

Cash-Based Safety Nets for Livelihood Support In Northeastern Somalia



A Feasibility Study for Save the Children UK & Horn Relief

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List of Acronyms

| | |
|---------|--|
| COOPI | Cooperazione Internazionale |
| CSI | Coping Strategy Index |
| CFW | Cash for Work |
| ECRP | Emergency Cash Relief Program |
| FAO | Food and Agriculture Organization |
| FEWSNET | Famine and Early Warning System Network |
| FSAU | Food Security Analysis Unit - Somalia |
| GDP | Gross Domestic Product |
| HEA | Household Economy Approach |
| HF | High Frequency |
| HR | Horn Relief |
| ICRC | International Committee of the Red Cross |
| IDP | Internally Displaced Person |
| JNA | Joint Needs Assessment |
| MICS | Multi-Indicator Cluster Survey |
| NGO | Non-Governmental Organization |
| NPA | Norwegian Peoples' Aid |
| IA | Implementing Agency |
| IPC | Integrated Food Security and Humanitarian Phase Classification |
| LZ | Livelihood Zone |
| PI | Progressive Interventions |
| PYLP | Pastoral Youth Leadership Programme |
| SACB | Somali Aid Coordinating Body |
| SCUK | Save the Children United Kingdom |
| SoSh | Somali Shillings |
| UAE | United Arab Emirates |
| UNICEF | United Nations Children's Education Fund |
| UNOCHA | United Nations Office for the Coordination of Humanitarian Affairs |
| UNDP | United Nations Development Program |
| USD | United States Dollars |
| USGS | United States Geological Survey |
| VSF | Veterineres Sans Frontiers |
| VRC | Village Relief Committees |
| WASDA | Wajir South Development Association |
| WFP | World Food Programme |
| WHO | World Health Organization |

Executive Summary

Purpose

This study looks at the *need for* and *feasibility of* cash-based safety net programming within the operational areas of Save the Children UK and Horn Relief in Northeastern Somalia. The success of recent emergency cash transfer programs in Somalia permit the question of whether cash-based programs are applicable for more profound social protection. This study tries to answer some basic questions about the need, appropriateness, and potential effectiveness of such programs and whether they can complement existing safety net systems and fill the social support gap. Ultimately, the key question is whether a cash-based safety net program can assist in reducing chronic poverty and vulnerability to shocks for Northeastern Somalis. This paper concludes with a concept note outlining a potential cash-based safety net program.

Context

Northeastern Somalia faces a complex emergency. Since the collapse of the government in 1991, political, economic, and environmental infrastructures have gradually deteriorated. Natural shocks in the form of drought, freezing rain, Tsunami, and floods compounded with widespread environmental degradation, civil unrest, a longstanding livestock ban, and fluctuating in-migration from southern Somalis (escaping civil insecurity) are some of the detrimental forces which enable high vulnerability to food insecurity and severe poverty.

In this context it is clear why Somalis are considered amongst the poorest and most food insecure people in the world. The predominantly pastoral Northeast is a high risk area, having experienced many severe shocks in recent years. But pastoralists are not the only ones affected by the recent, recurring crises. Northern coastal areas and the ever-growing urban centres have also been severely impacted by recent natural and human-made disasters.

Standard poverty indicators point to the deteriorating situation in the Northeast. The area has a very poor health care infrastructure with approximately 19 hospitals and 72 registered doctors serving a population of over 1 million (UNDP JNA 2006); under-five and infant mortality rates of 153 and 73 per 1,000 respectively (UNICEF 2006). Area unemployment is 40% and 65% (rural and urban respectively) and the average per capita income is \$200 USD for rural areas (UNDP 2002). These facts spell low earning potential and fewer employment opportunities. Food Security and Nutrition situation analysis utilizing the IPC (Integrated Food Security and Humanitarian Phase Classification) over the past few years has depicted most areas in the Northeast in a state of *Acute Food and Livelihood Crisis* and at times as *Chronically Food Insecure* (FAO IPC, 2005) Most troubling are the recurring malnutrition rates in recent years, ranging from 10-15% GAM--classified by nutrition standards as 'severe' (FAO-FSAU 2006).

Poverty can be characterized into three types: demographic, economic, and support. The first two are known and well documented in the development field whereas the third is particularly relevant to the Somali context. "Support poor" are marginalized households and communities from minority clans or physically isolated from their clan-base. These households, and in some cases entire communities, are exceedingly vulnerable during times of crisis because they do not partake in the existing safety net systems.

Existing Safety Nets

Safety nets are mechanisms for social protection for the most poor and disadvantaged members of society typically established by governments. Effective safety nets ensure the most vulnerable households and communities are meeting their basic requirements, during ‘normal’ times as well as during crisis. The lack of well-organized government support and the small impact of humanitarian efforts have left a support gap which is filled by clan and community based structures.

Social support in Somalia is a powerful safety net which operates sufficiently during times of non-crisis. Social support links the diverse livelihood systems (coastal, urban, pastoral, and agriculture) and economies at different times and for specific support needs. Social support is usually based upon kinship, but can also exist for friendship, religious, or humanitarian purposes. Social support can come from internal as well as external (Diaspora) sources.

Another form of safety net is the *credit* (*daayn* in Somali) system. Credit, a form of delayed payment, enables flexible transfers through time and at different economic peaks and troughs. It works hand in hand with the seasonality and crisis-prone nature of the pastoral system, providing a necessary buffer for an often unstable livelihood system.

A foundation of the credit system is the strong market network in the Northeast. Markets represent a critical structure of the local economy by facilitating exchanges between urban, rural and coastal areas. Operating within the market infrastructure are petty traders who are the credit bearers. Traders are able to withstand *short-term* financial difficulties in order to support local communities during economic fluctuations.

Safety-net Gaps

Though these safety-net systems have shown great resilience during recent times, they are incapable of sustaining livelihoods during repeated crisis **or** of supporting all community members when resources are limited. The ‘support poor’ households are first to drop off the safety-net. During recurring crisis livelihoods are not able to return to normalcy and buffer systems, such as credit, fail in the long term. The gaps in the net for the *support poor* and the crisis-prone community at large necessitate additional support mechanisms to complement coping strategies.

The relief and development needs in the Northeast are quite profound. Due to complex political situation humanitarian efforts of late focus more on emergency response. These projects have been able to stave off a large-scale humanitarian disaster and rebuild key infrastructure but are largely incapable of providing a safety net for the neediest or protecting livelihoods in the face of a crisis.

Why safety net programming?

In the Northeast there are both immediate and underlying causes of poverty and vulnerability. Development programming has focused on improving the general situation and emergency response programming tries to provide relief after a crisis. The critical missing element is a social protection system which fills the gaps left by both the “relief-development continuum”

established by the humanitarian community and the “social support system” established by the local and diaspora communities.

Why cash-based programming?

Appropriate programs fit the local infrastructure and flow alongside or strengthen existing mechanisms of social support. Cash-based programs appear to complement the strong informal market system and provide flexibility to recipients. Cash-based programs are also not prescriptive and put the decision making in the hands of the most knowledgeable person—the recipient. Cash-based programs have knock-on effects for non-recipients and stimulate the local economy. Cash is also quickly turned into use as funds take less time to transfer and are immediately “translatable” —a critical concern in preserving livelihoods in a crisis is timing.

Feasibility of Cash-based programs

Cash Relief programs have proven successful for emergency relief in Somalia and are increasingly looked towards to complement recovery and rehabilitation programming. Evaluations of recent cash-based programs in Somalia are largely positive. Many studies, including this one, provide evidence that cash is mainly used for basic household requirements, does not cause inflation, is a welcomed injection into the local economy, and tends to benefit both recipients and non-recipients. *Cash for Work* programs are viewed in a similarly positively light. Most analysis reveals that communities feel more empowered and likely to maintain the new structures due to an increased feeling of ownership.

Cash-based programs, however, are not without risk. Cash is more alluring than commodity transfers. Certain precautionary measures and mitigating strategies must be adhered to, to prevent theft and ensure proper usage. Cash-based programming must also consider the local and surrounding economic situation. To avert inflationary risk, cash injections should only be considered when market structures are well established and functioning –which is typically the case in Northeast Somalia. Recent cash-based programs (see examples in next section) avoided these major risks. Furthermore, the existing financial infrastructure, *hawala*, enable cash-based transfers by absorbing the logistical burden and risks of transferring funds deep into rural areas. A remaining concern is the fairly easy transaction cash allows for *kaad*¹ purchase. Indeed, *kaad* usage appears to be on the increase, particularly in areas which were previously low consumers--the rural pastoral areas (source: key informant interviews). Thus any development effort, irrespective of the program type, most address this critical deterrent to local development.

Expected Impact on Existing Systems

Recent cash-based programs in Somalia--Horn Relief and Norwegian Peoples Aid Emergency Cash Relief Program (ECRP 2004) funded by Novib/Oxfam Netherlands and reviewed by Narbeth (OCHA 2004); Oxfam GB, Horn Relief, AFREC, WASDA and Development Concern the Emergency Drought Response Action (EDRA) programme reviewed by Majid,

¹ Kaad (khat, kat, mira) leaves contain an active psycho-stimulant substance known as cathinone similar to amphetamine. Intoxication is self-limiting but chronic consumption can cause certain health disturbances in the user and also lead to social and economic damage to the individual and the community. (Ishraq Dhaifalah, Department of Gynecology and Obstetric, Al-Thawra University Hospital, Sana’a, Yemen Republic)

Hussein, Shuria, 2007-- signal the positive impact cash has on local coping, credit, and social support systems. In fact, there were **no** serious social, political, or economic issues created by cash-based programming. The field study found similar benefits to market systems, vital to livelihoods in the Northeast. Petty traders, key to the local economy, attest to the positive impact of the cash injection which often helped restore business and credit.

The study reveals that existing social support systems are not negatively affected by cash distributions. Indirect questioning revealed no negative effect on social support systems. Previous recipients of cash-based programs were not cut off from receiving credit or further social support from clan or community. So **no** negative and only positive impacts on the existing credit system is a strong indication that cash would actually strengthen one of the vital existing local safety nets, rather than weaken it.

Cash-based Safety Net Programming Options

Amongst the multitude of social protection program options are cash-based safety nets. Cash-based social safety nets are programs that identify the most vulnerable members of the society and match them with methods of short or longer term social protection. The methods of implementing cash-based safety net programs vary greatly. Programs can be constructed to distribute unconditional short, long term, or one-off capital payments. Programs can indirectly benefit the larger community by rebuilding local infrastructure, such as cash for work. Cash-based programs can also provide a mechanism of supporting the creation of alternative livelihood by providing funds for skill development (cash for skills). Finally, cash-based programs can also help stabilize livelihoods by providing a fund which can be accessed during a crisis (cash contingency fund).

The recommendation (included in this paper as a concept note) is a **cash-based safety net program** package. Additional commodity inputs might be necessary to complement cash (food, water, medicine, etc) when markets or mechanisms for purchasing important commodities are blocked or unavailable. The safety net program package is designed to complement existing relief (emergency) and development efforts.

The “safety net package” consists of cash-based programs to (a) strengthen livelihoods, (b) rebuild key community infrastructures, and (c) provide early livelihood support via a contingency fund.

The *Cash for Livelihoods Strengthening* program builds upon existing livelihoods diversification already underway in the area. The program seeks to increase the skill-base of vulnerable household members and kick-starts alternative employment schemes. The program addresses the high rate of unemployment, especially amongst the most vulnerable households of the community. The program targets to the most vulnerable households in pastoral, urban, and coastal areas. The rationale is that to end chronic poverty, vulnerable households need longer term employment opportunities.

The *Cash for Infrastructure Rebuilding* projects are geared towards building or rebuilding critical local infrastructure such as roads, schools, dams, dikes, water points, etc. The work programs target the most vulnerable households of the community who are not selected in the Cash for Skills program. These households are supported with cash after providing temporary

work services. Project participants are also well-trained in work program skills. These skills should be harnessed to maintain the infrastructure in the future.

The *Cash-based Disaster Risk Management Fund* supports crisis-prone communities. During a crisis, it is important to respond early. Timely response can prevent large-scale asset loss and avert strategies which weaken livelihoods. The contingency fund is available in anticipation of a crisis and is ‘tapped’ appropriately (according to joint agreements) to ensure livelihood needs are addressed.

While the livelihood, infrastructure and training programs target the most chronically vulnerable members of the community, the contingency fund casts a larger safety net recognizing that a larger percentage of the community is shock-vulnerable.

The *cash-based safety net support package* moves beyond typical emergency response programming and fills a role development programs and local support systems do not cover. The cash-based package has wider reach than typical aid packages because it benefits both recipients and non-recipients by stimulating the vital local trading network in the Northeast. Finally, the package provides the most appropriate form of support for recipients by safeguarding their livelihoods before they collapse; consequently saving agency and donor resources in the longer term.

1. Introduction

1.1. Rationale

Northeastern Somalia is facing a complex emergency. Human and natural events are having lasting negative impact on a fragile ecosystem. The collapse of the government in 1991 has resulted in widespread civil unrest, border disputes, and clan-based tension. The political void enables destructive practices--environmental degradation will plague the Northeast for years to come. The lack of an internationally recognized government allows foreign states to impose bans (livestock ban by Arab Nations) without serious challenge. Over the past few years, in-migration from south, central, and southwestern areas have increased the population and resource-based conflicts. The situation has worsened due to recent natural crises. A devastating four year drought, freezing rains, flooding, and the Tsunami all struck within a short time period.

In this context it is understandable why Somalis are considered amongst the poorest and most food insecure people in the world. The predominantly pastoral Northeast itself is a high risk area, having experienced many severe shocks in recent years. A weak infrastructure and the recent recurring crises have made it more difficult for communities to break out of the 'poverty trap'. Communities are further marginalized due to growing governance disputes (areas of Sool Sanaag) between political authorities and continued isolation due to poor physical infrastructures (Hafun and Bandar Beyla).

Recent shocks have had a profound negative consequence on human, environmental, and social systems which are still being felt today. Lives were preserved but many livelihoods, principally pastoralism, were not. Today there remain a high number of pastoral 'drop outs' that moved to coastal areas to fish, to urban areas for casual labour opportunities, moved abroad, or simply became destitute. There is an urgent need for appropriate relief and recovery programming to strengthen and diversify livelihoods and community resistance and resiliency to shocks.

1.2. Objectives

Save the Children UK and Horn Relief have been trying to fill the gap and assist the most vulnerable with social, environmental, physical, and political infrastructure-related projects. They work to strengthen pastoral livelihoods, support coastal area fishing, provide for the needs of children, promote education, natural resource management and try to minimize the risk of further environmental degradation. The organizations have effectively implemented cash-based programming in emergency and recovery operations. They have utilized cash-based programming as responses to emergencies and believe a holistic approach to relief and recovery needs using cash transfer programs can help reduce poverty and address chronic vulnerability. In this light, they have commissioned this study to identify if and how cash can be used as "safety nets" to safeguard lives and livelihoods in the Northeast.

The study Terms of Reference is included as Appendix A. In brief, the following are the key questions of the study:

1. is there a need for cash transfer programming for safety nets and emergency preparedness?

2. are cash transfers politically, socially, financially, and logistically feasible in northeastern Somalia?
3. can cash-based programming be effective in mitigating shocks and communities vulnerability to natural emergencies?
4. can cash transfer programming be sustainable?
5. what are the most appropriate cash transfer options to save lives and livelihoods?
6. what are the programming modalities for cash-based programming?
7. what systems need to be in place to ensure an appropriate understanding of the need, timing, targeting, and monitoring of such programs?

Cash-based programming is increasingly popular for emergency relief as well as an option to complement or supplement recovery and rehabilitation programs. Cash-based programs in emergencies--unconditional cash transfers (non-contractual monthly disbursement or lump sums)--are often preferred because they provide beneficiaries with an immediate cash injection to save lives. Conditional transfers (cash or vouchers given by contract with expected terms of use) are more typical in non-emergency situations where agencies have time to develop programs and set up the operational and monitoring structures to ensure cash is received and used as per agreement.

In this light, this study looks at the applicability of cash-based programs and whether they can be tailored for more lasting social protection programming. Given the volumes written about cash-related programs, the study considers the relative advantages and disadvantages of cash-based programming in Northeast Somalia. In 'Cash and Vouchers in Emergencies' (Harvey 2005), these are well documented. These form a sound foundation upon which to ask our fundamental questions regarding 'need', 'feasibility', 'possible effectiveness', and 'sustainability'. An abridged and edited version of Harvey's grouping follows:

- Possible Advantages
 - Cost effective – cash distributions are generally cheaper than commodity-based
 - Choice – recipients have more choice than with commodity or voucher systems
 - Multiplier effects – trickle effects on local economy
 - Avoids disincentive effects – unlike commodities, cash does not discourage trade or local production
 - Fewer costs for recipients – food requires transport, milling add-ons
 - Speed – cash is quicker both in transfer and in usage (when mechanisms are set up in advance)
 - Dignity – recipients do not have to wait in long 'degrading' lines
- Possible Disadvantages
 - Inflationary risks – cash injection could raise local prices
 - Anti-social use – cash can buy anything (arms, drugs, etc)
 - Security risks – could create insecurity for distributors and recipients
 - More difficult to target /prone to diversion – everyone wants it
 - Disadvantages women – women less able to control cash
 - Less available from donors – donors more willing to provide commodities
 - Consumption/nutrition – if transfer is food/nutrition related, food might be more appropriate

1.3. Methodology and Report Structure

The study was actually three studies in one. **Firstly**, a desk study captured background information from relevant assessments and evaluations in the Northeast (baseline data, socio-economic studies, cash programs in Somalia, etc). The desk study enabled an improved understanding of the cross-sectoral context in the Northeast as well as the causes of chronic poverty.

Secondly, a field study was conducted in the operational areas of Save the Children UK (Karkaar) and Horn Relief (Sanaag) (see Appendix A for Terms of Reference from the agencies, Appendix B, the field study area and sites visited). The objective of the field work was a firsthand study of the feasibility and possible effectiveness of cash-based interventions. The teams reviewed existing coping mechanisms and safety nets and the potential of cash transfers having a positive or negative impact on these as well as on existing social, political, and religious structures. Researchers employed qualitative and quantitative methods, including household, community, key informant, and stakeholder questionnaires and discussions.

