit of 41% (compared to 25% using the average). Taking into account the food price subsidy the highest district food deficit reduced to 29%. This still meant that the recommended ration size was ~30% higher than the average annual household deficit in the LVAC report: M.

Table 2: Ration Size Calculations

Annual Requirements	LVAC Seasonal Assessment [average]	July 2016 Ration Size Calculation [without subsidy]	July 2016 Ration Size Calculation [with subsidy]
Cost of 100% of Food Needs [kcal]		18,376	12,170
Food Deficit	25%	42%	29%
		M. 7,644	M. 3,521
Livelihood Protection Deficit		M. 1,612	M. 1,265
Total Deficit	M. 3,707	M. 9,257	M. 4,786

Table 3: Monthly Ration Size Differences

CGP + Top-up	Humanitarian Operations
M. 400 / m / HH	M. 600 / m / HH

Table 4: Ration Size per Livelihood Zone

	Livelihood Zones	Wealth Groups	Survival Deficits	Livelihood Protection Deficits	Cash required/HH in Maluti
Butha-Buthe	Foothills	Very Poor	46%	2%	5 413
		Poor	44%	3%	5 337
	Mountains	Very Poor	41%	8%	4 587
		Poor	17%	13%	3 320
	Northern lowlands	Very Poor	49%	4%	3 863
		Poor	40%	12%	4 792
Leribe	Foothills	Very Poor	37%	2%	5 019
		Poor	14%	2%	2 025
	Northern lowlands	Very Poor	37%	3%	3 314
		Poor	27%	10%	3 867
Berea	Foothills	Very Poor	28%	0%	2 038
		Poor	5%	8%	953
	Northern lowlands	Very Poor	25%	11%	1 662
		Poor	7%	23%	1 756

4,786 in comparison to M. 3,707. The ration size calculation assumed 7 months of humanitarian operations and therefore recommended a ration size of M. 684 / household / month to meet food and livelihood needs. Humanitarian agencies adjusted their interventions to conform with the July 2016 ration size calculation. Operationally this was translated into a cash transfer value of M. 120/p/m. A typical household of 5 people would therefore receive a cash transfer of M.600 / month if it received food assistance under the humanitarian program.

The CGP did not adjust its ration size in response to the new July 2016 rations calculation. There were therefore

significant differences (50%) in the ration sizes between humanitarian operations and the scale-up of social assistance programs.

In many contexts that can be a technical rationale for different ration sizes for different populations. Typically ration sizes might vary by livelihood zone or wealth group, depending on differences in households underlying livelihood strategies and their vulnerability to a specific shock. These differences are clearly illustrated in the range of deficits presented in the LVAC annex for different combinations of livelihood zone & wealth group.

Table 5: Total assistance provided by humanitarian and social protection interventions

	Transfer / HH/month	Number of Months	Total Transfer	Annual Requirement [ration calc.]	Difference
CGP + Top-up	M. 400	12	M. 4,800	M. 4,786	M. 14
Humanitarian Operations	M. 600	7	M. 4,200	M. 4,786	[M. 586]

It would normally be expected that Very Poor households would have a larger deficit than Poor households, as was the case in the Leribe Foothills. Since the CGP targeted the poorest households it might be expected that the CGP ration would be larger than that provided by humanitarian operations. If the differences in need had been appropriately flagged, the duration of support could also have been adjusted while still maintaining a common overall ration to manage the differences in need.

The differences in transfer value revealed and exacerbated the underlying institutional tensions. A clearer articulation of the humanitarian needs at household level and recommendations on ration size in the LVAC seasonal assessment may help address these issues in the future as would a clearer focus by institutions on that humanitarian need.

While this may appear to be largely a technical / institutional issue there was a risk of very real negative impacts to households in need. The CGP, which had received humanitarian funding under the initial UN CERF funding mechanism was not able to access subsequent humanitarian funding from the regional appeal. Without additional funding for the CGP, 130,000 households risked losing essential assistance. Fortunately, additional funding from the World Bank ensured that these households continued to receive the support they required.

While there were significant differences in the *monthly* transfer value provided by social assistance and humanitarian operations, the *total* assistance provided by humanitarian and social protection interventions was very similar and proportionate to need due to differences in the duration of assistance. The monthly transfer value of humanitarian assistance was 50% greater than that provided by the CGP, but the total value of assistance provided by the CGP was

12.5% greater than that provided by humanitarian operations. This is because the CGP beneficiaries received 12 months of assistance compared to 7 months of humanitarian food assistance<sup>33</sup>. Crucially CGP households total transfer was in line with the annual requirement specified in the July 2016 ration calculation, while humanitarian food assistance provided less than required. It is therefore somewhat perverse that the perception was that humanitarian rations were too high and / or social assistance programs too low.

Immediate efforts are required to establish a positive dialogue process between all parties involved in the response to improve consistency in transfer values between social protection and humanitarian agencies. This could be a very good entry point to build the trust and understanding required to be able to react more collectively to the next shock.

It is recommended that in a future response either the CGP expands horizontally or humanitarian operations target CGP councils with additional support for vulnerable households that are not enrolled in the CGP – but that the current approach of parallel operations without CGP horizontal expansion must not be replicated in future.

Outside of the Child Grants Program, the majority of SP programs have limited impact on addressing the root causes of poverty. The existing programs have not been designed to either build resilience to shocks, or to link the vulnerable caseload to other programs and services that deliver such support.

- The largest transfer program, the Tertiary Bursary Scheme (\$76m/yr.), pays for fees and living expenses for university students and therefore has negligible impact on poverty levels of the most vulnerable.

33. Because the CGP top-up did not receive funding from the \$35m of humanitarian assistance the additional funding provided to the CGP by the World Bank was essential in ensure that the scale-up of social assistance was proportionate to need.

- The Old Age Pension (\$50m/yr.) is a universal non-contributory unconditional cash transfer available to everyone over the age of 70. Since only 6% of the poor are estimate to be older than 64 the OAP has limited impact on poverty.
- The School Feeding Program (\$32m/yr.) has the largest number of direct beneficiaries and about 40% of the benefits go to household that are poor. Schools in the highlands currently provide both lunch and breakfast while schools in the lowlands provide lunch. There could therefore be scope to expand the school feeding program in the lowlands through the provision of breakfast but the impact would be primarily on maintaining school attendance rather than supporting household food security. However, using the program flexibly to also scale up in times of stress is a clear option to explore.

Evaluations show that the Child Grants Program has had a positive impact on beneficiary well being and generally targets the most vulnerable.

- The CGP program contributed to an increasing levels of expenditure on schooling & clothing.
- The CGP contributed to reducing the number of months during which households experienced extreme shortage of food by 1.7 months. This translated into food security gains for both adults and children.
- The CGP contributed to a significant reduction in the proportion of children 0-5 who suffered from an illness.
- There is evidence of a positive effect of the CGP on children's enrolment in school

### 6.2.3 Adequacy and Inclusiveness of Institutional arrangements and financial instruments

The Government's legal and policy framework adequately identifies the decision making process for assessing the population that should be covered by an emergency response and the Declaration of an Emergency. The Disaster Management Act of 1997, the National Strategic Development Plan and the legal establishment of the DMA provide clear lines of accountability on decision making from technical, management and strategic leadership. For disaster response, the policy framework adopts

international SPHERE standards that outline entitlement conditions, eligibility criteria, range and levels of benefits, etc. The process for Declaring an Emergency is sufficiently detailed in the 1997 Act.

