DESIGNING AN ADVANCED CASH TRANSFER PROGRAM IN THE PALESTINIAN TERRITORIES

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Introduction: The Palestinian Authority (PA)-administered Cash Transfer Program (CTP) is considered one of the most advanced cash assistance programs in the Middle East and North Africa (MENA) region. Using its sophisticated management information system (MIS), which includes a poverty-targeting database, it provides timely quarterly payments to beneficiary households using a uniform payment modality. The CTP was established, with support from the PA, after a merger between the World Bank-funded Social Safety Net Reform Project (SSNRP) and the European Union (EU)-funded Special Hardship Case (SHC) program in 2010. Since the CTP provided its first payment to households in the Palestinian territories (PT) that year, the number of beneficiary households has increased by almost 59% reaching almost 100,000 households. The World Bank played an important role in encouraging the PA to adopt this unified cash assistance program, which relies on a proxy means test formula (PMTF) for targeting. The Ministry of Social Affairs (MOSA) leads the social protection (SP) sector in PT which is characterized by a high-degree of coordination and collaboration with the PA and development partners. To date, the World Bank’s work in PT’s SP sector has been an essential part of its global effort to address poverty, unemployment, and high population growth.

Challenges: When the SSNRP was designed in 2003, it was widely acknowledged that more effective Social Assistance mechanisms were needed to protect and promote the health and well-being of Palestinians, including its most vulnerable groups, as well as to reduce malnutrition. Despite high levels of donor funding, the social assistance sector lacked coordination and did not have an effective poverty-targeting mechanism, which resulted in inefficient use of scarce resources. Although MOSA was responsible for social assistance at that time, its limited institutional capacity prevented it from dramatically reforming the Social Safety Net (SSN) and from managing an advanced, large-scale cash assistance program. Further, there was no national strategy or action plan to inform and guide SP initiatives.

To address some of these limitations hampering the effective functioning of the sector, the World Bank promoted deep policy reforms in 2004. These suggested modifications, with World Bank support, represented a dramatic shift in SSN policy and included (1) an emphasis on providing assistance first and foremost to extremely poor households as a mechanism to assist the chronic poor for a specified period of time and (2) a reliance on a PMTF, rather than categorical measures, for targeting. To effectively institute and administer these changes, MOSA staff had to provide support at the central, district, and
local levels. At the central level, MOSA needed to undertake policy and legislative reforms to acquire the necessary government support to establish and operate a sophisticated MIS with linkages to district offices across PT. At the district and local levels, MOSA staff needed to support the verification of households for program eligibility while carrying out the necessary application, enrollment, and certification processes.

The Bank and other sector partners faced the challenges of coordinating efforts, securing support for the new approach, and strengthening MOSA’s capacity to implement and manage the new program. However, these challenges were gradually overcome as the PA demonstrated its ability to scale up cash assistance through the provision of two emergency one-time payments to approximately 25,000 households, funded by the Food Price Crisis Response Trust Fund in 2009 and 2010. These and other advances in the sector were strengthened further with the development of a national SP strategy and an accompanying action plan as well as the establishment of a framework for cooperation among partners in the sector. Each of these achievements paved the way for the new, unified CTP, which uses a fortified MIS with web-based applications linking the central and district offices to provide its first joint payment in 2010. This payment used a uniform benefit level for the first time, whereby the amount of cash assistance received by a beneficiary household did not vary depending on the funding source (i.e., the EU, World Bank, or PA) and payments were provided using a uniform method (initially through vouchers and later through beneficiary bank accounts).

Although eligibility reviews and other checks provided evidence that the CTP was largely effective, its fast-paced expansion from reaching around 63,000 households in 2010 to covering almost 97,000 households in 2013 has created some serious challenges for MOSA, including: the exclusion of extremely poor households that have not been identified, potential targeting errors (based in part on complaints received that pointed to exclusion and inclusion errors), and the issue of ensuring the CTP’s sustainability given its high reliance on donor funding and the difficulties faced in graduating households no longer eligible for CTP assistance.

Responses: In order to address each of these challenges, the Bank adopted a number of important measures. First, capacity-building within MOSA remained a central feature of all Bank projects in the SP sector. Such activities ranged from training in operations, financial management, and procurement, to information technology support at all levels, to exposure to other successful experiences around the world. In addition, throughout project implementation, central and district staff participated in a variety of training exercises useful for continued and improved implementation of the CTP. The projects also supported training for social workers in data collection and interview methods relevant for field-level responsibilities (including household visits and processing household applications). The Bank’s emphasis on capacity-building has facilitated MOSA’s work, including in program management, strategy development, and the effective use of the sophisticated MIS. These efforts also played an important role in placing MOSA in the “driver’s seat” of sector reform and allowing the Ministry to demonstrate its credibility and competencies in administering and managing one of the most advanced cash assistance programs in the region. In addition, coordination and cooperation among sector partners in PT has strengthened under MOSA’s leadership of SSN programs. For example, all partners have had access to and many rely on the poverty-targeting database that MOSA manages, for designing and targeting their own programs. The World Food Program (WFP), for instance, has used the unified database to provide food aid to poor households.