The field study was conducted during Jilaal, a period when herders migrate to look for pasture. Due to logistical, resource, and practical concerns, the field study utilized a purposive sampling of pastoral, urban, and coastal communities. In order to try to capture information from the most vulnerable households in the community, community authorities were asked to identify households with certain characteristics (minority, female headed, elderly headed, marginalized, and destitute). Additional households (typically non-vulnerable) were also selected purposefully and involved in household-based questionnaires. Special care was taken not to raise the expectation that cash distribution would follow the field study. Appendix C contains an outline of the research design.

The **third** aspect of the study involved stakeholder meetings and debriefing with agency staff to consider programming options. Debriefing with local NGO's and partners took place in Qardho, Bosasso, Badhan, and Garowe. Discussions continued with local partners and stakeholders in Nairobi. Additional studies were examined for programming appropriateness. Reports and presentations of this study will be circulated to participants, commissioning agencies, donors, and the wider public.

After introducing the rationale, objectives, and methodology in Chapter 1, the report provides a contextual review of livelihoods in the study area. Chapter 3 identifies the key problem and hones in on the dynamics of poverty and vulnerability in the Northeast. Next, the report looks at existing safety nets and how communities currently safeguard lives and livelihoods. A closer look at the 'need' in Chapter 5 is followed by a feasibility analysis (Chapter 6) and the expected impact of cash-based programs (Chapter 7). Chapter 8 includes the concept note which outlines the recommended programming options. This chapter also contains specific operational modalities, risks and mitigating strategies, and how to monitor program impact. The References section includes papers, reports, and studies which were reviewed in the desk study and also identifies the key resources for this report. The appendixes contain relevant information we hope is of use.

2. Livelihood Context in the Northeast

A contextual look at the Northeast helps establish a more profound understanding of existing livelihoods and social support mechanisms. Within the study area (the operational areas of Save the Children UK and Horn Relief – Karkaar and Sanaag respectively) are three main livelihood zones (Sool-Sanaag Plateau Pastoral, Urban, and Coastal) and population who engage in four main livelihood activities (herding, fishing, agriculture, urban).

2.1. Pastoral

Pastoralism is the predominant livelihood of the area. It is the backbone of the area economy. Livestock exports contribute approximately 80% of foreign exchange earnings, 40 % of the GDP and 60 % of employment opportunities in Puntland (UNDP 2006). Goats and sheep are the predominant species but camels are the most important animal for nomadic pastoralists. Female camels produce large quantities of milk for sale and consumption and pack camels are the principal means of transporting water in the dry season and the nomadic family and their mobile household (*aqaal*). Without pack camels herder households become immobile and unable to remain in the system.

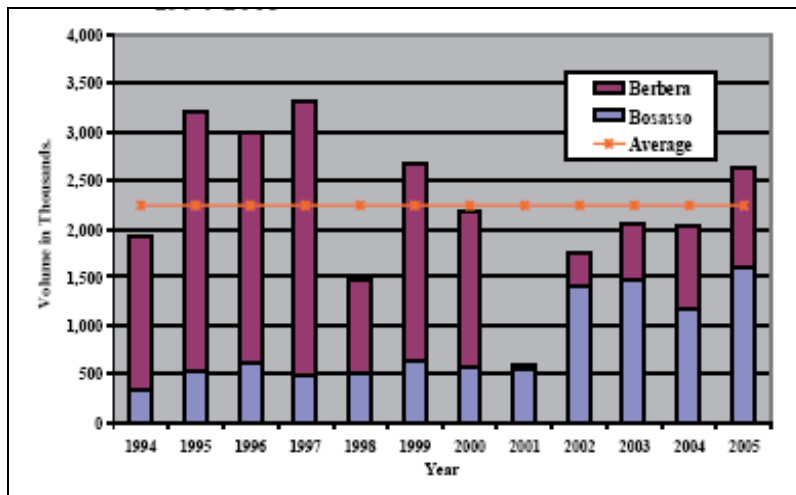
Image 1: Camels drinking from water point in Cebayo (Sanaag)



The pastoral economy provides the main export commodity (livestock) and strengthens the important trading network throughout the region. The trading network is the foundation of other systems and very effective in serving different communities in fairly isolated areas throughout the year. The trader network enables the transferring of other commodities such as the imported staple products which the communities rely upon for sustenance.

Recent export figures (see graph below) clearly show an expansion and development of Somali livestock trade, particularly in the port of Bosaso, which has overtaken Berbera in export figures. Despite the ban, Arab countries are the major recipients of Somali livestock with the end point for most animals in Saudi Arabia.

Graph A: Long term livestock export trend from Berbera and Bosasso (FSAU Market Update, 2006)



Recent economic diversification and increasing urbanization are creating new and evolving demands for animal products. This provides pastoralists with important new outlets. Extensive links with the urban as well as the coastal environments are also critical to continuation of the pastoral system in the region.

In the case where an event affects the pastoral economy (human, animal, nature -- e.g. livestock productivity, export problems) the entire region shares the burden. A common saying in the Northeast is “*when the pastoral economy suffer, the whole community suffer*”.

2.2. Urban

Categorizing a location as ‘urban’ is an imprecise science. “Urbanness” is more a location on a continuum. On one side are small settlements (such as Sebayo in Sanaag or Dhudo in Karkaar) and on the other side are larger urban areas such as Bosasso and Qardho. Within the organizations’ areas of operation are the main urban areas of Qardho, Badhan, Hadaftimo, Xingalol, Hafun, Bander Beila, Celbuh, Dhahar and Rako (to a lesser degree). These vary greatly in size but all have more urban characteristics such as multiple mosques and schools, numerous markets/shops, and high prevalence of the livelihood activities of petty trading and casual labour (usually women in the former and men in the latter).

Though a difficult figure to establish, an estimated 30% of the population in the Northeast is found in urban areas (UNDP 2006). Recent urbanization comprises some of the most vulnerable members of the society. An estimated 60,000 IDPs (mostly from southern Somalia) are now in the Northeast and additionally 3,000 estimated from Ethiopia (UNDP 2006). Furthermore, urbanization is increasing in all areas (pastoral, urban, and coastal). Some of the causes of increased urbanization include the following:

- Split families sending active members to seek urban areas for labour-generating activities
- Influx of ‘drop-outs’ from the pastoral system due to extended droughts/shocks

- Increasing sedentarization due to loss of pack camels during droughts/shocks
- Civil insecurity related in-migration from Southern Somalia to and through urban areas
- Migration from drought-stricken areas of Ethiopia

Large urban areas such as Bosasso, Qardho, and Badhan are the main marketplaces for the surrounding communities. The most important of the urban centers is Bosasso. Bosasso is the main port for livestock, frankincense, and high-value marine products. The latter two are growing components of the regional economy. Through Bosasso, important staples are imported and transported to much of the region, central and southern destinations. Bosasso is also the location of the main *hawala* money transfer companies, the principal banking and financial system in Somalia. The *hawala* have extensive access throughout the area.

Urban areas, such as Bosasso, provide important labour opportunities for the entire region. Wholesale, petty trade and urban-related casual labour (portering, construction related work, etc.) have become important methods of generating income as more people move into urban areas. As noted earlier, urbanization is creating new demands for livestock products. The fast rise of semi-urban and urban economies in Bosaso, Qardho and Garowe has opened the way for new market opportunities, either for export purposes or for local urban demand.

Image 2: Destitute household in town (Sanaag)



Even in more traditional rural areas there is an increased ‘sedenterization’ which fosters more ‘urban’ economic characteristics. Rural settlements are becoming more permanent due to the loss of pack camels (and increasing number of water points such as berkads being built closer to settlements) forcing a less nomadic lifestyle. Dependent members (elderly, children, disabled, and sick) remain in pastoral-area settlements seeking social support and improved communication to family members in coastal and urban areas. The settlements are also fairly clan-homogeneous and sharing resources is a common practice. Increased urbanization does

have negative consequences as well--higher energy needs and thus charcoal production increases.

2.3. Coastal

Historically, the small fishing communities along the Northern and Northeastern coast were ill-regarded by pastoralists who migrated to coastal areas in search of fresh water for livestock. Growing population pressures and climatic events (prolonged droughts in the 1970s, the 1980s and more recently from 2001 to 2004) have forced many pastoral households to diversify and seek employment on the coasts.

In the coastal areas of Karkaar and Sanaag, fishing is the main income generating activity with approximately 75% or higher of the income coming from fish sales and fishing related labour (Save the Children UK 2006). During the main fishing season (October-June) there is an influx of fishing labourers from pastoral and urban areas. But there is also a small permanent population in the coastal areas throughout the year. Fishing labour is dominated by men who own boats, fish, prepare the fish (cut, dry and salt –see image below), and sell to awaiting Yemeni boats, or traders who fly/ship to UAE. Most of the dried fish is sold to traders who transport it via el Maan to Mombassa (UNOCHA 2005). In coastal areas, women typically run tea and petty trade shops which cater to the fishing community.

Image 3: Dry fish salting and Shark Fin (Las Qoray)



Fishing provides a large capital injection for the coastal communities and money also flows into rural and urban areas. It can be a very lucrative industry; studies indicate that ‘better off’ wealth groups can earn over 70 million shillings yearly (Save the Children UK 2006). Boat owners take a majority of the profit with the fisherman labourers earning up to 1.5 million SoSh (100 USD) a week. In several interviews with boat owners, discussions revealed that during peak fishing periods, profits could run up to 15 million SoSh (1000 USD) weekly per boat during a good week. However, fishing occurs during the 8-9 months of sea opening and can fluctuate greatly from one season to the next depending upon fish availability.

2.4. Agriculture (and other systems)

Herding, fishing and trading are the three main economic activities of the northeast. Other activities provide important income to local households. These include the following:

- farming (particularly along the Gollis Mountains of Sanaag)
- hay production (Dhahar, Celbul, B Qol areas)
- frankincense collection and trade (particularly Eastern Sanaag and northern Karkaar are important producers of aromatic gums (frankincense) which is collected from mountainous areas and transported to Bosasso for export to Saudi Arabia, UAE, Oman, and Yemen)
- salt mining, (Indian ocean coastal areas, particularly Haafun)
- water related activities (berkad ownership, trucking, etc)
- charcoal production/sale

Collection and sale of water and provision of building materials are becoming increasingly important in rural areas. Urbanization often calls for more building materials and labour to develop the small settlements. Though this can stimulate the economy with more labour opportunities, it also has negative consequences where higher energy needs are satisfied by increased tree felling/charcoal production.

Image 4: Agricultural Production (Sanaag)



2.5. Livelihood System Interconnectivity

Today, the four livelihood systems (pastoral, coastal, agriculture, and urban) are intricately linked. The interconnectivity exists on many different levels (inter-community, intra-household, trader-wholesaler), but serves one primary purpose--economic. There is a delicate balance where each system relies upon the other, depending upon which system is generating more income, and the particular needs of communities and household in different areas and during different seasons (see insert). Within the household, 'splitting' active members by sending some to urban and others to coastal areas to generate income, is an important buffer to the seasonal variations of each system. Due to the numerous set of economic dependencies this creates, it is difficult to establish if a particular household in a pastoral area generates

most income from herding activities. Household income comes from multiple livelihood systems.

Insert 1: Seasonal Calendar (FSAU, Sool-Sanaag Baseline 2005 - *ammended*)

| | JILAAL | | | GU | | | HAGAA | | | DEYR | | |
|---|--------|-----|-----|-----|-----|-----|-------|-----|-----|------|-----|-----|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Camels: | | | | | | | | | | | | |
| Heat | | | | | ▲ | | | | | | | |
| Births | | | | | ▲ | | | | | | ▲ | |
| Milk prod. | | | | ▲ | ▲ | ▲ | | | | | ▲ | ▲ |
| Sheep: | | | | | | | | | | | | |
| Heat | | | | | | | | | | | ▲ | |
| Births | | | | | ▲ | | | | | | | |
| Milk prod. | | | | | ▲ | | | | | | | |
| Goats: | | | | | | | | | | | | |
| Heat | | | | | ▲ | | | | | | ▲ | |
| Births | | | | | ▲ | | | | | | ▲ | |
| Milk prod. | | | | | ▲ | | | | | | ▲ | |
| Livestock localized migration to water-points | | | | | | | | | | | | |
| Livestock out-migration for a bad year | | | | | | | | | | | | |
| Fishing Season | | | | | | | | | | | | |
| Coastal and Bosaso ports closed | | | | | | | | | | | | |
| Ramadan/Eid | | | | | | | | | | | | |

The field analysts found the systems very well linked (see table below). In Karkaar, many of the interviewed households ‘split’ (location of active members throughout the year) between pastoral and coastal areas. Sanaag interviewees identified the split more between pastoral and urban. The cross linkages between pastoral, urban, and coastal areas are apparent from the following figures:

Table 1: Livelihood System split (interviewed households)

| | Pastoral Areas | Urban Area | Coastal Area |
|-------------------|----------------|------------|--------------|
| Pastoral HH Split | 61% | 21% | 13% |
| Coastal HH Split | 10% | 2% | 76% |
| Urban HH Split | 41% | 53% | 3% |
| Sanaag HH Split | 39% | 29% | 23% |
| Karkaar HH Split | 43% | 11% | 40% |

Note: other (agricultural, external, undefined, etc) category represents remaining %

Almost all interviewed households (totaling approximately 300) report that income came from different livelihood systems (pastoral, urban/trade, or coastal) at different times of the year. In Karkaar, livestock and livestock product sales are an important income generator throughout the year. Milk sales represent an important income source during wet seasons (reported by 73% interviewed households for both wet seasons). Fishing activities peak in Jilaal and Deyr. Fishing and related activities represent an important income source for 33% of interviewed households in Karkaar.

In Sanaag, casual labour and petty trade are important sources of income, especially during the ‘dry’ seasons with approximately 30% of interviewed households reporting generating income from petty trade or casual labour. In Karkaar, between 10-20% of respondent households report petty trading as an important source of income, especially during Haggaa.

The study also revealed dynamics of household ‘splitting’ with an analysis of mixed asset ownership—for example where a household in an ‘urban’ area owns livestock assets. Approximately 25% of respondents in coastal areas owned one form of livestock asset (animals) whereas in ‘more’ urban areas, approximately 60% of respondents owned one or more livestock asset. In predominantly pastoral areas, respondents claimed 12% ownership of petty trade business and 20% or ‘home’ ownership—all clear indications of a mixed asset base between each livelihood area.

Seasonality is, therefore, critical in linking pastoral, urban, and coastal communities. Economic lows related to the dry seasons (Jilaal and Haggaa) for the different communities are buffered by temporarily transferring active household members to earn from other livelihood activities. The interaction is so common and frequent that it is rare that households are completely together at any one point in time during the year. The table below was devised during a baseline study in Karkaar. It demonstrates some important characteristics of the interconnectivity between the livelihood systems.

Table 2: The interconnectivity of livelihood systems (SCUK and MacAskill Baseline 2006)

| | |
|------------------|---|
| Pastoral - Urban | <ul style="list-style-type: none"> • Urban centres provide market for livestock and livestock produce: milk, ghee, charcoal, firewood as well as a source of food and non-food items. • Long-term resident urban households especially BO group own livestock in rangeland areas close to the town • Provides labour in bad years • Qardho town provides access to schooling • Urban centre provides storage for skins, bulk cereal purchases etc • Urban travel to pastoral areas for business, relaxation, send children to learn about the culture, to remind them of the benefits of urban life • Urban source of credit |
| Urban – Coastal | <ul style="list-style-type: none"> • Links are trade of fish Bossaso : Business trade • Provides market for fish, fishing equipment, source of food and non-food items • Bossaso & Qardho provide schooling for children from the majority and BO WG • Households migrate to Qardho town in the Haggaa Qardho town 50 • Provides seasonal labour at coast and in towns • Source of credit |

| | |
|--------------------|--|
| Coastal Pastoral – | <ul style="list-style-type: none"> • Pastoralist travel to the coast for the Hais rains (which fall after the Deyr) • Provides market for pastoral produce and source of food/non-food items • Provides labour for skilled and unskilled pastoral fishermen • Some coastal locations provide access to school & health care • Long-term resident urban households especially BO group own livestock in rangeland areas close to the town • During bad years of drought – pastoralists in rural areas close to the coastal • LZ go to the fishing settlements for labour and self-employment |
| Abroad | <ul style="list-style-type: none"> • Linkages with abroad can be ranked as urban, pastoral and coastal – with urban having the best connections with Somalis in the Diaspora and coastal the weaker connections |

The role of remittances from external and internal sources is also a key factor in the linking the livelihood areas. Remittances extend social support systems and provide key options for economic investments. Apart from giving financial support to relatives' households (typically better off and majority households) in normal and difficult times, Somali Diaspora remittances generally serve the purpose of financial assistance to members of the extended family. The system operates throughout the year and increases during a crisis.

While the different livelihood systems have shown outstanding degrees of resistance and resilience, vulnerability rises when a shock strikes the area. Economic diversification and linkages between livelihood systems represents the main strategy in buffering the seasonal limitations. Diversification also reduces the risks involved in “pure” pastoralism, the main livelihood activity in the Northeast.

3. Poverty and Vulnerability

The fundamental concerns are those of extreme poverty and chronic vulnerability which have plagued northeastern Somalis. An improved understanding of the structural and immediate causes of poverty as well as an analysis of the vulnerability to food insecurity in the area helps define potential entry points in social support programming.

3.1. Macro and Micro level Poverty Indicators

For all of Somalia, macro-level economic poverty indicators, such as the Human Development Report, estimate that 60% of the population live below 1\$/day. Unemployment in the Northeast rural areas is estimated at 40.7% and 65.5% in urban areas (UNDP 2002).