The institutional arrangements adequately supported the identification of survival needs. The structures, policies, processes and procedures within the DMA and the implementing sectors to identify transitory needs are in place. All agencies and Sectors acknowledged the authority of the DMA's TWGs, recognized the importance and credibility of the LVAC method and approach and accepted the benefits associated with it mirroring the RVAC approach. The LVAC provides a projection of quantified needs for households in different wealth groups using a sustainable livelihoods baseline. The LVAC analysis provided the Government with sufficient data to issue an early warning and subsequently to form the basis of the Declaration of an Emergency. This is not to suggest that the LVAC process is perfect – it is not predictably resourced and relies on ad hoc commitments and volunteerism to complete, resulting in an ad hoc process, annual re-training of personnel, and an uneven analysis as capacity and institutional memory is eroded. Consequently, multiple verification assessments are required wasting valuable time. Nonetheless, the LVAC did provide the Government with sufficient data to issue an early warning and subsequently to form the basis of the Declaration of an Emergency, and because of the participatory and transparent LVAC assessment process, the assessed needs were widely accepted by the Government and development partners once released.

The institutional arrangements however needed more equipment and an increase in numbers of staff with appropriate skills to support the response. The LVAC itself relies on volunteers to complete and this affects the quality and consistency of the assessments. Only 3 of the 6 multi-sector TWGs chaired by the DMA were operational at any time from the June 2015 LVAC assessment to the time of this assessment. Despite a World Bank-financed project providing additional technical and physical capacity to the DMA to support the EWS technical working groups, the human resources necessary for the DMA to meet its objectives were not available.

The drought-response financing was able to meet the survival needs of the population during the drought. Some 98% of the original target population did receive support through the mechanisms available and employed by the Government of Lesotho. A LVAC assessment in November 2016 estimated that, with the humanitarian community's support and the interventions of the Government, the number of households still facing a survival deficit by that date was some 90% lower than it had been six months earlier, at around 47,000 compared with 477,000. However, the resources that funded the response arrived significantly late - the main tranches of resources that were released from Government (April 2016) and through the international community (June 2016) arrived some 7-9 months after the first credible early warning and some 4-6 months after the Declaration of Emergency.

Even though the drought-response financing met the survival needs of the population, it could have provided additional benefits and services to protect livelihoods. While the focus of the response was on food and water for survival during this time, livestock deaths and crop harvest decimation had occurred. The UN Food and Agriculture Organization (FAO) provided complementary 'cash plus' interventions for CGP households in the form of seeds and training in 'keyhole garden' techniques, to protect their livelihoods - but this arrived in June 2016 too late for interventions to protect livelihoods (which are required before the food and water emergency interventions, if the emergency is to be managed effectively) although certainly supported the livelihood recovery initiatives.

## 6.3 Coherence and integration

### 6.3.1 Within the Social Protection System

The MoSD has recognized that their current programming requires further integration internally, and with other interventions that both build resilience and have a DRM function. They are already taking a number of proactive steps to strengthen their own knowledge and capacity including the development of a new strategy.

As part of this process, the Community Development Program is an excellent new initiative exploring how to

add a productive element to current social protection programming. This department is studying how those receiving social protection inputs can further help themselves and build resilience through initiatives such as income generation. This could add an extra dimension of support to existing clients such as those receiving CGP but could also be extended to other vulnerable people. The initiative will involve activities that can both build and protect assets, and recognizes that this must start with training and awareness creation aimed at changing mindsets.

### 6.3.2 Between Systems: Social Protection and DRM/Humanitarian Response Systems

In the El Nino response, there was an encouraging level of coordination between the social protection and DRM systems in terms of working to avoid 'overlap', but much more needs to be done. Gray areas between mandates across MoSD, DMA and humanitarian organizations, highlighted the need to further clarify mandates with efforts to improve collaboration and coherence in their responses in times of disaster.

The linkages between the emergency architecture and social protection are unclear moving into the recovery phase. MoSD, for example, wants to coordinate resilience activities for the most vulnerable and work to converge all of the actors in a complementary and holistic approach. They're in the process of launching a resilient strategy but are keen to ensure that they have the ability to implement it with an integrated approach that is coordinated with other actors. This needs to link to DRM so that efforts to build resilience are not undermined by shocks.

As noted, ration and transfer values are often a flash point between social protection and humanitarian actors as was the case in Lesotho. Social protection transfer values are often negotiated within a complex environment in both budgetary and political economy terms.

There is a solid base of dialogue to build on generated through the response process. There are now opportunities to build on this to increase understanding of the full range of programs available for response, and to discuss how to leverage the comparative advantage of each stakeholder.

### 6.3.3 Coherence in Institutional Arrangements and Financial Instruments

Social protection policies were aligned with, and complemented, DRM policies. There are no inconsistencies between the Government's official social protection and DRM policies. The DRM policy clearly tackles prevention, mitigation, preparedness, response and recovery from natural hazards in particular, while social protection policies protect categories of poor households from the impact of idiosyncratic shocks in particular and aim to prevent deterioration in their living standards as a result. At a policy level, these are consistent and logical. However, while the legal and policy framework governing the institutional arrangements at the time of the El Nino were adequate; the execution of the framework was not.

While the policies were coherent, the institutional arrangements could have worked better to promote coherence and coordination between institutions responsible for chronic and acute vulnerability. The institutional arrangements in place did not enable a technical discussion around technical issues that needed to be clarified, in part because there was a competition for resources that overrode other considerations. An early discussion during the preparedness phase would have resolved many of these issues ahead of schedule.

Financing for social protection needs to be aligned with, or complementary to, DRM financing. There was little strategic vision for how social protection (or other development) financing and DRM financing could be used in a complementary manner to better manage incremental increases in stresses and disasters. This resulted in a silo'd approach, which conceived of 'humanitarian' and 'development' financing as separate and distinct. As a result, it was unlikely that the financing available for social protection and DRM could have promoted coordination across institutions responsible for addressing chronic and acute vulnerability. Similarly, given that the Government relied on limited instruments to finance a response, there was limited opportunity to coordinate chronic social protection needs and acute social protection needs - all available resources were channeled into emergency

response instruments. The CGP was only obliquely mentioned in the NRP, and only in the context of working with emergency cash transfers, highlighting the disconnect between the sectors.

The Humanitarian Country Team was the primary vehicle for international agency and donor coordination, but this was focused on humanitarian discussions. A standing development partner coordination structure was nascent. In particular, there are major gains to be made given the comparative advantages of partners in developing and harmonizing delivery platforms across development and humanitarian responses and more efficiently supporting Government in operational coherence.

## 6.4 Future of the NISSA Social Registry for Targeting during Humanitarian Needs

The NISSA social registry has great potential for enabling shock responsive social protection. However, the full potential has not yet been realized, partly due to a lack of awareness of the mechanism itself, and because of the perception of the relatively 'static' nature of NISSA targeting. Consequently, humanitarian agencies have been reluctant to use NISSA for targeting humanitarian needs. NISSA began registering households in 2010 and re-targeting has not occurred since. The basis for targeting many households in NISSA will therefore be based on information that is more than 5 years old.