The Bank also used its presence in the PT country offices as well as its strong relationship with donors and the PA to provide guidance on critical issues. For instance, the Bank emphasized the importance of ensuring Gaza’s inclusion in the program, despite the difficulties in program administration and implementation because of the security situation there. The Bank also encouraged MOSA to undertake reforms in Gaza as soon as possible (including using an updated PMTF to
select CTP beneficiaries) and to include Gaza in capacity-building activities as much as possible (such as training social workers). Further, the Bank continued its dialogue with MOSA on the CTP’s sustainability—highlighting that it would depend largely on continued funding and support and that it would be politically challenging to remove households from the program who are no longer eligible.

Although the Bank provided significantly less funding (around US$5 million annually) than the EU (approximately Euros 40 million annually) to the SP sector as a whole, the Bank leveraged its position to encourage the EU to use the PMTF for targeting and to combine its efforts with the Bank and PA into one centrally managed and unified national CTP. The Bank also facilitated inter-agency collaboration in lending and in technical assistance activities among sector partners including: WFP, United Nations Relief and Works Agency, United Nations Children’s Fund (UNICEF), the UK’s Department for International Development (DFID), non-governmental organizations, and governmental bodies (e.g., MOSA and the Palestinian Central Bureau of Statistics). Taking a strengthened, coordinated approach to the provision of SA was central to establishing a successful, well-targeted SSN.

In 2012, MOSA also asked the Bank to undertake a targeting assessment to assess the CTP’s strengths and its targeting accuracy, to identify the program’s weaknesses and modify as needed. This used a household study design as well as a multi-module survey instrument and was guided by input from key development partners. The study also used a nationally representative sample with data from more than 3,400 randomly selected households (which consisted of beneficiaries and non-beneficiaries, including non-beneficiaries who had not applied). The assessment’s final report concluded that the PMTF is highly accurate and that the large majority of MOSA applicants are extremely poor.\(^3\) In addition, this study found that the PMTF correctly identified almost 70% of cases, with exclusion and inclusion errors lower than other programs that are widely considered successful (e.g., Bolsa Familia in Brazil and Oportunidades in Mexico). Furthermore, the assessment provided evidence that the CTP is highly efficient—with cost-benefit ratio analyses showing that for each New Israeli Shekel (NIS) 1 spent in transfers by MOSA, NIS 0.66 goes to reducing the extreme poverty gap (see Figure 1 below from the assessment which compares the cost-benefit ratios found in analyses of other countries’ programs to those found in PT).


**Figure 1: Cost-Benefit Ratio of Cash Transfer Programs**

Results: In addition to supporting the PA in establishing one of the most advanced cash assistance programs in the region, the Bank has played a key role in harmonizing efforts in the sector and supporting capacity-building within MOSA, which will remain important to the CTP’s overall sustainability. The technical
assistance described above as well as the introduction of a system for beneficiaries to file grievances and complaints have further strengthened the credibility of the CTP, demonstrating its effectiveness while highlighting the PA’s commitment to help those in need. Furthermore, this assistance has strengthened coordination and collaboration among partners and will, with support from the second phase of the Bank’s targeting assessment (which will be completed in June 2013), inform revisions to the PMTF and Palestinian Household Expenditure and Consumption Survey in 2014. Overall, this emphasis on technical assistance aims to solidify achievements to date and ensure that a well-functioning, effectively targeted, and sustainable cash transfer program is maintained as a key feature of the SP sector strategy and an important measure in reducing poverty and assisting PT’s most vulnerable households.

The Bank’s emphasis on better understanding the CTP’s targeting and functioning at the field-level has also led to increased interest among other partners in undertaking additional research and in enhancing MOSA’s monitoring and evaluation system. For example, the Overseas Development Institute (ODI), contracted by DFID, recently completed a report on beneficiary and community perspectives of the CTP, which was widely disseminated and discussed during stakeholder workshops in March 2013. The EU and UNICEF are also in the process of conducting research related to the impact of the CTP, with a particular emphasis on vulnerable groups, and WFP is helping MOSA develop a long-term log framework.

**Conclusion:** Today, the CTP is widely considered a “best practice” in the MENA region and MOSA has gained international recognition for the success of its reform efforts, with an invitation to showcase the CTP as part of the 2013 “Community of Practice” events. The CTP’s achievements have also been highlighted in the Bank’s 2012 MENA Development Report, “Inclusion and Resilience: The Way Forward for Social Safety Nets in the Middle East and North Africa.” This report found that the CTP is not only a best practice in terms of creating and using a unified registry of beneficiaries, but also in terms of being the “only area in the region with SSN coverage above the world average; the area where SSN transfers have the greatest impact on the welfare of the poorest quintile in the region as well as have a higher impact on poverty than is observed in the best-performing regions; and an area where M&E is effectively used to inform budgetary decisions and reshape programs.” These acknowledgements of the CTP’s success emphasize MOSA’s remarkable progress, with Bank and other partners’ support, in addressing and overcoming challenges to implementing SSN programs.

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