The latest data available for per capita income is from 2002 (UNDP 2002):

- Overall for all of Somalia = US\$226 (3.4 million SoSH)²
- Urban areas = US\$291 (4.36 million SoSH)
- Rural and nomadic areas = US\$195 (2.9 million SoSH)

² Exchange rate of 15,000 SoSH/1 USD used in all calculations

In the Northeast, recent baseline assessments and socio-economic studies in Karkaar and Sanaag provide more area-specific detail³:

Sanaag Pastoral areas

- Horn Relief Socio Economic Study
 - per capita income: approximately US\$275 (4.12 million SoSH)
(but this clearly substantially lower in rural central and eastern Sanaag)⁴
- FSAU Baseline data from 2005 (Sool-Sanaag Pastoral)
 - Poor: 16-19 million SoSh/yr (1,130 USD)
 - Majority: 22-25 million SoSh/yr (1,500 USD)
 - Better Off: 26-30 million SoSh/yr (1,870 USD)
- Horn Relief Sanaag Baseline 2006
 - Fishermen: 18.1 million SoSh/yr (1,200 USD)
 - Bee keepers/hunters: 15.4 million SoSh/yr (1,025 USD)
 - Agro-pastoralists: 11 million SoSh/yr (730 USD)

Karkaar Coastal areas

- Save the Children UK Baseline
 - Poor: 15-35 million SoSh/yr (1,000-1,666 USD)
 - Majority: 35-70 million SoSh/yr (1,666 – 4,666 USD)
 - Better Off: 70+ million SoSh/yr (4,666 + USD)

The following table has been aggregated from various reports and assessments. It highlights the chronic poverty in the Northeast (UNDP, 2006):

Table 3: Socio-economic indicators (Northeast)

| Key Basic Social Indicators | baseline |
|--|----------|
| Gross enrolment ratio (percent of school age population) | 24% |
| Births attended by skilled health staff (percent) | 49.2% |
| Contraceptive prevalence (percent of women ages 15-49) | 8.3% |
| Malaria prevalence (per 100,000) | 113 |
| Access to an improved water source (percent of population) | 25.9% |
| Access to improved sanitation (percent of population) | 41.5% |

Source: WB World Development Indicators 2006; UNDP MDG Report Somalia, 2004; UNDP and the WB, Somalia Socio-Economic Survey 2002; UNDP Somalia Human Development Report, 2001; Multiple Indicator Cluster Survey, 1999; Conflict Analysis Regional Report: Puntland, 2004; UNICEF Primary School Survey 2004/05; Puntland Ministry of Planning, Facts and Figures 2004; WHO Annual World Health Report, 2004.

In general, the Northeast has very poor health care infrastructure--for a population of 1.1 million there are merely 20 hospitals and approximately 1,000 staff (WHO 2004). The conditions are conducive to high infant mortality rates. Under-five and infant mortality rates

³ Data aggregated from Progressive Interventions, Socio Economic Surveys in Sanaag, FSAU Sool-Sanaag Plateau Baseline, Save the Children UK, Karkaar Baseline (completed by Jane MacAskill), Horn Relief Sanaag Baseline.

⁴ Commissioned by Horn Relief and completed by Progressive Interventions, Eastern Sanag Socio-Economic Survey, 2005

are 153 and 73 per 1,000 respectively (UNICEF 2006). In recent years, the malnutrition rate in the Northeast ranges 10-15% GAM, classified as ‘severe’ (FSAU Bari Nutrition Assessment, 2006).

The FAO Food Security Analysis Unit for Somalia, regarded by many as providing appropriate situation analysis on food security and nutrition, has labeled most of the Northeast as ‘chronically food insecure’ or worse the past five years (FSAU IPC 2006). This is a result of compounding factors which have plagued many communities in a vicious ‘poverty trap’ in recent years.

3.2. Vulnerability in the Northeast

Vulnerability analysis typically identifies households or individuals who are the most ‘food insecure’. This includes identifying **who** and **why** households and communities are vulnerable and **what** are they vulnerable to.

Stakeholder discussions revealed the difficulty in understanding “vulnerability” in the pastoral context. In reply to the question, “who is more vulnerable to drought, a household owning 300 goats or one owning 30 goats?”, the responses were quite mixed. In the face of an extended drought it is arguable that the household with 300 goats is ‘more’ vulnerable because the cost of maintaining 300 goats is higher during a drought and the risk of losing all of the livestock is greater.

Borrowing (loosely) from Amartya Sen’s definition of ‘entitlement’ failure leading to food insecurity (Sen, 1981), vulnerability to hunger exists when there is a failure of access and/or availability of certain sources⁵. The table below depicts different categories of poor households (demographic, economic and support) with a cross tabulation of access to: ‘assets’, ‘income’, ‘credit’, and ‘social support’ and ‘knowledge’:

Table 4: Vulnerability Classification

| | demographic poor | economic poor | support poor | |
|--------------------------|--|---|---|----------------------|
| who | Female, child, elderly-headed households, orphans, sick, disabled, street children, large families with few active members | Economic very poor and poor | Destitutes, IDPs, Minorities, tumalo, yibro, midgaan, Bantu Somalis | Refugees, Oromos |
| why | not enough labour force to provide for all members of the household | limited skill levels, limited productive assets (livestock or boat), few labour opportunities | Economic and social marginalization | no residential right |
| social acceptance | yes | Yes | Limited | No |
| access to assets | yes | Yes | Limited | Limited |
| access to income | limited, often through petty trading, casual labour, fishing | limited but possible - through casual labour, collection and sale of bush products (charcoal) | Yes | Yes |

⁵ Stephen Devereux uses the ‘entitlement’ approach to study vulnerability and appropriateness for Cash responses in Southern Africa. See Devereux, 2006

| | | | | |
|---|---------------------------|---------------------------|--|----------------------------------|
| access to credit | Yes | Limited | Limited | very limited |
| access to social support | yes (from family/clan) | Yes (from family/clan) | limited (from community; limited by relatives) | very limited (from religious) |
| access to knowledge (skills/educ training) | Limited | Limited | Limited | Limited |

In the northeast, **demographically** poor households typically suffer from a lack of labour force. This could be in urban, coastal, or even pastoral settings. Female, child, elderly, or disabled headed households are ‘vulnerable’ due to a lack of income generating options. However, access to assets, credit, or support is typically not restricted. In pastoral areas, 87% of female headed household respondents have some form of livestock asset. Credit and Social support access for Female headed household respondents was 88% and 70% respectively.

The **economic** poor are the asset poor (lowest on the wealth group classification table) who have a limited asset base and thus receive lower credit availability due to (potential) repayment problems (creating a lack of trust). Credit availability is over 10% lower for respondents who own no asset in comparison to respondents who own assets. Social support is usually the strongest within this group due to high needs and comparatively high social acceptance. They can also generate income from casual labour opportunities. These households are found in more urban areas such as Bosasso, Qardho, and Badhan but also in pastoral settlements and coastal area towns.

Support poor household (and communities such as Bixin in Karkaar) are from displaced populations, destitute, minority clans and marginalized groups. They are socially isolated from their relative network (destitutes/IDPs/Bantu) or minorities. They are less likely to receive credit or social support. Credit is typically allocated based upon ‘trust’. However, during times of stress credit is reserved more for clan and close family. Asset ownership and income generated from casual labour such as fishing, portering, construction, etc, is typically what these households rely upon. In the study, merely 67% of minority household respondents had access to credit and 44% to social support versus an average of 90% and 57% for other household types.

Image 5: A Support Poor Household in Las Qoray

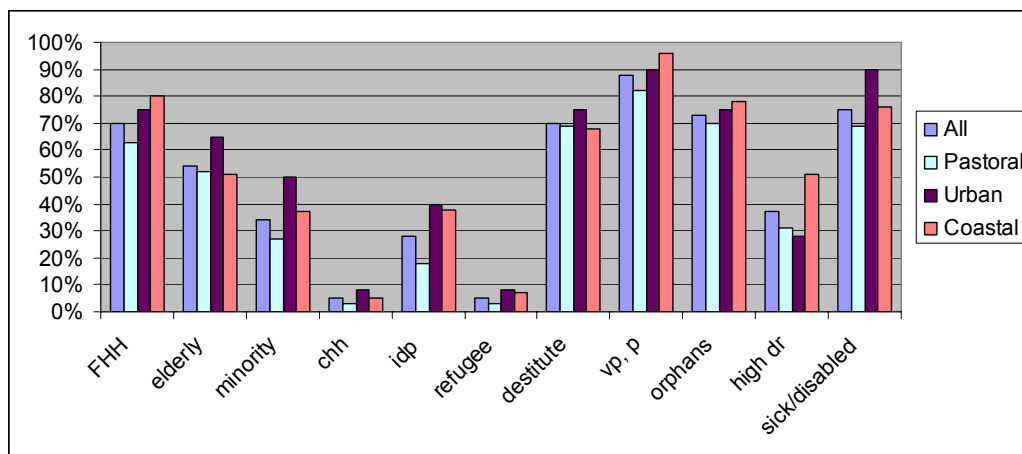


All vulnerable groups have limited access to new knowledge or skills development. In the Northeast, illiteracy is extremely high and educational opportunities for both youth and adults very low (20% enrollment for girls and 24% for boys)⁶. Vulnerable households tend to have less access to these services due to the immediate and opportunity costs of school (SoSh 400,000-600,000 per annum for primary school including other costs) (UNDP JNA 2006).

In Eastern Sanaag there is currently a different type of marginalization. Political disagreement over the disputed areas between Somaliland and Puntland often leads to civil tension and a discriminator aid response⁷. Field analysts experienced high levels of suspicion regarding the apparent lack of international assistance. Local authorities in some areas asked if survey results truly ended up on the desks of decision makers (apparently previous studies which the authorities believed would result in foreign aid did not materialize).

Household members were asked ‘who are the most vulnerable members of the community’? The following results were recorded:

Graph B: Household perception of vulnerability



Note: the results depict a multi-select response of vulnerable households in communities

A high percentage of respondents believe that female headed, very poor, poor, sick/disabled, orphans, and destitute households are amongst the most vulnerable. In urban settings there are a higher percentage of respondents signaling vulnerability within IDP and destitute households. Perhaps this is due to higher prevalence of these household types in urban areas as opposed to rural areas.

However, determining vulnerability in the northeast is complicated. Vulnerability analysis systems often fail to capture the entire household picture due to the intricacy of the interconnected systems (as noted above). These linkages make it difficult to attach higher “vulnerability” to a particular household because of “splitting”. Vulnerability analysis is further difficult due to a mixture of the advantages and disadvantages in different areas -- coastal incomes are typically higher but these groups are usually ‘more’ socially

⁶ JNA 2006

⁷ In more urban communities there are two authorities – one from Puntland and one from Somaliland. The latter tends to be based in Hargeisa. Also, each side has a militia made up of, in some cases, family members on each side. Key Informants in various communities asked the study team if political influences were determining where aid was being sent.

marginalized; urban areas might afford better access to infrastructure (health care facilities, schools, etc) but the cost of living is generally higher and the poorest households are typically found here (destitute, refugees, and displaced households). Pure pastoralists can be highly risk-prone but they have strong traditional linkages, access to credit and social support networks. Many key informants noted that previous to the droughts of 2000 and 2003, herders were considered amongst the wealthiest of the area. Presently, they are regarded amongst the most vulnerable due to the repeated shocks they have encountered.

There is indeed very high ‘vulnerability’ in all livelihood systems. Key informants (local authorities, elders, and women’s groups) in different communities were asked how many households in their community were ‘vulnerable’ (in Somali the term ‘cayr’ or ‘sapool’) and responses were typically between 50-70% irrespective of livelihood system!

With such widespread chronic poverty and perceived vulnerability in the area, it is important to better understand the underlying and immediate causes and how communities have developed mechanisms for social protection. This can also help identify where there are support gaps and what are the possible programming options.

3.3. Causes of Chronic Poverty and Vulnerability

The underlying causes for chronic poverty and vulnerability in the Northeast are structural and immediate.

Structural causes

- post-state conflict – causing widespread civil insecurity and lack of effective government to protect interests of citizens
- environmental degradation – human and natural causes which continue to destroy a fragile ecosystem
- poor infrastructure – lack of basic services (human and animal health care, education, water, sanitation, etc)
- low incomes and opportunities– low-skilled population with few labour opportunities and very low wages

Despite recent improvements and **political** developments in the Northeast, authorities have little capacity to provide economic or safety net policy. This has drastic consequences on macro-economic strategies such as lobbying to end the livestock ban, stopping the printing of counterfeit currency, commodity price regulation, and effectively managing and benefiting from internal and external commerce. Governance is typically in the hands of local authorities (traditional conflict resolution known as *xeer*) and thus influenced by local and clan-based interests. Relative peace does exist but resource-based conflicts do flare up. As a result, minorities have little voice, and less access to the local safety net mechanisms. Border disputes between northeastern and northwestern authorities continue to undermine development efforts and create mistrust in aid allocations.

Environmental degradation is not a recent phenomenon. Natural and human factors contributed to much of the rangeland devastation even before the government collapsed in 1991. However, of late, due to lack of proper resource management and the high desperation of vulnerable households, many forests are being destroyed for charcoal production.

Approximately 52% of the forest in the Sool-Sanaag Plateau has been devastated (Horn Relief, 2006). Furthermore, there is a 370% increase in bare land in Sool-Sanaag Plateau, Gebi Valley, and Xadeed (Ibid, 2006). This does not bode well for a largely pastoral livelihood system with increasing pressures on pasture availability.

The Karkaar region is also affected by ongoing environmental degradation. Major impacts are related to a growing population with increasing pressure on few water catchments and sparsely available rangelands.

Little to no investment in public **infrastructure** such as education, health care, water and sanitation has also had devastating consequences on communities in the northeast. There is a widespread lack of schools, qualified teachers, and structures to facilitate formal teaching. In all areas, attendance for girls ranges from one-third to one quarter that of boys. In small and mid-size settlements, school structures were similar to the one below:

Image 6: Informal Primary School in Sanaag Settlement



A poorly structured educational system (and informal training systems) also affects adults who are generally low skilled and lack knowledge of best practices for personal, household, community, and environmental improvement (Horn Relief 2006).

A common deficiency in the Northeast is availability of health care services. Though these tend to be in more available in urban areas there is generally very low health seeking behavior (Kivumbi, 2006). Poor sanitation and hygiene, especially in urban areas, leads to increased diarrhea, a major cause of child morbidity. Micronutrient deficiencies and anemia is rampant in many communities. In general there is very poor dietary diversity due to low incomes, poor care practices, the lack of high nutrient availability, and shock-related coping mechanisms such as decreasing the number of meals during times of stress (UNICEF 2006).

For livestock health, there is also a widespread paucity of proper veterinary services, drugs, and appropriate care practices to preserve the most important asset in a pastoral setting—livestock.

Low **employment opportunity** and lower incomes result in poor household economic standing. Increased urbanization floods an already overstretched casual labour market driving wages even lower (OCHA 2003). The predominantly pastoral Northeast suffers from a lack of

alternative employment (agriculture, fishing, other) due to a generally flat economy, mostly reliant upon livestock-related production systems to stir economic opportunities.

Low **incomes** do not enable proper livelihood investment, strengthening or diversification. Poor and vulnerable households earn low wages which are completely consumed in their basic needs (see Appendix D for expenditure patterns). There is little option to stabilize the livelihood to face immediate shocks to the system.

Immediate causes

- Droughts, freezing rain, Tsunami (shocks)
- Prolonged Livestock ban
- Poor natural resource management/overgrazing/water management practices
- Poor veterinary service access/limited knowledge of animal drugs
- Lack of livestock feed/fodder alternatives

Chronic poverty and vulnerability in the Northeast are also a result of immediate causes such as the multiple-shocks of recent years. Extended drought, freezing rain, a long-standing livestock ban, the Tsunami, floods, and civil strife have ravaged an already fragile ecosystem. The table below depicts some the shocks which have affected the northeast since 1985⁸:

Table 5: Recent Shocks in the Northeast

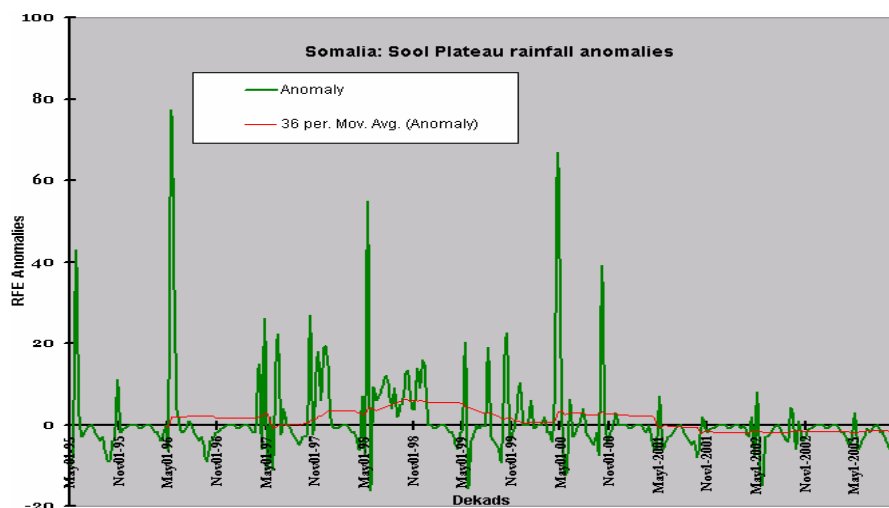
| Year | Details |
|--------------|---|
| 1985-ongoing | Continuous large-scale environmental degradation due to: soil/wind erosion, charcoal production, overgrazing, extensive and pervasive gulley created by oil companies seismic lines. |
| 1991 | Civil War, many men died, civil unrest and clanism. Border disputes between authorities heightened. |
| 1997 | The deyr season was called “ <i>bia badan</i> ” named after the <i>El Niño</i> deluge |
| 1999 | Good rainfall initially in the Sool plateau caused large-scale in-migration. Good rains were next received in Gebi valley and herds moved there. In the deyr shoats were affected by smallpox causing mortality, reducing sales as traders rejected animals. Average terms of trade (1:1). Milk production was normal for camels. The deyr rains were poor |
| 2000 | The <i>Gu</i> season is remembered as “ <i>sulufat</i> ” (“distress”). Poor rains were received in both <i>Gu</i> and <i>Deyr</i> , and animals migrated to various locations including Upper Sool plateau, coastal areas and the Haud of Mudug region. Sand dunes appeared for the first time. Animals were hungry as pasture was scarce and were affected by tick-borne diseases, CCPP, helminthiasis and were anaemic. Milk production was below normal and was only enough for herders. Livestock sales and Terms of Trade were below normal (2 bags for 1 shoat) because of poor body condition. |
| 2001 | The <i>Gu</i> season is known as “ <i>Durwayale</i> ” (“a lot of hyena”) and the <i>Deyr</i> as “ <i>kaleaero</i> ” (“come here and become destitute”). Rains in the <i>Gu</i> season lasted only 6 days. There was high mortality among shoats and no milk production, less mortality and more milk production from camels. Frankinsense harvests were good (for migrant workers and tree owners) but prices were low |