A 2014 OPM review<sup>34</sup> underscored the importance of updating the registry. It showed that food security status measured 2 years ago and used as a current assessment would be incorrect for almost a quarter of households and that information collected 2 years ago on households suffering economic shocks at that time would be misleading information for nearly a half of all households if used to identify households who have suffered a recent serious economic shock. These findings would appear to validate the concerns of humanitarian agencies that much of the NISSA data, which began being collected in 2010, was no

34. Assessment of Data Collection Capacity & Preliminary Costing, Oxford Policy Management, 2014.

longer valid for targeting the El Nino response in 2016/17. OPM recommended a rolling program to complete NISSA enumeration over four years.

In order to feasibly use NISSA for targeting humanitarian needs there would need to be a re-targeting of the majority of households. Current plans prioritize expanded coverage of NISSA targeting rather than re-targeting of existing households. In the short-term it is therefore suggested that the use of NISSA for targeting humanitarian needs (whether through CGP scale-up or complementary humanitarian operations) should be restricted to households that have been targeted (or re-targeted) using the Community Based Targeting (CBT) method within the last 2 to 4 years.

Technical concerns about NISSA's original Proxy Means Testing methodology appear to have been largely addressed with the introduction of a new Community Based Targeting methodology. However, there are still technical concerns expressed about the feasibility of using NISSA for those 10,000 households inducted into NISSA under phase 1.

The NISSA is not easily accessible by other actors. Several agencies reported trying to use the NISSA data for the emergency response. There were several problems in accessing the system and using it in the format it currently exists in - it is not user-friendly and was not amendable to adapting for a drought response. For example, WFP wanted to target their public works program using but found that it was not available in all the districts they were targeting and that the coverage was not complete in terms of the locations and the people they wanted to target. Local officials expressed concerns that the information had not been updated to include information on those who had migrated away. However, if NISSA is to be adapted to better suit disaster response needs, MoSD will need to increase their capacity to adapt the current database for the needs of others, and to respond to requests.

The total cost of Phase 1 (October 2007 – December 2012) NISSA targeting including the costs of all other agencies involved in the programme stood at M9.6 million (~9% of program costs). This represented M162 per interviewed household (Kardan, A., Sindou, E., Pellerano, L. (2014)). OPM's 2014 review of NISSA found that statistical capacity in-country was a key limitation and that an approach such as a four year rolling program was appropriate to keep the NISSA up to date. The cost of OPM's suggested four year rolling programming of NISSA enumeration was estimated to cost between LSL 80 million and LSL 83 million (\$6 million) (Carraro, L., Harris, R., Marzi, M., Pellerano, L (2014))

This level of investment required to establish and maintain current and therefore relevant data in the NISSA warrants additional efforts to ensure that the NISSA is updated in a manner that maximizes its utility for both ongoing social protection and future humanitarian operations. The costs of maintaining NISSA should be factored into any cost-benefit analysis of the viability of shock-responsive social protection.

The NISSA needs to be more comprehensive with the ability to link with other information sources such as the LVAC and MoH. For example, MoH reports that their disease surveillance systems does not work as planned. Any planned improvements going forward could be an opportune time to build linkages between NISSA and MoH disease surveillance.

In order to effectively use NISSA for targeting humanitarian needs there would need to be a stronger link to contingency planning NISSA also needs to include more information on household vulnerability that can be used to quantify survival deficits and livelihood protection deficits, starting with links to the vulnerability information of the LVAC.



# 7. Recommendations

## 7.1 Immediate Action

Build Consensus for the Role of Shock-responsive Social Protection as part of the DRM/Humanitarian Architecture

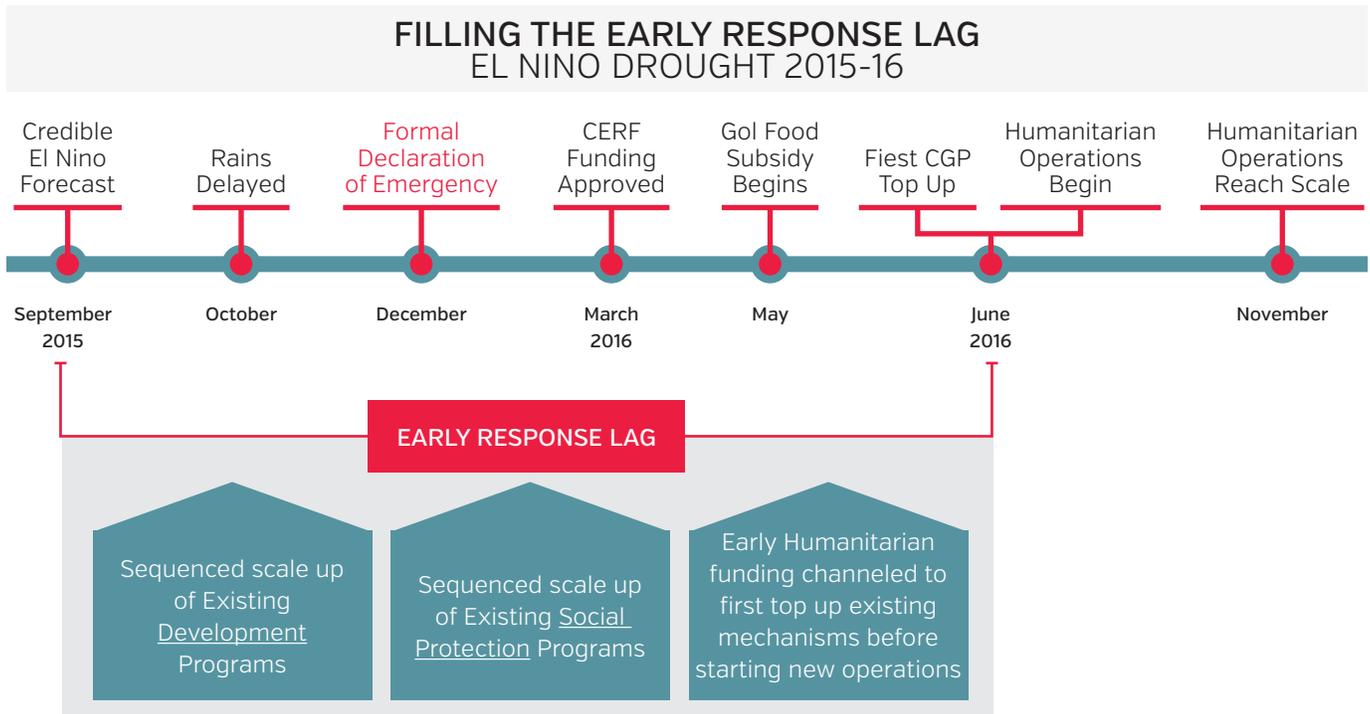
Develop a consensus about the role of shock responsive social protection in early response and its linkages to the DRM/humanitarian sector. In Lesotho, there are emerging linkages between the humanitarian system and social protection programs to build upon given the precedent of the scale up of CGP<sup>35</sup>. However, a clear process of further discussion and awareness creation will be key to ensuring that there is a clear understanding of potential roles and responsibilities.

## 7.2 Short to Medium Term Action

Build an Integrated and Sequenced 'Continuum of Response' Framework for Action

Emergencies have become increasingly complex and complicated for governments to deal with. The increased competition for unreliable international resources has underscored the need for governments to strengthen national mechanisms and institutions to respond quickly in a synchronized approach. Traditionally, a synchronized approach has been difficult to implement due to the lack of coordination between development and humanitarian spheres of operation. Bridging the “humanitarian to development nexus” has become an important

Figure 13: Filling the Response Gap



35. As noted, this is the second scale up of the CGP including the scale up of 2012 to drought stress. However, that experience was not effectively captured nor built upon to systemically address the use of the CGP and other social protection instruments.

issue for governments struggling to make best use of scarce resources.