⁸ Adapted from OCHA inter-agency assessment and added from FSAU baseline data

| | |
|-------------------|---|
| 2002 | <p><i>Gu</i> rains were bad – donkeys and cattle (< 5% of households owned cattle) were finished. <i>Deyr</i> rains were mixed with some received in Sool and Nugal (Gebi valley and Sool Plateau).</p> <p>Sanaag coast factories close, leaving fisherman to devise new mechanisms for fish related product sales.</p> |
| 2003 | <p>High mortality among shoats, who suffered an unidentified drought-induced disease (swelling and diarrhoea) – likely to be helminthiasis. Pastoralists migrated to Boh but were pushed out of the area. Haj sales in January were low with 15/20 animals taken for sale failing to get a buyer. Shoats (who can uproot pasture roots) were in a better condition than camels who were very emaciated and couldn't be sold. Mortality was higher among shoats because of disease, but body condition was worse among camels.</p> |
| 2004 ⁹ | <p>Very low and scattered rainfall – intense water scarcity, minimal pasture and poor livestock body condition. Continuation of the drought from 2001. Livestock deaths continue. Abnormal migration to neighboring livelihood zones (Golis, Dharoor and Hawd) Used trucks to transport animals as they had become weak and had to migrate long distances. Increased livestock sales. Social support systems were stressed. Increased debt purchases</p> <p>Tsunami affected Northeast coast. Loss of fishing equipment, destroyed infrastructures, shelter and displaced area communities.</p> |
| 2004 II | <p>Above normal rainfall which increased water availability and improved pasture. In October/November 24 hours of freezing rains in parts of eastern Sool plateau followed by 24 hours of localized flooding, led to high death rates amongst livestock.</p> |
| 2005-6 | <p>War in the south forced population movements into Northeast. Pressure on limited resources and labour opportunities.</p> |

The most recurring shock is **drought**. It is a crisis which communities in the northeast are typically accustomed to but when it is accompanied by other shocks such as freezing rains, Tsunami, and other events, there is little in the way of resistance. Furthermore, since 2000, rainfall has generally been very poor. The graph below depicts recent rainfall anomalies in the Sool Plateau.

Graph C: Long-term rainfall anomalies for Sool-Sanaag Plateau (USGS 2004)



⁹ Adapted from FSAU seasonal analysis

The negative effects of a short-term drought or one or two seasons of poor rains are typically buffered by existing systems. However, a prolonged drought, as depicted above, begins a series of response strategies which eventually lead to complete loss of livelihood and potentially, life.

The coastal ecosystem, along the northern and northeastern coastal areas of Sanaag and Karkaar, which is usually abundant with fish, was also negatively affected by the drought and Tsunami. The drought and **Tsunami** negatively affected the marine supply and destroyed a large number of the boats, nets, and fishing gear along the northeastern coast.

The long-standing **livestock ban** keeps prices lower than potential value. Export figures are now returning to equal pre-ban numbers (see Figure). There is a lack of effective certification process and to lobby external forces maintaining the ban. Recently, sources are justifying lower prices claiming the risk of Rift Valley Fever (FSAU Post Deyr Seasonal Assessment, 2006).

The already poor **natural resource** base further deteriorates during drought, wind erosion, flood, or even normal rain conditions. Poor natural resource management fails to control water run-off, soil, and prevent further gulley erosion. Overgrazing is a result of increasing pressure on small pastures (exacerbated by increased ‘urbanization’ or sedentary communities).

Despite heavy reliance upon livestock, there is little in the way of **veterinary services**. Livestock drugs are available but there is typically poor understanding on how they should be used (Horn Relief and Progressive Interventions 2005). This increases the risk of animal disease, especially during a drought when animals are weaker and proper drug choice/administration is critical.

There is an overall scarcity of alternative **livestock feed**. Almost all herders rely upon rainfed pasture. During a drought when fodder prices quickly increase beyond the means of many herders. Hay production is usually reserved for exported animals and is inadequate to respond to increased demand during times of stress (see image below).

Image 7: Hay Transport Truck from Sanaag on way to Bosasso



In the face of these structural and immediate causes of chronic poverty and vulnerability, many question how communities have survived recent times. The answer is they have relied upon strong social support structures.

4. Social Support Structures and the role of Markets

Following the contextual poverty indicators and a detailed vulnerability analysis, the study looks at existing structures of social support. What do vulnerable households rely upon to safeguard livelihoods and lives during normal times and when crisis strikes?

4.1. Social Support Structures

Credit

To better understand the credit system, enumerators utilized various techniques including interviewing key informants, traders, household members, and community leaders. The analysis uncovered interesting results signifying the critical role played by the credit system in the Northeast.

Credit (*daayn* in Somali) systems characterize many Muslim societies but are particularly relevant in the Somali context. Credit is the backbone of economic transactions. It operates between buyer and trader as well as between trader and wholesaler. Credit is a type of delayed payment which enables flexible transfers through time--at different economic peaks and troughs. It works hand in hand with the seasonality of the pastoral system, providing the necessary buffer for an often unstable system.

The credit system hinges on trust. Trust is by far the most important factor influencing trader's decision to provide credit. While **trust** was given by only 56% of the respondents as the reason to offer credit, **lack of trust** was reported as the reason to stop giving credit during times of stress for 95% of the respondent traders. Relative or kinship and asset ownership represented other important factors in deciding credit lines. In coastal areas, credit is usually provided to individuals who have 'working' family members.

In principle, **most** people have access to credit during normal times. However, during a prolonged time of stress, access to credit reduces considerably. Resources are scarce and competition for credit increases. Economically poor people are often reported as the first to fall out of the credit 'net'. Lack of assets in most cases (67% of respondents) is the greatest deterrents to credit access. Others quickly sidelined are households lacking extended family or with a short history in the area. Kinship ties and 'residential rights'¹⁰ also play a role in keeping people within the credit system; people belonging to majority clans provide more options to reclaim debt.

The table below depicts credit accessibility for different areas and groups. Access to credit in pastoral areas is slightly higher than coastal or urban areas. In Pastoral areas, most respondents (87%) have recently had access to credit. Of particular note is the relatively low credit access for minorities.

¹⁰ defined as: *someone who belongs to the community*, in Bander Beyla.

Table 6: Credit accessibility in different areas/groups

| | |
|-------------------------------------|------------|
| Pastoral Area household respondent | 87% |
| Urban Area household respondent | 83% |
| Coastal Area household respondent | 80% |
| Minority household respondent | 67% |
| Female headed household respondent. | 88% |
| Other household respondent | 90% |

Social Support

Social support systems in the area link the diverse livelihood systems and economies at different times and for specific needs. These social systems are usually based upon kinship, but can also be due to friendship or religious/humanitarian purposes. Social support systems also exist within the market/trade mechanisms with credit becoming very close to social support during long periods of stress.

Remittances from Diaspora provide critical financial support throughout the year. It is estimated that remittances from external sources equal approximately 1 billion USD per annum for all of Somalia (UNDP 2006). Though Karkar and Sanaag are traditionally minor recipients in comparison to its neighbours (Mudug and Sool), international remittance is a very important financial injection into the local economy. In Badhan, for example, the main remittance distributor (Dahabshil) reported average monthly receipts of \$80,000 from internal and external sources. The majority of this was delivered to individual households, rather than to a fund for a community project. Survey indications suggest that limited remittances (of either household or community kind) reach coastal areas.

The form of assistance varies in place and time. In urban areas, social support to poor households can be provided in the form of cash or food whereas in rural areas the transfer might be in the form of lactating animals. In coastal areas, social support might be finding or providing a job for a member of a poor household. Social support is also seasonal, with different needs and diverse options available during the ‘wet’ or ‘dry’ seasons. During the fishing season, support might be in the form of a donated shark fin to a poor household. In a pastoral setting, a long dry season means little milk and support might come from relatives in a coastal or urban area in the form of cash.

Social support can be categorized into three types:

Religious assistance (*zakat and sadaqa*) in the Islamic religion encourages people to support each other. In particular, complex codified systems exist which allow “better off” groups to assist “poorer” households. These systems redistribute wealth and risk within society. They are also a way of balancing social-economic strata and diminish potential social conflict. Social support in this form does not involve direct relationship between provider and recipient. It also ranges from a group of wealthy people sending food or water to a needy community or a local trader gathering resources to assist needy households within a community during difficult times.

Community relations (*Kaalo, Xoologoys, Maal, Gadiid/Cellis*) based social support exists due to friendship or “neighborhood”. Households in needs might ask support from neighbors, even during normal times. This support is often a reciprocal agreement between households. Through these mechanisms the poorest strata also receive attention and support. It applies especially to ‘demographically’ poor households (female headed households, elders, orphans and others). Access to this type of support is related to ‘*belonging*’ in the community. Households or people arriving recently might be targeted only to a limited degree.

Kinship (*Diyo/Maga, Qaraan, Irmansi*) is important for Somalis. Group resources are often managed on a corporate basis. Animals and other assets circulate regularly within a group, often from the better off to poorer strata but this depends on the capacities of the former and the degree of need of the latter. These blood ties might be close or remote, existing beyond country boundaries. During the recent crisis some people reported receiving assistance from remote relatives they had never met.

The table below shows relative access of different areas and groups to social support.

Table 7: Access to Social Support from Respondents in different areas and groups

| | No | Yes |
|----------------------|-----|-----|
| Pastoral respondents | 52% | 47% |
| Coastal respondents | 33% | 67% |
| Urban respondents | 40% | 60% |
| Minority respondents | 53% | 44% |
| FHH respondents | 25% | 70% |
| Other respondents | 43% | 57% |

The low affirmative responses from pastoral areas are attributed to high need but poor availability of assistance. Also notable is the relative difference between social support received by minority respondents (44%) versus female headed household respondents (70%).

Data from the field study indicates kinship-based support is strongest in all areas and household types. Also worth noting is relatively low relative-related access of minority and coastal-area respondents.

Table 8: Social Support contributors

| | Relative | Neighbor/com munity. | Friend | other |
|----------------------|----------|-------------------------|--------|-------|
| Pastoral respondents | 64% | 23% | 2% | 8% |
| Coastal respondents | 50% | 22% | 6% | 18% |
| Urban respondents | 60% | 32% | 4% | 4% |
| Minority respondents | 44% | 32% | 6% | 20% |
| FHH respondents | 58% | 21% | 6% | 12% |
| Other respondents | 70% | 20% | 0% | 10% |

Note: figures are rounded

While credit and social support provides the true safety net to communities, it follows that groups who are unable to access credit and social support would be highly, and perhaps the most, vulnerable. Clans and sub-clans provide extended forms of support when communities

are under stress. Marginalized and minority groups are known to have less access to support networks. From the study undertaken, the following groups have been identified as having fewer support options from kinship and family ties (social marginalization increases from 1-6):

- 1) Majerteen Maohamud Suleiman affiliated groups,
- 2) Warsangeli: smaller sub-clans with little access to internal or external remittances – Muxumud, Adan Yaquub, etc.
- 3) other groups from the Harti system,
- 4) Majerteen and Warsangeli -attached groups: Midgaan, Tumalo, Yibriu, Lojir, Dir
- 5) Somali Bantus
- 6) Oromos and other non-Somali groups

These groups are mainly found in coastal or urban environments throughout the Northeast. Rural communities tend to be more homogeneous and many of the pastoral settlements exist because of strong clan affiliation. However, cases do exist of entire villages belonging to a minority clan which fall completely through the cracks of existing safety nets (such as the community of Bixin in Karkaar).

Market Networks

Market networks represent the critical infrastructure of the local economy, by enabling exchanges between urban, rural and coastal areas. Petty traders have the capacity to bear short-term financial difficulties, and to support local communities during seasonal economic fluctuations. They also have shown great resilience during the recent prolonged drought.

During lengthy and prolonged conditions of economic hardship, petty trading can become a vulnerable activity, with reverberating implications for the all livelihood groups. However, most traders do not lack the ability or the resources to respond to increasing demand¹¹. During times of stress, they are squeezed on one side by the credit they provide and on the other by the need to pay cash to wholesalers. Certain traders partaking in the study reported provided credit to certain individuals exceeding 3 mils SoSh. The average amount of credit detected in the study was 500,000 Sosh. These are reasonably high figures and demonstrate the strong trust between traders and communities.

Markets operate in coastal, urban, and pastoral areas. Markets also support other employment such as wholesale, petty trade and casual labour (portering, etc.), especially in large urban areas. Rural and coastal communities rely on petty trade to furnish the necessary commodities for daily subsistence. During the drought, markets provided the necessary commodities to keep vulnerable households alive when livestock and livestock products were not supporting either nourishment or capitol.

¹¹ However, traders do not have open access to credit themselves. In Sanaag, 63% of trader respondents (n=27) said they had no loan options whereas in Karkar the figure was 46% (n=38)

Image 8: Frankincense collected in Northeast (Bosasso)



Critical to markets is the petty trading activity. Rural and settled communities rely on petty trade to supply the necessary commodities for daily subsistence. For example, one petty trader in a pastoral area who is put out of business due to high debt levels, can affect approximately 20 to 30 pastoral households access to food and other household necessities¹². During times of stress, these traders are squeezed on one side by the credit they provide (and therefore the risk of bad debts) and on the other side by the credit they need to repay to wholesalers.

Some interesting dynamics of the petty traders encountered (see table below) during the field study include the high prevalence of female headed household engaged in petty trading. This signifies the importance of petty trading for women in particular. Most petty trading activities began with personal investment or assistance from family/kin. Note the difference between the credit traders give to customers versus the credit traders receive from wholesalers:

Table 9: Dynamics of Petty Traders interviewed

| | |
|---|------|
| % female headed households | 42% |
| % began business with personal capital investment | 60% |
| % began business with gift from family/kin | 31% |
| % receive credit from wholesaler | 63% |
| % give credit to clients | 100% |

The survey also showed most petty traders in pastoral areas are local or closely connected with the local community, whereas most traders in coastal areas are directly from and closely linked to Bosasso. Trading is not as developed in the coastal areas, where market-integration processes are more recent and mainly related to developments of the fishing trade and the Tsunami-related interventions.

¹² Figure generated from this study's findings and dividing a community's hh population by the average number of traders found servicing a community.

4.2. Aid Response

Due to a lack of revenue and an established socio-political infrastructure, the political authorities are largely incapable of supporting communities, especially during crisis when there is increased need. International and local humanitarian agencies do provide some form of assistance, although most of the assistance in the Northeast has been emergency-related (drought and Tsunami) as the area has received more attention due to recent events.

During the 2001-2004 drought, the following programs were implemented between 2003 and 2005 to maintain lives:

- Food Aid/ Food for Work (WFP, CARE)
- Supplemental Feeding (UNICEF, WFP)
- Cash Relief (Horn Relief/NPA, SCUUK)
- Water trucking (HR)
- Cash for Work (SCUK, HR)
- Rehabilitation and Development of water sources (HR)
- Health care (UNICEF, WHO)
- Veterinary Services (VSF, COOPI)

Little and late response is generally not able to safeguard livelihoods. **The response gap from the international community was not so much in ‘type’ as it was in ‘timing’.** Before an agency can respond to a crisis, certain bureaucratic and operational steps kick in which include: (1) analyze the situation, (2) write situation reports, (3) develop action plans, (4) plea to donors, (5) develop implementation strategies, (6) hire staff, (7) train staff, (8) procure assets, (9) create distribution channels (10) develop a monitoring systems (11) implement operation. There is typically a lag time of months to years before beneficiaries are provided with needed programming. Some agencies are only now providing Tsunami-related emergency support to communities. The Tsunami occurred in 2004.

A petty trader’s story

Asli Shire Deri (age 45) from Sanjilbo (60 Km Qardho) has a family of 9. Some members rotate in taking care of the livestock and berkaad, while she and her two daughters manage their shop. She began the business in the 1990s by selling some of their animals for the initial financial investment. Asli sells milk to traders who resell it in large towns but also sells commodities locally and runs a small tea shop. She receives commodities on loan from the wholesaler and pays him back when the goods are sold. She exchanges commodities and information daily (in all seasons) with the wholesaler using the road-transport system. Asli’s clients might pay with cash or in kind (hides, skins, livestock). At times, especially in dry seasons, they might also pay with honey. During the rainy seasons, milk flows in large quantities and herders have money to purchase shoes and clothes. During the dry season, especially the Jilaal, food and water are in highest demands. Those are the times when she typically gives credit to households she knows and who have animals. “Trust” and “asset” are the words she uses when discussing credit. Family or clan ties are less important, she says. She gives credit up to 300,000 SoSh per person but if that limit is reached the person must sell livestock to pay her back; this can begin another round of credit. A person who surpasses that amount is taken off from the beneficiary list until he clears the debt. Disputes are normally resolved locally, either directly or through discussions with extended family members. Wealthier relatives might help. Asli says she could also request intervention from the traditional Islamic court. Despite the many defaulters during the last drought, she has not called upon these methods of repayment. “How else can people survive”, she says.

5. The Need for Cash-based Programs

In the Northeast, existing safety nets of social support and credit along with a strong market system connecting different livelihood systems were able to stave off massive loss of livelihoods and life during recent crisis. Critically, social support, credit systems, and market-based networks are instrumental in transferring resources from one group to another (“spatial”) and from one season to another (“temporal”). Despite the strength of these systems to provide buffers, they were overstretched. Debt levels became unsupportable, reportedly over USD 100\$ for water alone (UNOCHA 2003) and a large number of traders (approximately 30% of the trader respondents in the study) were forced to close. Social support leveled incomes different wealth groups but lowered the purchasing power of most households, not only the poor and most vulnerable. Some markets remained active but commodities were less available and prices were high (FSAU 2004-2006). Widespread livestock death (up to 70% of camels and over 80% for pack camels, OCHA, 2003) also weakened the market networks which had less reason to exist with no livestock or livestock products to trade.

The overall situation was near collapse and many of the most vulnerable households forced to engage in severe mechanisms of survival including lowering meal quality and frequency, stress-related household splitting, and increasing reliance upon charcoal production.

The study has demonstrated the “need” and the support “gaps” that exist. However, the question remains whether organizations can implement cash-based programs, in particular, to effectively fill the support gap in a socially appropriate manner. Returning to Sen’s ‘entitlements’ and Deveraux’s suggestion that programming address particular needs, we can ask whether cash-based transfers can address production, labour, trade failures and be used to support the transfer (credit and social support) safety nets.

Production-based systems (pastoral and fishing) failures can be addressed by:

1. Addressing the livestock ban with trade policy and certification mechanisms
2. Timely de-stocking followed by re-stocking
3. Increase livestock feed, water, drug availability
4. Replenish damaged/missing fishing equipment

Cash based programs can equally be implemented to address production-based failures. Cash programs can provide for needs numbered 2 and 3 above by a cash-contingency fund, increasing the feed and water availability with cash for work programs.

Labour-based systems (pastoral, fishing, agriculture, petty trade and construction) failures can be addressed by:

1. Providing skills-training to the most vulnerable members of society
2. Public works programs
3. Creating labour opportunities
4. Increasing wages

Cash-based programs can equally be implemented to address labour-based failures. Cash programs can provide for needs numbered 1, 2, and 3. Cash-based programs in the form of

Cash for Skills and kick-starting activities; cash for work programs to provide most vulnerable with cash injects while upgrading the local infrastructure

Trade-based systems failures can be addressed by:

1. Safeguarding civil security
2. Infrastructure strengthening
3. Cash based programs with, perhaps, commodity transfers

Cash-based programs can equally be implemented to address trade-based failures. Cash programs can provide for needs 2 and 3 with Cash for Work to improve roads and transportation systems as well as injecting cash when purchasing power is low due to seasonality or crisis impacting local livelihoods.

Transfer-based systems can be strengthened by:

1. cash-based programming
2. Enhancing community-level governance and protection policies
3. Weather insurance

Cash-based programs can strengthen the transfer system by providing timely cash injections to ensure the social support system is able to continue. The program should also fill the support gaps by ensuring the ‘support vulnerable’ are covered.

Additional programs are needed to ensure the success of these cash-based responses. These are explained in more detail in the concept note (see section 8).

6. Feasibility of Cash Transfers in the Northeast

6.1. Cash-based transfers in Somalia

In Somalia, cash-based programs have been implemented in both emergency and recovery operations. Evaluations of the various programs are generally positive. Three independent post-distribution or cash program evaluations were conducted of late¹³. All reports point to the overall success of the various programs and the positive short term impact on the communities. The findings are summarized below:

Usage Patterns

Most of the cash was used to meet the basic needs of the recipient households. These included purchase of food, water, clothing, education and medicine. Debt was also repaid and this helped re-open credit lines. Households were able to diversify their diets, retain animals (not

¹³ OCHA, Narbeth 2004 Post Distribution Survey Report on ECRP implemented by Horn Relief and Norwegian Peoples Aid; Majid, Hussein, and Shuria 2007 Evaluation on Cash Consortium in Southern Somalia implemented by Oxfam GB, Horn Relief, AFREC, Development Concern and WASDA; Acacia, 2005 External Evaluation Report on Drought Response in Togdheer, Sool, Bari/Nugal implemented by Oxfam-GB, Horn Relief, and Norwegian People’s Aid.

forced to sell assets), and decrease reliance on bush/charcoal product sales. In cases where cash was a one off, small amount, it was only used for food and water purchases.

Projects that extended beyond one or two months saw increased options for cash usage. Recipients were able to withhold sales of animals and this helped keep pastoralists ‘in the system’ beyond the shock period

There was no report of misuse but there is much suspicion of cash being used for kaad or arms purchase. In most studies, this was not reported as a major problem.

Stakeholder discussions in Badhan and Garowe did highlight the need to work with communities on ensuring *kaad* usage does not augment due to increased income from cash-related projects. Staff from implementing organizations report that *kaad* purchase is generally increasing, particularly in pastoral settlements which were once *kaad*-free. This poses a direct usage problem for cash-related programs and included as an issue to address in training and other risk mitigating strategies.

Respondents were asked about recent cash-based programs. Interviews revealed the following usage patterns:

Table 10: Usage of emergency versus non-emergency cash (monthly)

| Usage | Emergency Cash program | Non-Emergency Cash program |
|------------|------------------------|----------------------------|
| food/water | 75% | 57% |
| gift | 9% | 0% |
| debt | 10% | 21% |
| health | 1% | 4% |
| other | 5% | 18% |

Other: (starting petty trade, building shelter, and clothing)

From the study findings, non-emergency cash programs recipients spend more funds on debt and other sources (clothing, starting petty trade, building a shelter). This implies cash-based interventions can support alternative usage patterns if given in a non-emergency context. Additionally, respondents were asked if they received a one-off cash allotment of USD \$300, what would usage options include. Respondent revealed the following:

Table 11: Expected usage of emergency versus non-emergency cash (300 USD)

| Usage | Emergency Cash of 300 USD | Non-Emergency Cash of 300 USD |
|------------|---------------------------|-------------------------------|
| food/water | 55% | 61% |
| gift | 0% | 0% |
| debt | 7% | 10% |
| health | 2% | 3% |
| other | 36% | 26% |

Other: (starting petty trade, building shelter, and clothing)

Despite inconclusive differences between emergency and non-emergency related usage patterns, there is a general trend which indicates that non-emergency related capital (larger one-off sums) injections would be utilized for additional (i.e. other such as shelter and petty trade) related activities.

Impact on the Environment

Providing cash prevented some recipients from relying on charcoal production which has devastating negative effects on the environment. A majority of the projects were Cash for Work, drought mitigation and rehabilitation projects. These helped revive a fragile ecosystem. In some cases, the communities saw the positive impact on the environment and kick-started their own conservation projects.

Impact on the Community

When projects involved local committees, there was an improved feeling of ownership. Communities also saw the committees as mechanisms for improved governance.

Involving the ‘clan’ system was deemed positive and necessary. Attempts to side-step this important social system could cause more problems than actually embracing and leveraging the system during the project.

The field study also revealed positive impact of recent cash-based interventions on the local community. Key informant interviews overwhelmingly (100%) reported the positive impacts cash-based programming had on the community, and in particular increased pride and ownership of cash-related infrastructure rebuilding.

Impact on the Local Economy

Depending upon the length of the project, the cash injection into the local economy was profound but short lived. There was an increased demand for goods and services and the cash generally revitalized the local economy. Credit lines and previously stagnating business were re-opened or re-invigorated.

Traders reported only positive effects of cash-based programs in Sanaag and Karkaar by implementing agencies. Most trader respondents (98%) reported that cash-transfers assisted in reducing debt burdens which were incurred during the recent drought.

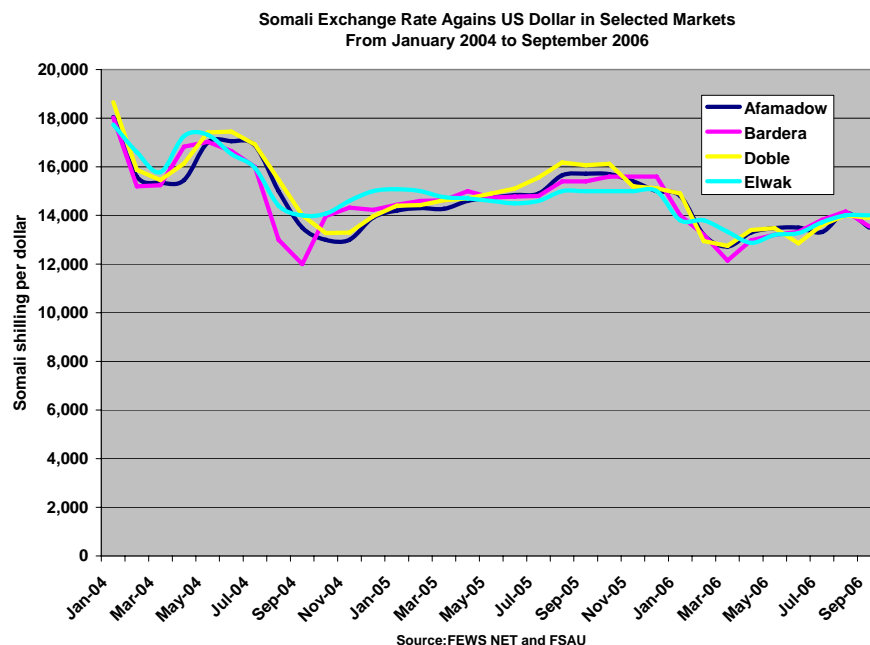
Exchange Rates and Inflation

In most cases there was no report of inflation. Monthly transfers were small and regular, limiting the risk of inflation. However, exchange rates did seem to vary depending upon proximity to urban areas. Some money changers gave lower rates and cash distributions in some rural areas resulted in a lower value. Using *hawala* is largely regarded as positive and helping keep exchange rates low.

The study found that commodity prices and exchange rates were reportedly not inflated during cash-based interventions in the Northeast. Market systems were able to absorb the increased demand without inflationary results.

The post cash-distribution evaluation in Southern Somalia also found no significant inflationary issues, as the graph below demonstrates:

Graph D: Changes in Exchange Rate post cash-distribution (FSAU 2006)
 Note: Project Begin Date – June, 2006



Impact on gender and household relations

Many of the projects targeted women. Women were also involved in the selection process to ensure equitable voice. The field study household questionnaire asked who manages the cash or food aid with the following results:

Table 12: Who manages the food/cash aid?

| | Man | Woman |
|----------|-----|-------|
| Food aid | 11% | 87% |
| Cash Aid | 50% | 50% |

Management of cash-based programs is a dual responsibility whereas women tend to manage the food aid. Furthermore, the study found there to be no inter-household issues being created by previous cash-based interventions.

Potential Weaknesses

The assessment uncovered various weaknesses which include:

- micro-projects could have benefited from improved technical guidance
- the timing of some of the projects could be better. During the height of the dry season when pastoral income is limited
- project monitoring was overly complex and late

- better calculation of household size (6 is often incorrect)
- improved coordination with partner agencies for maximum program impact

Additional weaknesses from the recent field study revealed weaknesses which are not necessary only descriptive of cash-related projects. However, they include the following:

- projects were generally too short-lived
- not enough awareness generated high expectations (recipients expecting follow up projects)
- programs were not complemented with additional support (how to increase community awareness of new skills that were developed, etc)

It should be noted that despite the positive picture, the projects are all fairly recent (from 2003 onwards) and the longer term effects, such as dependency, revitalization of natural resources for the longer term, and ability of the cash programs to ‘graduate’ recipients out of chronic vulnerability can only be assessed in time.

Results from the field study also indicate that cash-based programming is generally feasible. When asked about previous cash-based programs in the area, Key informants reported that there were no political problems (96% of respondents), no social related incidents (97% of respondents) and little to low security risk were noted (88% of respondents). A women’s group in Badhan did report that there was an incident during a cash distribution involving the Somaliland and Puntland authorities but this was quickly resolved.

An internal evaluation, amongst staff of both organizations, revealed interesting perceptions from those who implement cash-based programs directly. Overall, the assessment was very positive and concludes that despite the typical difficulties in implementing programs in general, cash-based programs work well in the Northeast. The internal project review matrix is included as Appendix F.

6.2. The Logistics of Money Transfers

A key element in the feasibility of cash is the financial system with which funds are transferred. The pervasiveness and reliability of the *hawala* money transfer companies in the area simplifies the logistical and security issues around cash-transfer programming.

In many evaluations, the consensus is that the transfer companies were fast, reliable, and secure. Since the *hawala* companies absorb the security risk, it is generally believed that transfer of cash can be safer than commodity transfer since cash is not transported across international borders. Many of the larger urban areas have quick access to funds either directly from the *hawala* company branches or indirect transfer. In rural and coastal areas, however, there are fewer communication mediums and most people rely on telegram or HF radio for communications regarding money transfers. Only 37% of the sites visited have money vendors companies present. This fact alone, however, is not seen as a key deterrent to transferring cash to more remote areas if arrangements are made with the *hawala* to go directly to rural areas to pay the cash payments to project beneficiaries rather than burdening the vulnerable households to incur transportation costs to coming to more urban locations.

6.3. Market and Trader Networks

Another key element in cash transfer programming is whether barriers could arise to access markets or whether traders are capable of responding to the increased demand without increasing prices. Though a thorough market analysis was not possible, some relevant facts do point to an overall enabling market and trader system.

In the study area, markets are generally accessible to most of the pastoral, urban, and coastal population. Market access, even in rural areas is quite strong, as seen in the table below.

Table 13: Market Access and other dynamics

| | |
|---|-----------------------|
| Access to at least one market/shop/camp | 98% of respondents |
| Access to more than one market/shop/camp | 80% of respondents |
| Average time to reach market – Sanaag | 2.5 hours (average) |
| Average time to reach market - Karkaar | 3.2 hours (2.5 in Gu) |
| Access to market during 2001-2004 drought | 75% of respondents |
| Weekly visits to market/shop/camp | 90% of respondents |
| Biweekly or more visits to market/shop/camp | 55% of respondents |

There is relatively good access to markets, even in remote pastoral areas and even during the drought, most respondents could access a market. In Sanaag **pastoral** sites, 70% of respondents still accessed markets during the prolonged drought compared to 85% Sanaag **coastal** sites. In Karkaar, 53% of respondents in **pastoral** sites claimed having access to markets during the drought compared to 75% in **coastal** sites¹⁴.

Traders questionnaires also reveal the flexibility in accessing wholesale markets in more urban areas. In Karkaar sites, traders are able to get transport service to the wholesale market approximately every 2 weeks (with more frequent service in Deyr). In Sanaag sites, transport service to wholesale markets was weekly, drawing out the relative difference between the two areas in terms of physical infrastructure and distances to Bosasso. Similarly, in Sanaag sites, wholesale supply took slightly less than a week (6 days) throughout the year (slightly longer during Hagaa) but in Karkaar study locations, the average supply time was approximately 8 days (and again, slightly longer during Hagaa).

Image 9: Livestock traders (Sanaag)



¹⁴ Differences in figures could be due to relative importance this question was given by the different teams.

Traders in Karkaar sites reported extending credit lines up to 1,000,000 SoSh with an average credit of 470,000 SoSh. In Sanaag sites, the credit traders offered reached 3,000,000 SoSh with an average credit of 670,000 SoSh. Though the drought did cause debt levels to soar and some traders were forced to close, in the study areas approximately 65% of traders responded they were able to continue operating despite very poor sales and stretched credit lines.

7. Expected impact on existing systems, general risks and mitigating strategies

Of particular concern in many programming decision, not only cash-based, is the potential negative affect the external source will have on local support and coping mechanisms. In Somalia and in particular in the Northeast, there is a delicate balance between political and social forces. Aid programming must take these into account and not disrupt the already delicate socio-political environment.

7.1. Expected Impact on Existing Safety Nets

The evaluation of previous and ongoing cash-based programs signals the positive impact cash has on local coping, credit, and social support systems. In fact, there were **no** serious issues created by cash-based programming. The recent field study revealed similar findings in terms of credit, social support, markets and other key systems vital to livelihoods in the Northeast.

Credit

Traders welcomed the cash injection which helps restore business and lines of credit. Recipients of cash-based programs were not cut off from existing credit systems. ***So no negative and only positive impacts on the existing credit system is a strong indication that cash would actually strengthen one of the vital existing local safety nets, rather than weaken it.***

Social Support

The other key safety net is the social support system. The study revealed that social support was not negatively affected by cash distributions. Indirect questioning revealed no negative effect on social support systems. Recipients of cash-based programs were not cut off from social support systems. In Sanaag sites, 90% of respondents who were recipients of cash programs were still accessing social support. In Karkaar sites the figure was 80%. The findings, however, are not conclusive since the indirect questioning can also be interpreted as high numbers of beneficiary households also receive social support. ***Nonetheless, it would be reasonable to draw the conclusion that cash would have no negative impacts on the existing social support systems.***

Markets

Market availability and accessibility also implies that cash-based interventions would only strengthen the local trader infrastructure. There always remains an inflationary risk but close ties between traders and communities (except perhaps in certain coastal areas where there is not a long history of trading) implies that traders would be held accountable by buyers.

Nonetheless, the overwhelming consensus is that cash-based programs are not only feasible but very effective in preserving both lives and livelihoods, as concluded by researchers in a recent evaluation in southern Somalia:

The cash itself has proven to be highly appropriate as a commodity to save lives and livelihoods, in particular by re-opening credit lines and supporting trading systems. In addition, the use of the hawala system, through Dahabshil, to manage and distribute the cash, delivering it directly into people’s hands, has proven very successful.
(Oxfam GB and Horn Relief Southern Somalia Cash Consortium, 2005)

7.2. General Risks and Mitigating Strategies

There are indeed various risks with cash distributions in general, and in the Northeast of Somalia in particular. In previous cash-based programs, the evaluations concluded that risks can be minimized with proper awareness, strategies, and monitoring systems. Nonetheless, the potential negative consequences of improper risk mitigation procedures could jeopardize the safety and stability of the recipient households and communities.