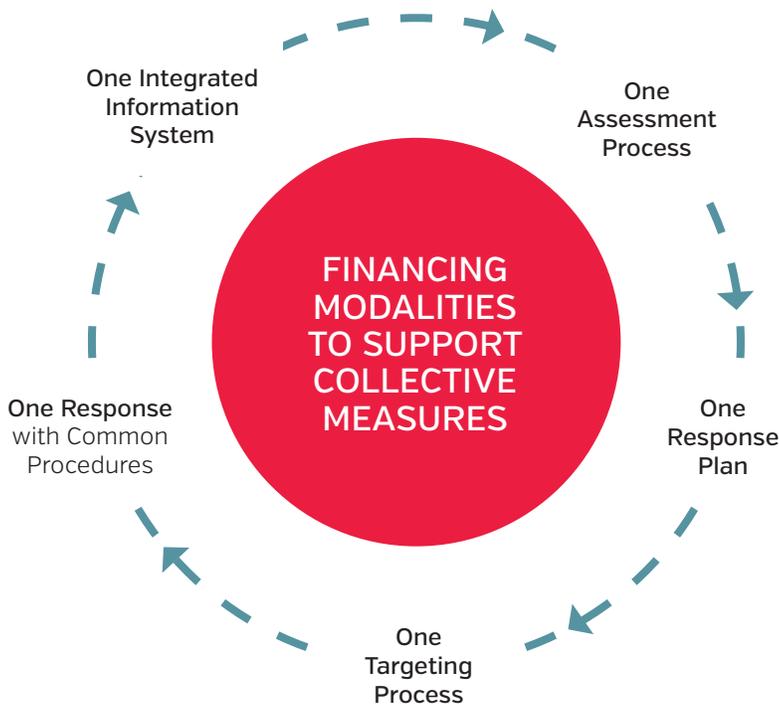
Lesotho has an opportunity to learn from the El Nino experience to maximize its ability to respond to future shocks by ensuring national resources and agencies work together to act early and effectively to respond to shocks such as El Nino. This should start by bridging the humanitarian-development nexus to ensure that one overall analysis and response plan is developed. This requires the development of a continuous and seamless response starting from the scaling up of existing development programs and instruments through to the use of humanitarian systems when existing development programs and instruments are overwhelmed. The key is to have one common assessment, plan, and operational response with common procedures and systems; a “continuum of response” from development through to humanitarian action.

## 7.2.1 Building a Framework for a Continuum of Response

In order to ensure an effective future response to shocks, a practical Continuum of Response framework should be developed. It should detail how both development and humanitarian entities work together to facilitate a joined up response under government leadership. The recommended components are:

1. One integrated information system
2. One assessment process
3. One response plan
4. One targeting process
5. One sequenced response with common procedures
6. Continuum of financing modalities to support collective measures
7. One shared architecture

Figure 14– Continuum of Response Components



### Component 1: One Integrated Information System

Develop an integrated information system between social protection/development and DRM/humanitarian systems. The NISSA provides a clear entry point for building a more integrated approach by having one common place to profile clients including their general status and vulnerability, the benefits they are receiving, and specific data related to individual programs.

- A. Support efforts to expand NISSA nationally and build linkages with VAC and DMA information<sup>36</sup>.
  - Support completing the roll out of NISSA to all districts in the country.
  - Support the updating of existing NISSA data sets to ensure all are up to date.
  - Support a broader community verification process (only about 10% of HHs are sampled at present).
  - Include an emergency response module within NISSA to explicitly link to targeting and the overall response of any future emergency.
  - Link the VAC vulnerability information into the NISSA including the ability to model shocks to get an early indication of need for early scale up of interventions targeting the vulnerable.
  - Work with key stakeholders to ensure it can be used as a common information base for all programs targeting the most vulnerable population groups, including SP

programs and DRM programs. Ensure that NISSA is comprehensive in terms of providing an inventory of household level information on who is receiving what.

- For the NISSA to function as an effective common social register used by both humanitarian and development partners (with clear links to LVAC) there would need to be a re-targeting exercise to address humanitarians concerns about both the original proxy means test methodology and out of date information. The current priority for NISSA however appears to be expansion to new geographic areas. Given the forecasts of a 50% likelihood of an imminent return of the El Nino phenomenon and to help build bridges with the humanitarian community, it may be worth prioritizing re-targeting over expansion.
- B. For early response situations, develop and use common monitoring and evaluation indicators for the early warning information system and the social registry to test whether targeting improved and whether inclusion and exclusion errors were reduced. This could be used as an ongoing monitoring tool to adjust response as well as ex-post to learn lessons to improve overall performance.

### Component 2: One Needs Assessment Process

- A. Maintain support to VAC assessments and use the results to inform the common planning process. Enrich this process with NISSA information as the information system is integrated. Ensure that multiple and competing assessment processes are discouraged.
- B. Develop clear thresholds for action. This can be done by the Lesotho VAC using HEA seasonal assessment modelling linked to IPC thresholds. The thresholds for action (or early warning triggers) will then be tied into a contingency response plan that outlines what contingency funds to access when within those

existing SP program(s) that can be scaled up as an early response tool. The contingency response plan will also outline opportunities to use a broader range of risk financing instruments.

- C. Determine ration sizes during the assessment process. A clearer articulation of the humanitarian needs at household level and recommendations on ration size in the LVAC seasonal assessment may help address these issues in the future as would a clearer focus by institutions on that humanitarian need. Use the LVAC and NISSA information to make specific

36. See 8.2 point 6 for additional recommendations

recommendations about which of the 46 different wealth groups face deficits, and what the subsequent ration size(s) should be.

- D. Invest in establishing assessment capacity in-country and ensure adequate capacity is built. The VAC process has been very useful and informative but more work is required to ensure that it is properly institutionalized within Lesotho, and that it has a very explicit linkages

to the NISSA. The VAC is not fully institutionalized in Lesotho although it is perceived to be better than early warning. SADC has played a critical role in providing technical backup to the process but Lesotho is still too reliant on outside support. Capacity investments required include training and maintaining technical expertise and ensuring adequate political will to fully institutionalize.

### Component 3: One Response Plan

- A. Develop a joint Social Protection and DRM Plan with clearly sequenced series of interventions and instruments.
- Build on the existing preparedness planning process to ensure they are updated on a regular basis within a process that includes MoSD as well as other key development actors.
  - Build on the success of the DMA rapid response plan, encourage each ministry to develop their own plan internally. Overall preparedness should include practical discussions on operational issues across the response

spectrum. This should include the development of clear guidelines on issues such as ration size. Having these in place before the next emergency could help address many of the problems experienced in terms of competing systems and standards.

- Ensure that preparedness plans are truly integrated and have the scale-up of social protection programs clearly identified and sequenced to fill the early response gap.
- Focus on filling the early response gap as the best value for money for the scale-up of social protection programming.

### Component 4: One Targeting Process

- A. Address exclusion errors through a harmonized targeting process. In the El Nino response, ~20% of the rural population in CGP councils who required assistance did not receive any external interventions (neither from CGP nor from humanitarian food assistance programs). This significant exclusion error

should be addressed within the process of harmonizing NISSA and LVAC modalities.