The following list is a compendium from various studies of various risks and risk minimizing strategies for cash-based programming in the Northeast:

Table 14: General Risks and Mitigating Strategies¹⁵

| Risk | Detail | Mitigating Strategies |
|-----------------------|---------------|--|
| Financial | Inflation | <ul style="list-style-type: none"> • keep distribution amounts regular but low • consider distributing commodities (water, food, etc) along with cash • distribute smaller amount to a larger area • ensure commodity access problems do not exist (roads inaccessible due to insecurity/floods/etc) |
| | Exchange Rate | <ul style="list-style-type: none"> • determine whether USD or SoSH is more appropriate given current exchange rates in specific area • establish agreements with local money changers and ensure they are aware of continued program |
| | Amount | <ul style="list-style-type: none"> • consider flexible quantities based upon number of current dependents, not household size • determine whether amounts should be different for different areas -cost of exchanging money might be different in more remote areas |
| Security (and Access) | Theft | <ul style="list-style-type: none"> • contract most effective <i>hawala</i> in the area to distribute and ensure secure transactions • use financial institutions to transfer funds from outside the country |
| | Political | <ul style="list-style-type: none"> • get political ‘buy-in’ with all stakeholders, including and especially between authorities in contested areas • involve local authorities in decision making and monitoring |

¹⁵ Aggregated findings from this study and the following sources: Oxfam, HR et All Evaluation of Cash Consortium in Southern Somalia 2007; OCHA, Nabeth Post Distribution Survey 2004; Horn Relief, Novib, ECRP Final Report 2004; Acacia Consultants, Evaluation of Cash Relief, 2004

| | | |
|--------------------------|----------------------|--|
| | | <ul style="list-style-type: none"> engage clan elders and utilize existing clan-based systems as circumventing these could have detrimental consequences |
| | Between communities | <ul style="list-style-type: none"> raise awareness (radio, meetings, paper) programming based upon ‘technical’ assessment of needs in certain communities ensure different communities understand targeting decisions and share objectives with them |
| | Within communities | <ul style="list-style-type: none"> raise awareness (radio, meetings, paper) include communities in decision making, distribution, and monitoring (social audit) create community/village committees demonstrate programming was based upon ‘technical’ assessment of needs in certain communities include existing social infrastructure – local authority, elders, women’s groups, etc |
| | Between households | <ul style="list-style-type: none"> raise awareness (radio, meetings, paper) include marginalized/minority households, child headed, elderly headed, etc. in decision making, distribution, and monitoring create community/village committees inclusive of above groups demonstrate programming was based upon ‘technical’ assessment of needs in certain communities |
| | Within households | <ul style="list-style-type: none"> raise awareness (radio, meetings, paper) ensure women and men involved in process ensure children’s needs are met by monitoring nutrition, education, health care indicators |
| Usage ¹⁶ | Kaad and anti-social | <ul style="list-style-type: none"> raise awareness (radio, meetings, paper) develop programming to explain dangers of ‘kaad’ ensure women are able to receive and manage funds create social audit within community monitor kaad usage in community determine how best to modify program based upon monitoring results |
| Dependency/ Expectations | | <ul style="list-style-type: none"> raise awareness (radio, meetings, paper) ensure community (recipients and non-recipients) are aware of program objectives and end date |

¹⁶ Household income spent on qaad consumption from WSP estimates yearly expenditures on qaad are \$176 for poor, \$330-924 for middle, and \$1,542 for wealthy. Compared to school fees \$33.25 for poor households and \$50 per child/year for better-off households per year. (SCUK Baseline Study, Jane MacAskill, 2006)

8. Cash-based Social Safety Net Programming in the Northeast: A Concept Note

Focus[ing] solely on saving lives in the very short term is insufficient because disaster-affected populations pursue their own strategies to maximize the trade-off between both lives and livelihoods in order to save the most lives over several time periods, not just the present. These realities should motivate relief organizations to prioritize some of their limited resources to foster self-sufficiency and productivity in disaster-affected populations, rather than the current near-exclusive focus on the short-term survival of the most vulnerable (Lautze 1997).

8.1. The Problem: Chronic poverty and vulnerability

Chronic poverty and vulnerability in the Northeast is the result of structural and shock-related phenomenon. The lack of effective government, a fragile ecosystem, and a poorly skilled population with little employment opportunities enable a highly risk-prone environment.

The existing safety nets, credit and social support, do provide a buffer. A strong market-trader network links livelihood systems, communities, and ‘split’ households, enabling an infrastructure for the social transfers. However, during an extended crisis, particularly shocks which impact the pastoral system, these safety nets are largely insufficient. Social support is over-stretched, credit is limited to few, and the trader-market network loses incentive to exist. Furthermore, safety nets gaps exist. Social support does not address the needs of the entire population as ‘support poor’ households are prone to marginalization during severe crises.

The study has shown the immediate and underlying causes of poverty and vulnerability. These problems cannot be addressed solely with **emergency response** programs.

8.2. The Solution: Cash-based Social Safety Net Programming

Social Safety Nets, as defined by the World Bank, are non-contributory transfer programs targeted to the poor or those vulnerable to poverty and shocks. Program implementers identify the most vulnerable members of the society and match them with methods of social protection varying from regular monthly payments (short or long term) to one-off capital injections.

Well established social safety net programs can achieve the following:

- support local governance structures to maintain peace and develop local policies for social inclusion, gender equity, and child protection
- reduce environmental degradation with awareness training and alternative income opportunities
- build and support critical infrastructure (jetty, dike, dams, roads, schools, human/livestock health facilities, water and sanitation structures, etc)
- increase awareness, skills, and develop initiatives for natural resource management (in agricultural, pastoral, and coastal settings)
- increase community knowledge of best practices for human and livestock health, child nutrition, and water and sanitation
- for the most vulnerable members of the community, develop skills training and provide viable alternative livelihoods options: particularly in agriculture and fishing but also in pastoral support initiatives (short and longer term labour generating activities)

- develop, with communities, risk management plans and provide mechanisms that support early livelihoods protection
- maintain asset base of recipient and non-recipients (knock-on effect) before and during a crisis
- develop critical livestock infrastructure: increase water points, increase fodder production and develop storage for fodder, develop alternative livestock feed options

8.3. Rationale for Cash-based Safety Net Programming

Feasibility and Effectiveness

In Somalia, cash-based programming is a proven feasible and effective programming option. In the Northeast, financial and security infrastructures are largely in place. Cash-based programs are more appropriate options to tackle chronic poverty and vulnerability in the Northeast because they support existing local and traditional systems such as the following:

- *livelihood system interconnectivity* – cash reinforces the links between livelihood systems because it does not prescribe needs and recipients are able to transfer funds from one system to the other depending upon the particular need within each system.
- *household splitting for income diversity* – cash enables split households to share resources. Households in different areas can easily transfer cash from one location to another, based upon the need. This is simpler than to transfer other commodities or structured aid.
- *market systems* – cash strengthens markets and market systems by providing increased purchasing power in rural, coastal, and urban areas. Further incentive for petty trader and wholesale businesses to commence or continue their business. As a result, market system infrastructure (roads, communication, etc) also improve due to increased demand
- *credit systems* – cash provides relief to creditors and debtors and re-instills the critical element of ‘trust’. Timely cash transfers allow traders to extend credit and maintain business despite seasonal fluctuations.
- *social support systems* – by increasing the availability of cash in a local setting, funds are available to share and transfer between friend, neighbor, and relative.
- *seasonality* – timely cash interventions provide support during the most critical times of the year for all livelihood systems (particularly herders and fishermen). Cash is flexible and might also be saved and used when the recipients feel it is the most appropriate.
- *shocks* – timely cash transfers provide options for crisis risk management and prevent livelihood loss in the face of an oncoming crisis. Shocks are complex and timing is critical to ensure minimal livelihood loss - cash gives the recipient the decision making role.

- *hawala* – money transfer companies provide the necessary backbone for the logistical and security issues around cash transfers. Cash programming supports and strengthens these local financial institutions who, in turn, improve transport and communication infrastructures.

Effectiveness in preventing destructive strategies

Cash-based programming is also effective in reducing destructive practices. Appropriate cash programs would provide alternatives to the following socially and environmentally harmful practices in the Northeast:

- *split households due to stress* – cash programming allows households to stay intact during crisis when vulnerable groups tend to send family away for nourishment and to look for income opportunities.
- *charcoal collection* – cash injections allows alternative income source to destructive environmental degradation practices.
- *reducing meal number and diversity* – cash transfers maintain household incomes so negative nutrition practices are not undertaken
- *child protection* – cash transfers provide additional income to vulnerable households so children are not forced to work and can attend school
- *school drop-out* – cash transfers supplement incomes so that children are not taken out of school during crisis.
- *women employment* - cash programs can provide alternative income for women who often are forced to care for children and provide labour to generate additional household income

Cost Effectiveness

Cash provides knock on effects to the local economy and, as long as markets are flexible, commodities are available, and recipients do not have access constraints, also benefits the non-recipient. Cash also is quicker and proved in many studies to be more cost effective (Harvey 2005).

Cost effectiveness is, in fact, used as the principal justification for cash-based interventions over commodity distributions. A recent study in southern Somalia by Oxfam GB, Horn Relief and partners demonstrated that cash assistance was 17.4% more efficient than food aid (Majid, Hussein, Shuria, 2007)(see *Appendix E* for detailed analysis) .

Cost-benefit analysis is used to demonstrate how timely response to emergencies can save not only lives and livelihoods but also funds that would be used after an emergency occurs. The following is an example of the cost of providing supplementary feeding for animals during the drought in Ethiopia (Aklilu and Wekesa, 2001 and ICRC 2006):

- 180 tonnes of feed at US 267\$ per tonne cost a total of US 48,000\$
- this was enough to feed 8,000 small stock daily for 3 months.
- at the end of the drought, these animals were worth US 20\$ each, a total value of US 160,000 \$.

In the Northeast of Somalia, a 6 ton lorry with hay fodder costs an average of \$300 USD. This is enough to feed 100 goats and sheep (the size of a majority wealth group herder's herd) for over 3 months¹⁷ 100 goats are worth approximately \$3,000 USD. This is not considering the income generated from milk sales.

This example is for merely one herder household. There are cost-savings in numbers (if more herders join together to pay for multiple lorry loads, etc). Timely cash programming could have prevented livelihood loss. The cost of replacing the livestock in the above examples is \$160,000 and \$3,000, respectively. The savings also include support costs of maintaining these household (and many more like them) with emergency response programming.

Early protection in this case not only prevents livelihood loss but decreases the burden on the local system. These households become increasingly dependent upon the safety nets, putting further stress on the local support systems.

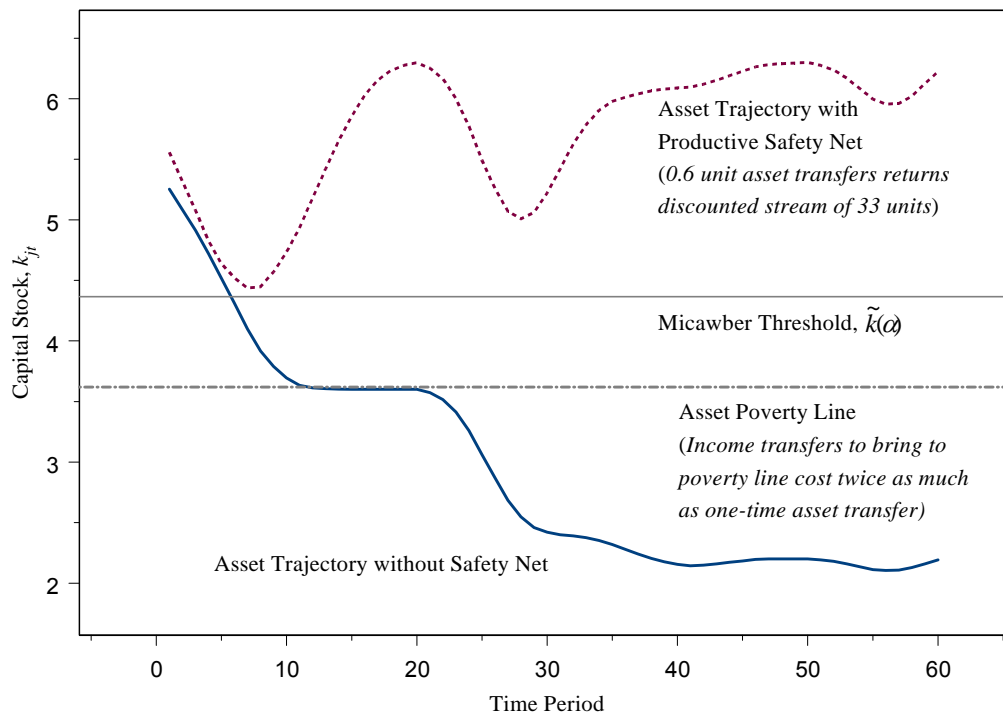
Cost Saving through Asset Maintenance

The typical delay of aid response to crisis increases the funding requirements in the longer term. If households are supported in a timely manner in the face of a crisis, there is a higher likelihood they will not need support after the emergency. Thus, it is important to assist potentially "shock-affected" households so they can maintain their livelihood assets. As Carter (and Barret) suggest, productive safety nets (appropriately targeted social protection programs) from a capital investment perspective, cost less than responding in the longer term. The graph below depicts a scenario where longer term transfers would cost 'twice as much' as a one time capital transfer (see graph below).

¹⁷ Estimated figures from local experts based upon non-drought prices of fodder

Graph E: Asset Trajectory with and without Safety Nets (Carter [and Barret] 2006)

Vulnerability & Productive Safety Nets



8.4. Safety Net Program Package

The recommendation is to develop a **safety net program with cash** as the principal item of transfer. Additional commodity inputs might be necessary to complement cash (food, water, medicine, etc) when markets or mechanisms for purchasing important commodities are blocked or unavailable. Cash, however, is the focus because it provides important ‘knock-on’ effects to non-recipients and stimulates the important trader economy in the Northeast. Since program resources are typically limited and organizations need to cast a large safety net, cash also provides more indirect benefits to the communities.

The safety net program achieves positive results by focusing on three general types of interventions:

- **Livelihoods Strengthening**
- **Infrastructure Rehabilitation**
- **Disaster Risk Management (Contingency Fund)**

The safety net ‘package’ tackles the key underlying causes of chronic poverty and vulnerability by providing *Cash for Skills* and employment opportunities to the most vulnerable households in pastoral, urban, and coastal areas; rebuilds critical local infrastructure with *Cash for Work* programs; provides quick cash to shock-vulnerable households before and during a crisis with a *Cash Contingency Fund* for risk management.

8.4.1. Cash for Livelihoods Strengthening

A. Objectives of the program

The Cash for Livelihoods Strengthening program builds upon existing livelihoods diversification already underway in the area. The program seeks to increase the skill-base of vulnerable household members and kick-starts alternative employment schemes. The program addresses the high rate of unemployment, especially amongst the most vulnerable households of the community. The program targets the most vulnerable households (10-15% of community) in pastoral, urban, and coastal areas. The rationale is that to end chronic poverty, vulnerable households need longer term employment opportunities.

B. Why a cash-based program?

As noted above, cash is the basis for all projects due to the direct and indirect benefits for both recipients and the community in general. Specific to this program, cash-based training, skills and employment programs are the most effective method of providing households with immediate and effective incentives for livelihood enhancement. Cash is provided during the training to ensure participants in the household, who typically are the bread winners, are able to continue supporting the family. Cash is also provided to kick-start the activity with funds to purchase inputs such as beekeeping equipment, fodder bank structures, fishing gear repair kits, livestock drugs, etc.

C. Operational Modalities

Agencies identify appropriate existing or alternative livelihood options in different livelihood systems (pastoral, coastal, agriculture, urban) and target Cash for Skills for direct benefit of vulnerable households. Key points in the program include the following:

- Agencies and community committees develop a list of possible project options which fit the local environment and interests; market analysis is conducted to understand the most viable activities
- Committees and agencies work together to identify the most vulnerable households (10-15%) in the community
- Selected households would identify an active member to partake in the program
- Projects should have equal opportunity for consideration of gender and youth accessibility
- Recipients should be offered a menu of choices and specific projects chosen by both recipients and agencies. Project types should not be forced on recipients but a proper matching of skills and interests
- During the training recipients receive per-diem cash allotment to cover household expenses while the active member is engaged in the training.
- Proper awareness training for the larger community and for the recipients is conducted at beginning, middle, and completion of project
- Upon completion of the training (inclusive of business skills training in certain cases), recipients are given 'kick-start' funds depending upon the costs of starting the activity.
- Kick-start funds are available for 1-4 months after the training depending upon when the activity becomes self-sufficient.

- Recipients are also given technical support for a short period to ensure skills transfer becomes practical in the evolving setting.

D. Project Types

The following are examples of projects that enable longer term employment opportunities for the most vulnerable households:

- Cash for Skills and Alternative Livelihoods
 - Details:
 - farming (prod, fertilizing, watering, etc)
 - beekeeping
 - fishing
 - salting
 - fishing equipment repair (boat, net, gear)
 - petty trade
 - casual labour (construction, etc)
 - salt mining construction/rehabilitation
 - Recipients: vulnerable households including youth and women in pastoral, urban, and coastal areas
 - Method: Cash for Skills with per diem cash payouts for attending the trainings and kick-start funds to purchase materials
 - Purpose: to offer training in relevant skills and provide options for alternative employment to most vulnerable households. Households would ‘graduate’ out of *chronically vulnerable* status in time
- Cash for Skills and Pastoral System Support¹⁸
 - Details:
 - fodder production / collection / storage
 - water and land management (berkad/well building/ erosion control / micro-catchments / reseeded (with Sudan/Columbus grass)
 - veterinary services
 - Recipients: vulnerable households in pastoral areas
 - Method: Cash for Skills with initial capital investment to kick-start skilled recipients in alternative livelihood. Fodder production areas include the Gebi Valley in Sanaag and Dharor Valley close to Karkaar. Participants in farming activity are given a wind-mill water pump to conserve fuel and related costs.
 - Purpose: to provide skills and employment to vulnerable household members related to the pastoral system; indirect benefits strengthen the pastoral ecosystem with improved pasture and water availability, veterinary services, increase availability of fodder that can be sold during times of need, etc.

¹⁸ References here are made to ICRC, Piers Simpkin Livestock Study; also NGO Consortium Drought Response by Acacia Consulting 2005

E. How the program supports existing systems

The program contributes to existing safety nets in the following ways:

- lessens the burden on existing safety net systems to support vulnerable
- programming also reaches recipients who fall through the safety net system (minorities, etc)
- strengthens pastoral system with appropriate supporting activities
- supports interconnectivity of livelihood systems by providing alternatives to pastoralism

8.4.2. Cash for Infrastructure Rebuilding

A. Objective of the program

The **work** projects are geared towards building or rebuilding critical local infrastructure such as roads, schools, dams, dikes, water points, etc. The work program targets the most vulnerable household members of the community who are not selected in the Cash for Skills program. These households (20% of the community) are supported with cash after providing temporary work services. Project participants are also well-trained in work program skills. These skills should be harnessed to sustain the infrastructure in the future.