- B. Maximize the use of the NISSA information in combination with LVAC data to produce one common targeting procedure (see Component 1).

### Component 5: One Sequenced Response With Common Procedures

- A. Adapt existing social protection programs to include a contingency component to quickly scale up activities before a declaration of emergency.
- Establish a contingency budgeting within social protection programs that have scale-up potential.
  - Expand existing social protection programs to improve the coverage of vulnerable populations.

- Explore building in more flexibility within the CGP to scale up horizontally as well as vertically.
- Build on the “one-stop-shop” approach which aims to provide a central point for all actual and potential beneficiaries to access social assistance programs. This can be an excellent starting point for coordinating broader inputs including humanitarian

inputs. These could then be registered and tracked in the NISSA.

- » Explore using the school feeding program as a means for early response by adding an extra meal and/or adding a take home ration, and/or allowing pre-school age children to access meals at the school. Schools can also serve as a point for delivery of other interventions especially if they target children (e.g. WASH, health, nutrition, awareness creation).

B. Develop common implementation procedures and operational guidelines for sequenced and scalable interventions in a continuum of response applied to both the social protection and the humanitarian systems.

- Develop a manual outlining common operational processes such as targeting.
- Strengthen efforts to advance the use of cash transfers by advocating for common platforms and the wider use of mobile money. Encourage a common implementation approach that can be standardized in

a single operations manual. A harmonized approach will overcome the weaknesses in the cash transfer experience of 2015/16 which was marked by a multitude of approaches and methodologies.

C. Strengthen coordination mechanisms within and between SP and DRM that are driven by clearly outlined roles and clearly articulated linkages. The linkages between the emergency architecture and social protection will be particularly important to clarify moving into the recovery phase. These should be set out in a shared schedule for joint planning meetings that can be increased and decreased flexibly during non-crisis and crisis years. There are three types of coordination mechanisms that must be strengthened in a fully integrated SP/DRM system:

- Coordination between social protection programs.
- Coordination and management within the humanitarian sector.
- Coordination between social protection and DRM programs.

### Component 6: Financing Modalities to Support Collective Measures

The success of a disaster response hinges on the timely availability of resources, which can be delivered through a range of instruments and programs. There is an increasingly wide range of instruments used for financing responses to disasters available to sovereign Governments from both private and public sector financial institutions. These include instruments that are established and in place before a disaster (*ex ante*) and those that are established or accessed after a disaster (*ex post*) instruments. By way of introduction to these instruments, Annex 4 contains an overview of the range of instruments used globally, clarifying their objectives, characteristics, when they can be used, and the strengths and weaknesses of each instrument. This list is not exhaustive but does provide a good overview of the possible instruments that could be further explored.

A. Invest in disaster analytics that show an historical review of frequency and severity of natural hazards, can identify whether these hazards affect local areas (contained within districts) or have national impacts

and model how many program beneficiaries are likely to be affected by local and national hazards.

- B. Identify appropriate financing instruments that could be used to respond to hazards of different magnitudes, identified in the disaster analytics. A review of these products, with MoF and MoSD colleagues, may indicate that a number of instruments may be considered at community, project, national and regional levels in order to be able to manage the incremental exposure and severity of risks. Policy dialogue on establishing *ex ante* instruments for disaster risk financing could start by helping them to strengthen the existing NCF and DMF.
- C. Explore the possibility of establishing a multi-donor financed contingency fund that could potentially provide resources to cover the scale up of this program. Alternatively, an assessment of the existing DRF to fulfil this function could be considered.

### Component 7: One Shared Architecture

- A. Develop evidence and rules-based approaches to operationalizing adaptive social protection and using the financial resources. This avoids differences of opinion during times when ministries and agencies need to (urgently) be “working as one”. Agreeing ‘the rules of the game’ before periods of stress builds trust between actors.
- B. Agree how financial solutions can be coordinated, managed and implemented by multiple line Ministries using appropriate disaster risk data. This element of the strategy should clarify the institutional arrangements, coordination, capacity, resources, and experience necessary to properly analyze this information for informed financial decision making.

## 7.3 Medium to Long-term Investments

Explore developing an Integrated Safety Net with a Livelihoods Component to help build resilience to future shocks

- A. Develop new social protection instruments that are better able to address vulnerability to drought
- Investigate the possibility to improve SP coverage and improve resilience through the long-term investment in an integrated safety net mechanism. Consider the establishment of a more integrated safety net that combines cash transfers with productive elements to promote resilience, building on the new Community Development Model that is currently under development. This is a very promising initiative that could provide a template for Lesotho and the Region.
- B. Explicitly link the safety net to DRM response mechanisms within the established Continuum of Response. In a crisis, the activities will be scaled up early in response to pre-defined triggers as part of a first order “no regret” response.
- Develop greater links between social protection instruments and those promoting resilience.
  - Clarify which agency will coordinate resilience activities for the most vulnerable and work to converge all of the actors in a complementary and holistic approach.
- C. Increase investments in strengthening capacity across the Continuum of Response. Each of the 5 components outline requires a concerted effort to support government to build the linkages to ensure an integrated response. This may require additional systems and capacity development support.

### *The Community Development Model for Graduation in Lesotho*

In an effort to address the challenges still faced by the Basotho population, the Ministry of Social Development (MoSD) and UNICEF Lesotho with support from the World Bank have designed several interventions in various sectors, based on the integrated Community Development Model [CDM]. The model aims to graduate households into sustainable livelihoods through combining social assistance with livelihoods, financial inclusion, social inclusion and mentor caseworker interventions. At the core of the Graduation Approach is a recognition that the extremely poor have unique circumstances that often preclude them from being able to take advantage of economic opportunities created in evolving market systems. In response to these unique set of interlocking challenges experienced by the extreme poor, the model combines both push and pull strategies within four essential Graduation building blocks to lift participants onto a trajectory out of extreme poverty and into sustainable livelihoods:

- PULL: Livelihoods Promotion
- PULL: Financial Inclusion
- PUSH: Case Worker Mentor
- PUSH: Social Protection

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# Annex 2 – Social Protection Program Details

## *Child Grant Program*

The Child Grant Program is a non-conditional cash transfer program targeted to poor households with children. It was initiated in 2007 in response to the needs of OVC (Orphan and Vulnerable Children) who suffered financial and other stress due to the ill-health of parents suffering from AIDS. Started as a pilot project supported by the EU and UNICEF, the CGP has since evolved into a nationally-funded program covering 36 out of 64 councils with plans in place to eventually expand to all 64 councils. In its current form, the CGP provides a transfer to an estimated 26,635 poor households with children under 18 years old. Payments are made quarterly and amounts vary by household size. As an example, a household of 1-2 members receives M360 (USD 28) per quarter whereas a household of 5+ members receives M750 (USD 57). The modalities of transfer differ in 6 of the 36 councils. The most common modality, operating in 30 councils, is manual delivery by a private security firm. In the other 6 councils, the mode of transfer is through mobile phone networks and banks. These different modalities have cost implications that need to be assessed before a top-up grant is provided during drought or other crises. Notably, the CGP is the Ministry of Social Protection's flagship program. At present the Child Grants Program covers 36 out of 64 councils but there are plans to expand it to all 64 councils.

## *OVC Bursary*

The bursary program for Orphans and Vulnerable Children (OVC) is the smallest of the social protection programs but nonetheless reaches an estimated 13,172 children. The bursary program is targeted to secondary students (under 18) and covers a range of school expenses, including boarding fees as needed. Orphan and vulnerable children are defined as

those who have lost one or both of their parents, or those whose parents are very ill and incapacitated, or those who are identified generally as “needy”.

## *Tertiary Bursary Scheme*

One of the key challenges of the social protection architecture in Lesotho is that there is no overarching coordinating mechanism [OPM 2017]. This issue has been recognized in the country and has led to the proposal to establish a Cabinet Social Protection Committee. The secretariat would sit in the office of the Prime Minister. Several coordinating committees would support the secretariat including a policy SP committee, a technical SP committee and a district support committee on social protection. The proposal has not yet reached government approval but once approved, these mechanisms should allow for more coordinated early response within a shock responsive social protection program as long as the committees are explicitly given a role within the Continuum of Response framework for action.

The single largest transfer program in Lesotho in budget terms is the Tertiary Bursary Scheme. Under this scheme, fees and living expenses are paid for students who attend universities. The OPM review (2016, p. 11) notes that the National Social Protection Strategy recognizes that “the Tertiary Bursary Scheme is a social transfer” although states “that it is not strictly social protection since it has no welfare purpose”.

## *Old Age Pension*

The Old Age Pension is one of the largest safety net programs in Lesotho, reaching 80,000 people aged 70 years and older. Only the school feeding program and the

public works program have a larger number of beneficiaries. However, in terms of the size of the total disbursement, the OAP comprises an estimated three-quarters of government expenditure on non-contributory social assistance (excluding subsidies) (OPM 2017, p.10). The OAP is provided as a monthly transfer of M580 (USD 44) per person. It is non-contributory (i.e., age is the only criteria to apply for the pension) and coverage is nation-wide. The Ministry of Finance manages the OAP program.

### *School Feeding*

The National School Feeding Program operates out of the Ministry of Education and Training. Under the program, school-age children attending public (i.e., non-fee paying) primary schools are provided with a free meal. The number of daily meals provided to students differs within the country. Students attending primary schools in the more drought-prone mountain zone receive two meals per school day (breakfast porridge and lunch) whereas primary-level students in the lowland zones receive one lunch per school day. In total, students benefiting from the school feeding program number 80,000 in the mountain zone and 330,000 in the lowlands. A relatively new development is the provision of a free meal to approximately 50,000 children in pre-school. The combined total of 460,000 beneficiary students in 1,450 primary schools and some pre-primary schools makes this the largest social transfer in Lesotho in terms of numbers of direct beneficiaries. The School Feeding Program is also the oldest-running social assistance program in Lesotho. It has been operating for over 50 years, initially under WFP management but subsequently, in the 1990s, in the lowland areas, as a program implemented by the Government of Lesotho. The drafting of the National School Feeding Policy in 2014 has set the stage for the

government to take over management of the highland school feeding operations as well, beginning in early 2017. A key part of the “procurement model” that characterizes school feeding in the highlands is for hired agents to work with local farmers to produce enough food to meet the demand generated by the school feeding program, a model that has cross-sector implications for Ministry of Agriculture policies.

### *Public Works Program*

The public works program provides employment to an estimated 115,000 working age, able-bodied adults. Operated by the Ministry of Forestry, the program employs villagers to plant trees and carry out other environmental conservation work. Payment rates per person per month are M960 (USD 75). The public works program is not targeted specifically at the poor but nonetheless is part of the overall social assistance program.

### *Public Assistance*

Like school feeding, public assistance is one of Lesotho’s oldest and longest-running social protection programs. Its goal is to provide a range of both temporary and permanent inputs to destitute individuals and/or households. These inputs include a monthly cash transfer, a food package, medical fee exemptions and other in-kind benefits. The actual amount of the total package is determined by the social worker assigned to the case but as an example, the value of the temporary cash benefit is M250 (USD 22) per person per month for six months. The destitute target group includes OVCs, the severely disabled, the severely ill and the elderly.

# Annex 3 – Complementary Sectors

## *Agriculture*

One of the smaller programs that falls under the umbrella of social protection is the agricultural input subsidy. This program is housed under the Ministry of Agriculture and Food Security. The Intensive Crop Production (ICP) Program provides subsidized seed and fertilizer to poor farmers to promote access to essential livelihood inputs. It provides a 50% subsidy for agricultural inputs. The cost of this program for FY2015/16 was \$6.57 million (M 100 million).

The Ministry of Agriculture also has a role in working with local farmers to produce food for the school feeding program, but this is at an early stage. This could be a promising linkage for shock responsive social protection on two fronts: the use of local production in the program can be a boost for local small holders and the local economy, and the program can be part of an early scale up in times of stress (see Education below)

MoA participated in the drought response process coordinated by DMA. They started putting a preparedness proposal together in August 2015 after the annual crop assessment. The proposal included actions related to: i) livestock such as water provision, feed, vaccination and dosing; and ii) crops such as seeds provision. The MoA received \$ 6.5 million (M 10 million) from the MoF in March 2016 based on their proposal for both livestock and crop response and crop response was prioritized. This was not enough to finance all the proposed activities. \$526,296 (M 8 million) was used to procure emergency seeds and \$131,574 (M 2 million) was used to support livestock. The payment through suppliers was done through DMA but MoA procured the goods needed. In order to procure goods, MoA got a waiver from the MoF to speed up the procurement process. It took some time for the waiver to be approved

and the procurement time went over one month (the normal procurement time is around 3 months).

## **Forestry - Integrated Watershed Management**

The Ministry of Forestry (MoFo) has various programs in place. One of them is the Catchment Management Program with a budget of around \$15.7million (M157 million) per year. This program selects three water catchments in each constituency every year to do water and soil conservation work. The Catchment Management Program includes the employment of local workers to conduct conservation activities. This public works program is called Poverty Alleviation Program. It uses a self-targeting targeting mechanism for the poor based on low wage rates. People register and the workers are selected on a first come first served basis every month including alternating male and female workers. NISSA is not used to target households and the Director had no knowledge on the existence of NISSA.

Workers are paid \$81 (M1,100) per month (\$4.0 per day). This payment amount seems to be quite arbitrary and driven by budget and political reasons. There is however the intention of increasing this amount until it reaches the minimum wage of \$4.8 (M65) per day. There is no harmonization with CGP or other social protection transfer generosity. The Poverty Alleviation Program also includes training of young graduates to become supervisors of the public workers employed. There have been struggles with implementation including the difficulties in completing the range of catchment rehabilitation activities required, the rotation of workers each month to share the benefits more widely (thus limiting the ability to give the vulnerable sustained and predictable transfers) and the difficulty of managing the local political interests that are not always aligned with the wider catchment.

The MoF watershed management/public works program (called *fatu-fatú*) does offer some interesting opportunities to link with social protection programs to help build resilience. The scale is quite large and growing with work across 10 districts including Maseru municipality. An integrated catchment approach is ideal for focusing a number of related resilience building activities in a community development approach as has been seen in other countries such as Kenya and Ethiopia. The cash for work element that supports these activities (e.g., tree planting, range management, water harvesting structures, small dams, etc.) amounts to 20 working days per month. Combining this with other social protection transfers directed towards the same vulnerable household could be the basis for building resilience amongst the poor and vulnerable, and could lead to a more productive safety net approach.<sup>37</sup>

During the drought the MoFo was part of the meetings led by DMA. The MoFo did not receive additional resources during the drought and could not reallocate resources. It therefore could not scale up existing programs. They worked closely with FAO to increase water harvesting activities.