B. Why a cash-based program?

Specific to this program, cash projects are the most effective method of providing households with immediate capital to utilize for livelihood support. Cash is provided during the work programs as payment for labour services. This program also addresses the high rate of unemployment in the area though with shorter-term employment activities.

C. Operational Modalities

Agencies and communities identify appropriate infrastructure building and rebuilding options in different livelihood systems (pastoral, coastal, agriculture, urban). Targeted Cash for Work for direct benefit of vulnerable households include the following steps:

- Agencies and community committees develop a list of possible project options which fit the local environment and greatest need
- Committees and agencies work together to identify vulnerable households (20%) in the community who do not partake in the other programs
- Selected households would identify an active member to partake in the program
- Projects should have equal opportunity for consideration of gender and youth accessibility
- Proper awareness training for the larger community and for the recipients is conducted at beginning, middle, and completion of project
- Participants in the Work projects are capable of engaging in other similar work-related projects in the future
- One or two recipients are maintained in a longer term contractual basis to ensure the infrastructures are properly looked after.

D. Project Types

The following are examples of projects that build or rehabilitate key local infrastructure which strengthens the communities' resilience to natural shocks and builds a solid structural base to address chronic poverty:

- Cash for Work
- Details:

Pastoral Areas

- Water point rehabilitation (wells, berkads, catchments, etc)
- Seasonal erosion control (gulley, wind, rain, hail, soil,etc)
- Health posts building/rehabilitation
- School construction/renovation
- Livestock health center creation
- Dam construction
- Tree planting

Coastal Areas

- Jetty construction
- Dike construction
- Salt mining construction/rehabilitation
- Factory rehabilitation¹⁹
- Garbage Collection

Urban Areas

- Road/culvert building and reconstruction
- Health posts building/rehabilitation
- School construction/renovation
- Shelter construction/rehabilitation
- Garbage collection

E. How the program supports existing systems

The program contributes to existing safety nets in the following ways:

- strengthens different livelihood system infrastructure with targeted activities
- lessens the burden on existing safety net systems to support vulnerable
- programming also reaches recipients who fall through the safety net system (minorities, etc)

¹⁹ The fish factories are key to the employment opportunities of local fishermen. Wherever possible, agencies should strive to work with factory owners to re-open factories (especially in Las Qoray)

- builds/rehabilitates the infrastructure which market systems rely upon to transfer critical goods to and from main markets

8.4.3. Cash-based Disaster Risk Management Programming

A. Objective of the program

The model of emergency response is gradually changing and actors are becoming increasingly aware of the benefits of early prevention. Perhaps the increased popularity of cash-based programs is a fortunate coincidence but it allows us the opportunity to recommend not only early response but cash-based early response²⁰. Furthermore, the appropriateness of a ‘fund’ approach has gained much popularity of late as mechanisms of financing both emergency and development efforts (see Scan team, Development Initiatives and Oxford Policy Management, 2007).

During a crisis, it is important to respond during the early stages to **prevent** asset losses and avert strategies which weaken livelihoods.

*“In the early stages [of an impending disaster] coping strategies tend to involve **less costly actions** such as sale of non-productive assets or migration of family members. In later stages, however, households [...] are forced to sell productive assets or employ other costly coping strategies, such as removing children from school”* (Hess, Wiseman, Robertson, 2006).

B. Why cash-based programs?

The Disaster Risk Management plan includes a cash-based contingency **fund** to support shock-prone communities. While the livelihood, infrastructure and training programs target the most chronically vulnerable members of the community, the contingency fund casts a larger safety net recognizing that a larger percentage of the community is shock-vulnerable. The contingency fund provides **pastoral** and coastal communities with **cash** as immediate assistance to minimize large-scale livelihood loss in anticipation of, and during a crisis. Prior lessons learned and analysis from the study shows that shock-vulnerable households do not have alternative means of livelihood protection during a crisis. Cash is preferable because it allows choice and alacrity. A cash-based fund is available before hand and cash is immediately accessible.

C. Initial Considerations

Early livelihood protection systems²¹ require considerable effort and thus longer-term commitments. In order to provide timely response in a crisis the proper mechanisms must be in place beforehand so that recipients are quickly able to access the cash and utilize it in a preventative manner. This is only possible where organizations have a historical presence and are embedded in the local landscape. This is fortunately the case with Horn Relief and increasingly the case for Save the Children, UK.

²⁰ See Hess, Wiseman, and Robertson, Discussion Paper, Ethiopia: Integrated Risk Financing to Protect Livelihoods and Foster Development for a discussion on early drought preparedness concepts using a tranche system of various allotments of cash.

²¹ The term appears in Ibid 2006

The fund, therefore, is not calculated using a typical ‘household needs basket’ approach but the cost of sustaining the livelihood, and in this case the pastoral livelihoods, during a crisis. This is a significant difference between a pro-active contingency fund that safeguards activities versus re-active emergency response programs which target lives.

The concept of a pastoral early warning system and risk mitigation plan is related to recent initiatives from ICRC as explained in the Horn of Africa Regional Livestock Study. The regional livestock study includes a concept of a ‘tracking strategy’ which identifies crisis triggers appropriate responses in anticipation of wide scale livestock loss. The tracking strategy and is yet to be fully implemented²² (see Appendix G for Tracking Strategy diagram).

With a similar approach in mind, this study identifies an important component in early response using a ‘contingency fund’. Further development on this concept into real stages with appropriate ‘triggers’ is needed. The study does not include triggers related to a coastal early warning system though this should be developed to properly anticipate large-scale losses to fishing-related livelihoods.

D. Operational modalities of the Cash Contingency Fund

➤ How to populate and keep it active

The fund is financed by an initial investment of a donor and is located in a non-Somali banking system so that it can gain in interest. When necessary, the distribution amount would transfer to a Somali *hawala* money transfer company which handles the transaction and ensures security to the recipients. This ensures both speed and interest gains.

The fund would prove positive in the first implementations and thus convince donors that early response (refilling the fund) saves money and livelihoods. To provide the necessary proof of the fund, close monitoring of future crisis includes how households used the cash to sustain their livelihood (see monitoring system explanation later in paper).

➤ Fund ownership

The fund is co-owned by the community and the agency. Accessing the fund is based upon the set of triggers (see below) but with mutual agreement from the co-owners. This ensures the fund is accessed properly and the amount withdrawn equals the particular need at the time of crisis. The fund owners establish a committee which is the decision making and agreement body managing the fund.

➤ Direct and Indirect beneficiaries

The fund provides assistance to the shock-vulnerable herder or fishing households. The exact number of potential recipients is established by the agency working with community committees far before the crisis occurs. The net should be wide enough to cover enough of the potentially shock-vulnerable households with appropriate funding. Since it is highly unlikely

²² ICRC Simpkin terminology and concept adapted

that all shock-vulnerable households are all affected in the same way, the agency and committee would determine exact disbursed amounts. Utilizing cash-based responses means that the fund would also benefit non-recipients as cash has the additional benefit of boosting the local economy. By increasing demand, the fund can also act as a catalyst in creating supply-driven activities such as fodder production and improved water point availability.

➤ How to establish Triggers (objectively verifiable indicators)

Setting appropriate, objectively verifiable triggers is essential to the effectiveness of the response. Triggers are established in consultation with technical experts, the agency, and the community. They should be based upon technical evidence, not political pressure. Triggers are only relevant to particular shocks. Drought-based triggers are different from conflict-based triggers and coastal-area triggers. The following are examples of triggers for slow and oncoming shocks to the pastoral system, such as drought:

1. mean rainfall in area (remote and ground-based data)
2. pasture availability (remote and ground-based data)
3. water availability
4. animal health indicators
5. herd size indicators

However, certain shocks are sudden (such as freezing rain or floods) and need to be addressed immediately. The fund can be accessed immediately with agreement from the ownership committee. However, there are also times where sudden onset emergencies need additional funding.

➤ When to ‘open the tap’

Most crises, such as drought, are slow and oncoming, affecting the herder in time. Some crisis, such as freezing rain and civil unrest, are sudden and cannot be predicted. With the latter crisis an immediate ‘request’ would be made to access the fund by the empowered bodies (see below under monitoring systems). However, with a slow onset crisis, certain stages can be pre-determined based upon typical responses for certain livelihoods. In the pastoral system, a seasonal drought can affect different numbers of people at different times. Two recurring seasons of poor or failed rains affects herders in more profound ways.

The typical ‘herder-basket’ needs depend upon the stage of the crisis (for coastal areas, a similar ‘fishermen basket’ would also needs to be developed). An example of a staged approach is included below. The contingency fund would ‘kick-in’ to provide immediate cash assistance so that shock-vulnerable households have resources for the following stage-based needs²³:

- Phase Zero: the strengthening and rehabilitation programs including infrastructure rebuilding, fodder production/storage, community awareness, and training.
- Phase One: support for movement (animal and trucked migration) and water
- Phase Two: support for migration (animal and trucked migration), water, and animal health
- Phase Three: support for purchase of fodder, water, and animal health

²³ Adapted from the Tracking Strategy

These phases can also be supported by de-stocking in anticipation of longer-term drought and to keep herd sizes within a reasonable financially manageable figure. Ultimately, the early warning and monitoring system would determine when the fund is accessed. Agreement for different agents ensures there is a sound technical foundation for accessing the contingency fund.

➤ Amount in Fund

The amount in the fund depends upon the potential population directly affected by the crisis multiplied by the cost of a typical livelihood activity 'needs basket'. Using the example of the 2001-2004 drought and the widespread agreement that 60% of the population were most affected (comprising of the poor and middle households based upon HEA analysis)²⁴, an estimate for the fund can be established.

In the Save the Children UK and Horn Relief operational areas the total population is approximately 300,000 consisting of 37,500 households²⁵ or which approximately 65% or approximately 25,000 households are pastoralist (UNDP 2006). 60% of these households, or 15,000 are potentially shock-vulnerable, and therefore the Fund should be able to respond to 100% of their needs during a crisis²⁶. A typical 'herder basket' for poor and middle level herders follows:

- average annual expenditures for poor and middle wealth groups (FSAU Baseline 2005)
 - water = \$75 USD
 - transport = \$150 USD
 - drugs = \$25 USD

Thus, the total annual average (herder) activity expenditures, excluding fodder purchase, is approximately \$250 USD per herder household. The fund should be initially resourced with 250\$ x 15,000 households = \$3,750,000 USD.

However, during a crisis, input prices increase as higher demand and poor availability swell local price. Thus, the above calculation which is based upon FSAU baseline data (identified as representing the beginning of a drought year) might not be sufficient. The figure should be considered the minimum amount a poor herder household needs to maintain their livestock during a slow onset drought. Additional support to the household with a cash injection amount based upon a household "needs basket" might also be necessary. However, the expectation is the fund allows the herder household to maintain their livelihood and thus reduces the need for additional resources.

²⁴ 60% figure based upon OCHA Inter Agency Assessment, Horn Relief 2003 situation assessment and FSAU estimates from 2001-2004 (IPC Total Population in need of assistance) reaching 60% of area population in Sool-Sanaag-Bari.

²⁵ Estimated from SCUK (2006) and HR (2003) internal referenced population figures divided by average household size of 8 (from SCUK HEA analysis).

²⁶ The OCHA Inter-agency report in 2003 came up with 15,500 drought vulnerable households in almost the same areas

➤ Situation Monitoring

As noted above, the triggers are established in consultation with technical experts, the community, and the agency. These members make up the committee. The early warning monitoring system is also implemented by the committee and a community member who helps collect relevant indicators.

➤ How to Identify Recipients

Agencies work with local committees and triangulate with key informants to pre-select recipient households who do not have alternative mechanisms (remittances from internal or external sources), and/or do not have family ties to credit providers, sufficient assets for those providers to provide credit etc. The objective is to target a larger number of households so that they are provided with the necessary cash injection to maintain their livelihoods during a particular phase.

➤ How much recipients receive during emergencies

Each shock will have its own level of response according to scale, nature of shock, context, etc. Using the example from above of a drought affecting pastoralists, the calculated amount for the average 'herder basket' is a minimum of \$ 250 USD/year. The amount can be broken down seasonally to \$125 USD per rainy season and most likely disbursed if and when the rains of one season fail.

➤ How Cash Contingency Fund contributes to existing systems

The contingency fund supports shock-vulnerable households in anticipation of a worsening crisis. During a crisis, as the analysis has shown, the existing safety nets are stretched due to excessive need and minimal availability. This is particularly the case in a slowly onset crisis where debt levels accumulate and weaken the typically strong market-trader system. By supporting shock-vulnerable households, the Fund enables households to continue paying traders and traders to keep providing key inputs; credit levels are maintained and social support systems not overstretched.

8.5. A Holistic Approach

The cash-based safety net program complements development efforts already established in the areas. This recommended package is comprehensive in its approach, addressing underlying causes and the immediate crisis. Emergency response, on its own, is insufficient as it fails to address the livelihood risk and profound structural needs in the Northeast.

The risk management contingency fund is only capable of sustaining livelihoods during a crisis so that the situation does not deteriorate. The livelihoods strengthening and infrastructure rebuilding programs respond to the underlying causes but cannot address immediate crisis. Therefore, each component without the other is incapable of providing the necessary safety nets the vulnerable communities in the Northeast need.

8.6. Program Complements

Developmental programs efficiency can be maximized with appropriate awareness and knowledge transfer. The cash-based safety net programming is no different. Proper training and **awareness raising** on how best to use the cash injection will ensure recipients are aware of best practices as well as risks of misuse. For this reason, a training component must complement the safety net package.

The **training** component is an extremely important aspect to the success of the other projects. The trainings are designed to increase awareness and knowledge of natural resource management, importance of infrastructure building and maintenance, and usage of alternative energy sources as well as how best to use the cash received.

The trainings target the wider community, not only the recipients of the cash-based programs. In this way, there is a broader understanding of why the programs exist and how they achieve their results.

8.7. Risks and Mitigating Strategies

To ensure the proper implementation of the cash-based safety net package, certain risks must be mitigated. In previous sections a general list of cash-related risks and mitigating strategies was covered. The following listing is specific to the cash-based package. This includes specific risks and mitigating strategies, potential issues and solutions regarding the contingency fund. The risks, mitigating strategies and solutions are included in the table below:

Table 15: Risks and Mitigating Strategies

| Risks\Issues | Mitigating/Solution Strategies |
|---|---|
| Communities are not aware of program objectives | Awareness trainings at the beginning, middle and end of the projects. These complement the Cash for Training initiatives which are program specific. The study found that awareness building is always not enough and particular consideration should be taken in a nomadic society to ensure seasonal trainings occur to best cover most of the population |
| Inflationary risk | Particular concern to any cash-based program and though it is mentioned above, needs to be reiterated here. Mitigating strategies against inflation require flexible programming options for commodity (food, water, medicine, fodder, etc) distributions. Most important is dialogue with local traders and ensuring market access/availability not constraining |
| Preferential treatment of certain communities over others | After proving the concept with a smaller implementation, agencies should aim at breadth in operational area. Community targeting is always an issue which needs continued discourse |
| Disagreement over recipients | The agency and local committees establish a recipient list in anticipation of the crisis. This list is similar to existing project recipient lists but establishes need based upon additional support mechanisms particular households have. Mitigation only in the form of dialogue |
| Increased usage of kaad | The potential for kaad usage to increase in communities which have had a cash boost is high. Considerable awareness |

| | |
|---|---|
| | trainings should be conducted to address this potential risk. |
| needs of urban and coastal poor not met by the fund | Strengthening/development programming specific to urban and coastal vulnerability is addressed but not specifically with the fund. Alternative funds for those communities can be developed with relevant triggers. However, the strategy assumes urban and coastal households will benefit due to the inter-connectivity of the areas. |
| Disagreements over fund triggers | Fund triggers are pre-established and technically oriented. Community awareness and consensus between three agents is critical |
| Disagreement over disbursement amounts | The amounts given for each program need to be determined based upon resource availability. Communities should be aware of amounts and that most programs try to benefit a larger percentage of households thus allotments are less in amount. For contingency fund, the particular cost of ‘herder-needs’ basket at the time (inflationary risks) should be established in anticipation of a crisis |
| Dependency | The package approach tries hard to build livelihood strength. Dependency to any external program is a problem. The assumption here is that agencies will continue to support needy until the government can do so with similar strategies |

8.8. Sustainability

Any development program considers issue of ‘sustainability’. The concern is typically different for relief or development programs. As relief intervention addresses the immediate needs during an emergency, it is often not judged on sustainability. However, when there is a pattern of crisis, such as the drought-prone Northeast of Somalia, emergency response programs are more often being compared to alternative, more predictive interventions.

Perhaps certain interventions are not ‘sustainable’ in the pure sense. Certain areas of the world will always need donor/agency attention, particularly when there is the lack of effective government. The question should be more what interventions make more sense in the longer term. This is judged by cost-benefit analysis, effectiveness in saving lives and in preserving livelihoods.

The recommended package provides options for sustainability or ‘graduating’ out of chronic poverty with the skills and alternative livelihoods projects (see Appendix I for timeline and budget). These programs provide the most vulnerable members with the necessary skill-base to increase employment opportunities. The intention is that eventually, these households would be able to support themselves with the new skills and employment. The cash-based contingency fund and emergency response programs provide further stability during a crisis so that these vulnerable households are capable of resisting the shock and do not return to a state of chronic vulnerability.

8.9. Monitoring Results

A critical piece to ensure the program is achieving its objectives of reducing chronic poverty of vulnerable households and reducing the community’s vulnerability to shocks is to monitor

the results. Monitoring involves a baseline assessment and repeated tracking progress accomplished during the implementation. Program monitoring provides early information to track the intended objectives, outcomes and impacts.