### Health

The health sector shares many areas of complementarity with social protection. Good health and nutrition are key factors in building resilience and in contributing to a households' ability to withstand shocks. The Ministry of Health has the mandate for all health issues and looks at factors that are detrimental for health such as contamination of water, disease factors, and food safety. The MoH uses the DHS2 system to get information on diseases in the whole country, but the system is not performing as it should nor is it properly linked to the DRM sector in the view of the Ministry..

During the drought the MoH was very active participating in two of the three working groups established by DMA, the health and WASH working groups. However, past flexibility through accessing contingency funds was not an option as the MoF has discouraged this approach in favor of one DMA

contingency fund. Consequently, MoH received around \$855,000 (M 13 million) from the MoF around June 2016 - 6 months after the Declaration of state of emergency. Around \$592,000 (M 9 million) was allocated to nutrition, the largest program being the provision of plumpy nut supplementary food for young children. \$66,000 (M1 million) was used in WASH to provide training to health officials on water treatment and purification tablets. The balance of \$197,000 (M 3 million) was used for disease surveillance and response.

In the view of the MoH, waiting for the declaration of emergency slowed the drought response unnecessarily (the PM waits to declare an emergency until sure they have funds to respond). Another major bottleneck was the timely release of money from MoF. The MoH was keen to start operations much earlier. They also noted that during this disaster, the response was bound by the normal public sector operational procedures. They argue that disasters need 'abnormal' procedures to have a timely response; in other words there needs to be an emergency protocol that can waive certain procedures. There was also a lack of outreach around the CGP top ups, with many beneficiaries not realizing that the top -ups were in response to the drought.

### Education

In Lesotho, the Ministry of Education and Training is one of the oldest and key partners in social protection as the National School Feeding program falls under its purview. In addition, the Ministry also oversees the Tertiary Bursary Scheme and the OVC (secondary school) bursary program. The Ministry's responsibilities extend to funding, managing and implementing all three of these programs.

The school feeding program was not scaled up in response to the drought. In Swaziland, school feeding was used to help address the El Nino drought with the addition of an extra meal (breakfast). However, in order to make school feeding a fully adaptive program in terms of shocks, work would need to be done to strengthen preparedness planning, and to increase the efficiency of the program. For Lesotho,

37. Targeting would need to be considered carefully as the MoF selects beneficiaries on a rotational basis to share the benefits more widely.

this adaptability should be further explored including efforts to support the current move to a 'home grown' approach that links food to local production with an emphasis on local small holders. School feeding can also be a platform for wider coverage in response to a shock by allowing a take home ration to reach underage children, and/or allowing young children to access meals at the schools.

### *MoSD One-Stop-Shop Approach*

Within the Ministry of social development, the local Community Council official is spearheading a new approach for integrating service delivery that could be very useful when trying to build an shock responsive social protection system that can also help build resilience. Following a pilot from the Ministry of Local Government, together the Ministries of Home Affairs, Finance, Education and Health, the MoSD has plans to roll out the approach nationally. The MoSD community council official is the point of contact with the household through regular visits. The official provides a "one-stop-shop" for all actual and potential beneficiaries to access social assistance programs. They act as the gateway between villages and the Government programs. This has increased the amount of people that visit the community councils and accessed services.

If a request is received to join or top-up the CGP, the Community Council officer will open a file on the household and complete assessment. Once a determination is made about eligibility, they see if budget allows for the inclusion the beneficiary - if there is money, they are enrolled onto the program. If they are entitled but no money available, their case is passed onto other local actors, such as WFP. The rolling list of beneficiaries is kept by the office and WFP. FAO's support to CGP beneficiaries through the provision of seeds during the drought is also recorded in the payment booklets of beneficiaries.

During the El Nino drought, the DMA requested the help of the MoSD Community Council to identify vulnerable households during El Nino drought. The community council received more people during the drought that needed assistance. Whenever people needed assistance they would be included in a list that was then used to target additional resources from the public assistance from government or NGOs. When payments linked to the drought were made, officials from the community council would explain the reason behind the assistance amounts and period.

This mechanism offers an ideal platform for understanding household needs and ensuring that they have access to the right services in a timely manner. With linkages to the NISSA, the information can then be accessed by all agencies working with the same households.

# Annex 4 – Humanitarian Contributions in Lesotho

DATE	SOURCE	RECIPIENT	AMOUNT
February 2016	Sweden	Swedish Red Cross	\$58,713
March 2016	Sweden	Swedish Civil Contingencies Agency	\$45,732
	USA	World Vision	\$50,000
	CERF	FAO	\$1,128,270
		WHO	\$128,800
	WFP	\$106,418	
April 2016	CERF	UNICEF	\$2,419,419
June 2016	USA	Catholic Relief Services	\$1,758,901
		FAO	\$1,000,000
	Netherlands	FAO	\$ 550,000
July 2016	Switzerland	WFP	\$1,016,260
	USA	World Vision	\$8,799,487
	ECHO	FAO	\$1,644,737
August 2016	ECHO	WFP	\$2,192,982
		ActionAid	\$2,219,756
	DFID	UNICEF	\$1,431,028
		UNDP	\$146,395
		UNFPA	\$444,300
		FAO	\$1,527,059
		WFP	\$2,687,843
September 2016	UNDP	UN Population Fund	\$444,300
		UNICEF	\$1,431,028
November 2016	Lesotho	FAO	\$1,100,000
	Canada	UNICEF	\$332,594
		WFP	\$1,065,022
March 2017	Japan	WFP	\$1,173,000
May 2017	ECHO	WFP	\$217,155

Note: Data from Financial Tracking Service (FTS). FTS includes contributions that are reported by donor or recipient. The table therefore might not be comprehensive but includes the largest contributions.

# Annex 5 – Principles of Preparedness Planning

A preparedness plan is typically regarded as a broad overview that covers many potential hazards and encompasses multiple systems (e.g. logistics, finance, HR as well as programming). A contingency plan is typically regarded as a more specific plan in response to a forecast / imminent hazard.

It is important to note that contingency planning and preparedness planning are not mutually exclusive; Contingency Planning and Emergency Preparedness Planning are seen as two distinct but inter-dependent processes, “whereby preparedness actions are elaborated on a regular basis, and then, once a specific emerging crisis is identified, a more detailed scenario-based contingency planning phase begins”. Contingency planning can therefore be viewed as a sub-set of preparedness planning and in fact contingency planning for a specific forecast hazard is most effective when it builds upon a broader preparedness plan<sup>38</sup>.

Research from East Africa shows that to be effective contingency planning needs to be both detailed and specific enough to inform effective operational planning. Generic

contingency plans add little value and are seldom used to inform emergency response plans. Detailed & specific contingency plans would include: quantification of the estimated population in need, the timeframe within which specific interventions should be implemented, realistic estimates of operational & financing lead times. These operational lead times would vary by response modality and agency capacity. Financing lead times are typically dependent on the availability of contingency funds. Contingency planning should be specific enough that it is able to determine the decision date that enables a response to be implemented within the required timeframe. Finally, the processes and plans must include all of the potential actors and programs that have the capacity to respond to a shock<sup>39</sup>

## Key Principles Of Contingency Planning<sup>40</sup>

- Contingency planning should be practical. In other words, it should be based on realistic parameters and should not be a bureaucratic exercise undertaken for its own sake.
- Contingency planning should be simple and easy to do. Contingency planning should not be a complex

Contingency planning tends to be used interchangeably with other, similar terms, such as emergency preparedness and disaster management. The most important distinction is between contingency planning and emergency preparedness. Emergency preparedness consists of all activities taken in anticipation of a crisis to expedite effective emergency response. This includes contingency planning, but is not limited to it: it also covers stockpiling, the creation and management of stand-by capacities and training staff and partners in emergency response. Contingency planning experts agree that contingency planning is most effective when done in the context of a well-articulated emergency preparedness framework.

Source: Contingency Planning & Humanitarian Action, HPN Network Paper 59 [p.8]

38. Choularton (2007).

39. Levine, S. (2011).

40. Adapted from Choularton, R. (2007)

task undertaken only by specialists; rather, all staff – and indeed community members – should be able to participate.

- Contingency plans should be realistic enough that they can be implemented when needed. Plans which are not grounded in reality run the risk of failure and may create a false sense of security.
- Contingency plans should allow for efficient, effective and equitable use of resources to appropriately meet assessed needs.
- Contingency planning should be process-driven. Although written plans are important, without a good process contingency planning can be ineffective, resulting in plans being left on the shelf or in the filing cabinet.
- Contingency planning should be participatory, in order to maximize the benefits of the planning process.
- Contingency planning exercises should be followed up. Preparedness actions that are identified as a result of contingency planning should, where possible, be taken up, and further planning should be done if necessary.
- Contingency planning processes should be regularly tested through exercises, such as table-top exercises. This helps improve planning and increases staff members' familiarity with the plan.
- Contingency planning processes should include regular updates

# Annex 6: Range of Financial Instruments to Consider for Developing A Continuum Of Response

ANNEX 1 - RANGE OF POTENTIAL FINANCIAL INSTRUMENTS AVAILABLE FOR DISASTER RESPONSE					
INSTRUMENT	Objectives	When can it be used?	Strength	Weaknesses	Preconditions for usage
<i>EX-POST FINANCING</i>					
Donor support (typically humanitarian relief)	To meet vulnerable citizens' transitory needs through international grant resources	To prepare or respond to a disaster, typically when a national disaster is formally declared	No financial cost to government, can be channeled through non-government organizations and (subject to exceptions) Government structures	It is ad hoc (dependent on availability of international resources), unpredictable, often late, limited duration	Declaration of Emergency
National budget reallocations	To release monies for emergency response, identified through a reprioritization of government spending	Any time during the year, typically with approval of MoF	Discretionary	Liable to political interference Fixed amount Original priorities compromised Approval may not be timely	Request to MoF
Ministerial budget reallocations	To release monies for emergency response, identified through a reprioritization of ministerial spending	Any time during the year, with approval of relevant Minister	Discretionary and rapid	Political interference Fixed amount Original priorities compromised	Request approval to MoF
Domestic credit (bond issue)	To secure additional liquidity and resource an emergency response	Any time during the year	Flexible (time and amount)	Debt sustainability	Requires debt stability and credibility from credit markets

INSTRUMENT	ANNEX 1 - RANGE OF POTENTIAL FINANCIAL INSTRUMENTS AVAILABLE FOR DISASTER RESPONSE				
	Objectives	When can it be used?	Strength	Weaknesses	Preconditions for usage
External credit (for example emergency loans, bond issue)	To secure additional liquidity and resource an emergency response	Any time during the year	Flexible (time and amount) Amounts can be larger internationally	Debt sustainability Exchange rate risk	Credibility Exchange rate stability Getting credit rating for the country
<i>EX ANTE FINANCING</i>					
Donor support (development)	To eliminate poverty and share prosperity	Any time during the year	Lower cost than credit markets Long-term financing Predictable	Can come with conditions Can be tied to geopolitical incentives Needs to be repaid	Conditions are compiled with or agreement in place to monitoring future compliance Satisfactory public financial management systems in place
National budget contingencies	Predictable access to financing for national disasters	Any time during the year once thresholds are reached	Predictable Timely access due to pre-agreed thresholds Rules based execution	Liable to political interference Fixed amount Original priorities compromised Needs to be used within a year	Size of fund has to be established Triggers for accessing Fund need to be agreed on Resources added
Ministerial budget contingencies	Predictable access to financing for disasters that affect the sector	Any time during the year, once pre agreed thresholds are reached	Easy to access Predictable Rules based execution	Needs to be used within a year Fixed amount Original priorities compromised	Ministries' inclusion of a Sector Contingency Fund was discouraged by MoF in circa 2013
Regional (sub-national) budget contingencies	Predictable access to financing for disasters that affects individual regions	Any time during the year or when pre agreed thresholds are reached	Easy to access Predictable Rules based execution	High decentralization required Balancing equitable expenditures across Regions	Decentralized public financial management system Capacity at regional level
Program budget contingencies	Predictable access to financing for disasters that affect program outcomes	Anytime in program life when pre-agreed thresholds are reached	Easy to access Predictable Rules based execution	Needs to be used within the life of the program	Legally established and mandated Standing up operational budget
National reserves	Additional resources to finance any unforeseen events at discretion of Government	Anytime	Easy and quick access to resources Predictable	Committing resources for unknown future Can be used for unexpected events (not only disasters)	Legally established and resourced

ANNEX 1 - RANGE OF POTENTIAL FINANCIAL INSTRUMENTS AVAILABLE FOR DISASTER RESPONSE					
INSTRUMENT	Objectives	When can it be used?	Strength	Weaknesses	Preconditions for usage
Contingent debt facility (for example CAT DDO)	Pre-agreed loan that provides liquidity in case of disasters in a timely manner	As soon as state of emergency is officially declared by Government	Does not require savings Quick access to resources	Cost to government is higher due to repayment Rigorous process for it to be established	Having a low or moderate risk of debt distress
National parametric insurance	Transfer government risk to international insurance markets	Pays when a pre-agreed threshold of a parameter is reached (the parameter is model-based, not field-based)	The parameter trigger is objective Reduces costs through monitoring and reduces premiums	Premiums can be expensive Parametric insurance has basis risk (payments made to claimants might not reflect actual losses) It only covers certain risks (e.g. drought but not plagues)	Establish legal contract and pay premiums
Sub-national parametric insurance	Transfer households' (typically farmers') risk to insurers	Parametric insurance pays claims when a pre-agreed threshold of a parameter is reached (the parameter is model-based, not field-based)	The parameter trigger is objective Reduces costs through monitoring and reduces premiums	Premiums can be expensive Parametric insurance has basis risk (payments made to claimants might not reflect actual losses) It only covers certain risks (e.g. drought but not plagues) From international experience, subsidies to premiums are generally needed	Willing insurance companies that offer parametric insurance products to farmers
Alternative Risk Transfer (for example CAT bonds, weather derivatives)	Transfer disaster risk to national or international credit markets	Depending on the instrument, anytime or when pre-agreed threshold is reached	Provides quick access to funds	Set up costs are expensive for government	Establish legal contract for derivatives and legal process for CAT bonds
Traditional (indemnity-based) insurance	Transfer farmers' risk to insurers	After the assessment of individual losses following an insurable event	Provides resources when losses occur Covers a variety of threats	Takes time to conduct loss assessment and claim resources to be disbursed Premiums are expensive for small farmers	Willing insurance companies that offer indemnity insurance products to farmers