Save the Children UK and Horn Relief have pre-established impact monitoring frameworks. These frameworks have been incorporated in the indicators below wherever appropriate. In particular, the SCUK Global Impact Monitoring common dimensions which measure changes to child rights, lives, participation, and equity are included.

The safety net approach requires additional monitoring indicators. These indicators would be integrated into the agency's monitoring framework to ensure cohesion and harmonization. The following indicators are specific to monitoring results of the recommended programming "contingency fund" (examples of potentially relevant indicators but not comprehensive):

1. Risk reduction and enabling indicators (how has risk behaviour changed)
 - a) Behavior changes: has contingency fund changed behavior patterns; if so, how, why and when?
 - How do these behavior changes impact children?
 - b) Coping Strategy Index (CSI) indicators: how has the contingency fund contributed to reducing CSI index in time (see Appendix H for pilot CSI indicators in Sool-Sanaag)
 - c) Which risks are children less/more prone to now?
2. Input indicators (what are the additional resources needed)
 - a) Organization related: financial, personal, material resources which are needed to effectively run the program
 - b) Recipient related: financial, personal, material resources which household or community needs to add from external sources. Such as need to travel to receive funds, exchange cash, etc.
3. Process Indicators (what is being accomplished, when)
 - a) contingency fund modalities: how long does it take to build fund, move cash from fund to hawala, move money from hawala to recipients, etc
 - b) trigger mechanism: is it timely, is decision making body effective
 - c) turning cash to use: what are the pre-conditions that need to be met and how long does it take for the cash injection to take effect
4. Output indicators (products/services from intervention)
 - a) Measuring output from strengthening programs related to contingency fund: are additional infrastructure in place (number of water points rehabed, fodder storage facilities, veterinary services ready)
 - b) Number of recipients trained and positioned personnel for monitoring usage, etc
 - c) Number/percent of children recipients involved in trainings
 - d) Additional trade and market mechanisms (private) that are directly related to the intervention
 - e) Community bodies in place with appropriate gender/youth/minority balance

5. Outcome Indicators (short-mid term effects/results of intervention)
 - a) Number of assets maintained during shock compared to before
 - b) Credit/debt and social support levels
 - c) Animals vaccinated
 - d) Overall asset ranking of recipient households against baseline (if control group against previous levels); versus non-recipient households in similar socio-economic situation
 - e) CSI (as above) measured in comparison to before shock (eventually using long term means)
 - f) Recipient household income sources change and changes in income size
 - g) Recipient household expenditures pattern changes
 - h) Expenditure pattern changes which directly affect children

6. Impact Indicators (pos/neg, short/long term produced by intervention)
 - a) Child malnutrition/morbidity rates for community/households
 - b) Level of child and youth participation in community life
 - c) Changes in equity and discrimination between members of society
 - d) Changes in policy and practice of authorities (local and national)
 - e) Number of children attending school
 - f) Animal health (longer term)
 - g) Market stability (longer term)
 - h) Changes to local environment and natural resource access

9. Conclusion

Poverty and vulnerability to food insecurity is a chronic problem in the Northeast. The study shows the existing safety nets, credit and social support, currently provide support to many. These mechanisms are usually robust enough to provide sufficient social support to the poorest and most vulnerable members of society. However, when a shock occurs (which is happening with increased regularity in the region), these systems cannot sustain the livelihoods of the poor and vulnerable people who are in need of assistance. Furthermore, when these systems face a crisis and support options constrict, the first and most vulnerable groups are the ‘support poor’ households.

The need is indeed great and the program options numerous. Programs that fit well within the Somali system in the Northeast are few. Other options, such as *weather risk insurance*, require a more macro-level approach as well as an existing infrastructure (meteorological stations, personnel, and a historically well established system for ground-based rain gauge monitoring) which does not exist. Agencies take special caution not to disrupt the already fragile social and natural environment. The implementing agencies have a historical presence in the area, the important element of trust has already been established. The agencies are also well integrated into the local society and can provide the necessary safety net programming support, with the occasional responses to immediate needs in the face of an emergency.

The programming recommendation of a **safety net** package is an appropriate option for the social, political, and environmental situation of the Northeast (and with further analysis,

possibly expanded to other areas of Somalia). **Cash-based** programs are feasible and potentially very effective options for direct and indirect beneficiaries and can respond to both relief and development needs. Cash-based programs strengthen existing safety nets by providing cash directly into a strong market-trader economy.

The program recommendations provide a cash-based safety net support package which moves beyond the typical approach of emergency response programming. The package can provide more profound, longer term support, is more appropriate for mid to long term livelihood support, and can provide cost savings to agencies and donors. The package includes programs that enhance livelihoods and livelihood activity options, rebuild critical community structures, and provide assistance to shock-vulnerable households facing a crisis. The latter program, the contingency risk management fund, allows early livelihoods protection to stabilize activities before vulnerable households are forced to engage in destructive strategies or fall through the cracks. The cash-based safety net package provides appropriate support with a holistic approach.

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Appendix A: Terms of Reference

The consultants will finalize the TOR based on their expertise. However, the instructing agencies recommend that the study would include:

(1) An assessment of the livelihoods risks/mitigation & preparedness practices in the region, to include:

- Assess and document the different livelihood risks in the identified region
- Provide a classification of vulnerability within different livelihood groups
- Document existing community based coping mechanisms for each livelihood group during the mitigation, response and recovery phase
- Assess the resilience, effectiveness and contributions to households of existing community-based safety nets. Classify shocks per frequency of occurrence and impact on the coping mechanisms as well as communities' response and contribution that existing safety nets make to poorest households.

(2) An assessment of the feasibility of implementing a cash-based safety net programme, to consider:

- Are the pre-conditions required for the success of a cash-based intervention in place in this context?
- Do money transfer companies have the capacity to undertake such intervention?
- Can the local economy absorb the anticipated increase in demand for goods and services?
- Conduct a stakeholders' analysis to assess adverse impact: what are the risks of cash misuse? Risks of increased insecurity? Risks of creating dependency in a context where there is no government to take over? Risks of affecting gender relations? Risks of adverse effect of sustained cash transfers on the local economy, gender relations, security conditions? Risks of adverse impacts on social, political or religious lifestyles and norms. Effect on the price of goods?

(3) An assessment of the sustainability of a safety net programme, to incorporate:

- A detailed assessment of the local, contextual, institutional, and external challenges/opportunities to the sustainability of cash-transfers
- Specific recommendations for proper mitigation strategies

(4) An analysis of the impact of cash transfers on households' vulnerability to shocks, and to specifically consider:

- To what extent can this program reinforce existing social coping mechanisms, and contribute to effective preparedness to and mitigation of risks?
- Determine the extent to which cash transfers can contribute to the sustainable and effective preparedness to and mitigation of risks

(5) A series of recommendations that clarify:

- Can cash transfers for safety nets be implemented in these areas? If so, what type of cash programs would be most appropriate? Provide detailed information critical for the design of a cash based safety net program.
- What mitigation measures should be put in place?
- Should the project be designed to address livelihood protection and/or promotion?
- Actions to be taken to mitigate risks and adverse impacts of cash transfers for safety nets.

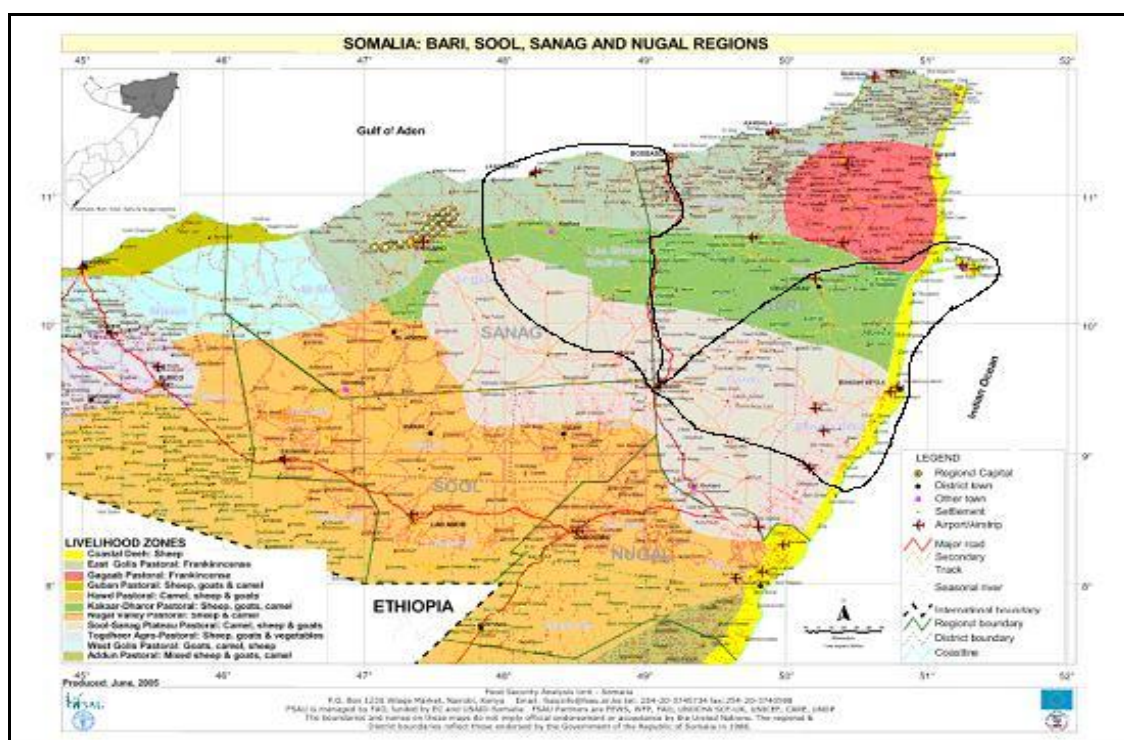
Deliverables

- a. Final report on the feasibility of cash transfers as safety nets interventions, including a concept note outlining a potential cash-based transfer programme (if appropriate) and a concept note for a strong monitoring system to capture changes in the lives of children and broader trends. This final Report should be of sufficient quality to provide the skeleton of a future paper for publishing in a quality publication (such as ODI's HPG Network Papers).
- b. Presentation of the final report to implementing agencies, DFID, and other humanitarian/relief actors at the Somalia Aid Coordination Body or relevant clusters in Nairobi.

Proposed Timeline:

| Activity | Days | Participants |
|---|---------|--|
| Desk study | 3 days | 2 international consultants |
| Preparation of field tools | 3.5 | 2 international consultants, one national consultant (for translation) |
| Training on Field Tools for Enumerators | 2.5 | 2 internationals/ national consultant |
| Field Activities | 15 days | 2 international consultants, national consultant, and enumerators |
| Data analysis and report writing | 12 days | 2 international consultants and national Consultant |
| Presentation to partner agencies | 1 day | 1 international consultant |
| Presentation to donors | 2 days | 1 international consultant |

Appendix B: map of study area and sites visited



| District | Town | District | Town |
|-----------|---------------------|----------|----------------|
| Badhan | Armale | Bayla | Dhudo |
| Badhan | Badhan | Bayla | Dhur |
| Badhan | Celbul | Bayla | Golan |
| Badhan | Habarshiro | Bayla | Kolo'ad (camp) |
| Badhan | Hingalol | Qardho | Dhahan-Busur |
| Badhan | Jingada | Qardho | Liboyo |
| Badhan | Mindhicir | Qardho | Qormo bur'ad |
| Badhan | Mindigale | Qardho | Sanjilbo |
| Badhan | Qoyan | Qardho | Shaxda |
| Badhan | Sebayo | Qardho | Xabaal reer |
| Badhan | Sebayo water points | Qardho | Jeded |
| Dhahar | Armo | Qardho | Kubo |
| Dhahar | Celayo | Qardho | Yaka |
| Dhahar | Higlo | Hafun | Bar-madobe |
| Las Qoray | Abesaley | Hafun | Dardaran |
| Las Qoray | Durduri | Hafun | Dul |
| Las Qoray | Las Qoray | Hafun | Foar |
| Bayla | Bur-Daro | Hafun | Garan |
| Bayla | Kal-Lo'ad | Hafun | Gardush |
| Bayla | Kulule | Hafun | Hafun |
| Bayla | B/bayla | Hafun | Hurdiye |
| Bayla | Habla'hariye | Rako | Qalwo |
| Bayla | Bixin | Rako | Rako Raxo |
| Bayla | Caaris | Wa'iye | Hidda |
| Bayla | Burdeero (camp) | | |

Appendix C: Research Design: general

| Research Components | Key Questions | Sub-Questions | Assessment methods/sources | Questions |
|---|--|---|--|---|
| Part 1 Needed? | Have existing social safety nets been effective to mitigate shocks and/or to strengthen vulnerable groups? | For each of the main Livelihood Systems in study area what shocks do they experience and in what ways are they vulnerable? | Using existing studies, assessments on shocks and vulnerability (baselines, crisis reports, nutrition assessments, etc) [fsau/undp/sc/hr/unicef, etc] | What are the different livelihood systems in the study areas? What shocks do they experience, when? In what way are they vulnerable to these (4 entitlements)? Who are the most vulnerable people? Why? What are the normal/abnormal coping mechanisms? |
| | | Analysis of impact of recent shocks on vulnerable groups (children, idp, etc) and on existing social protection to promote resistance and resilience. | Using existing studies, assessments on shocks and vulnerability and how existing systems supported (baselines, crisis reports, nutrition assessments, etc) [fsau/undp/sc/hr/unicef, etc] | What are recent shocks in study areas? What systems kick into place? How effective/sustainable are they in mitigating shocks (what were the malnutrition rates, idp displacement, debts, etc) and in promoting resilience afterwards with asset recovery, livelihoods strengthening, etc. Can CT play a role? |
| | | | Focus group interviews asking about social safety net's resistance and resilience | |
| Part 2 feasible and effective, sustainable? | Could cash transfers be generally feasible (politically, socially, economically, and logistically) | Politically feasible? (is general political atmosphere conducive) | Focus group discussions with elders/leaders | impact CT will have on local political dynamics? Potential to incite political tension and/or civil insecurity? Will it disrupt political situation? General Risks |
| | | | Reports/assessments/studies | |
| | | Socially feasible? (religion, community, clan, gender, children) (is general social atmosphere conducive) | Focus group discussions with religious leaders/elders/leaders/women | impact CT will have on local social system? Will it replace/displace existing social support systems? Religious? Impact on clan dynamics? Will women be involved in determining usage? Potential risk of re-enforcing social marginalization. Risk of altering coping mechanisms? Risks? |
| | | | Reports/assessments/studies | |

| | | | | |
|--|--|---|---|--|
| | | Economically feasible (is general economic atmosphere conducive) | Focus group discussions with elders/leaders/traders/local business, etc | What would the impact on local economy? markets? Can they absorb increase in cash? How much? Short, mid, longer term inflation? Basic commodity price fluctuation during crisis. Commodity availability during crisis. What happened to the local economy during past cash transfer programs in country? What about seasonality? Context (emergency/non)? Risks? |
| | | | Market analysis – data/reports | |
| | | | Reports/assessments/studies – socio-economic studies | |
| | | Logistically feasible (is general logistics atmosphere conducive) | Focus group discussions with elders/leaders/money transfer companies/money transfer agents in villages | Are there mechanisms to transfer cash in study areas? Will funds reach their anticipated recipient (community, hh, individual)? Would there be unmanageable blockages? Are they financially secure? What general mechanisms need to be in place? Are they? |
| | | | Existing cash transfer reports/assessments/studies | |
| | | Could cash transfers generally be effective to mitigate shocks of vulnerable groups | Is it appropriate for their type of vulnerability? (production, labour, trade, transfer). | Focus group discussions with elders/leaders/wg/gender/children? |
| Household interviews with difference wg's (principally vp,p but also others) | | | | |
| What are the necessary conditions (markets, financial system, security) and are they present | Focus group with elders/leaders/traders/money transfer | | Are markets flexible? Are traders able to respond to increased demand? Do vulnerable hh have appropriate access to markets? | |

| | | | | |
|---------------------------------|---|--|--|--|
| | | What else is needed to make them effective? (what is missing) | Focus group with elders/leaders/traders/money transfer | What other infrastructure is needed? Financial, security, market injections, in-kind, etc? |
| | Can Cash transfers be effective for promoting development amongst vulnerable groups | Is it appropriate for their type of vulnerability? (production, labour, trade, transfer). | Household interviews with difference wg's (principally vp,p but also others) Focus group with elders/leaders/traders/money transfer | Can CT bring people out of poverty trap or only for welfare. Is it an amount issue? |
| | | What are the necessary conditions (markets, financial system, security) and are they present | Focus group with elders/leaders/traders/money transfer | Are existing infrastructures in place for CT to affect promoting development? Is there something in the LS which impedes this type of growth? |
| | | What else is needed to make them effective? (what is missing) | Focus group with elders/leaders/traders/money transfer | What conditions need to be in place for CT to make an impact on promoting development |
| | Can Cash transfers be generally sustainable? (is it generally possible to develop a program that perpetuates itself?) | Are certain mechanisms in place that can take over from donors after a given period of time? | Focus group with elders/leaders/traders/money transfer | What are the positive and negative implications of shifting the CT program to local/regional/social establishments? Are these potentially sustainable? |
| Part 3 strategic design options | What are the strategic design options for cash transfers for safety net/social protection and livelihoods promotion? | What are possible CT options for safety nets and livelihood promotion? | Existing literature on CT programs | What programs seem to be the best fit for safety nets/social protection in study area? |
| | | What are the most appropriate options for developing a safety net/social protection program? (enhancing hh income for improving child nutrition) | Focus group/key informant interviews, debriefing with stakeholders | Could CT program X be implemented as a safety net/social protection program? |
| | | What are the most appropriate options for developing a livelihoods | Focus group/key informant interviews, debriefing with stakeholders | Could CT program X be implemented as a livelihoods promotion program? |

| | | | | |
|--|---|---|--|---|
| | | promotion program? (enhancing hh income for improving child nutrition) | | |
| Part 4 operational modalities of the preferred strategic design option(s) | What are the recommended programs and what are the operational modalities for each strategic objective? | Operational modalities for strategic objective 1 (safety net/social protection) | Focus group/key informant, debriefing with stakeholders, existing literature | How to get political, clan, social, beneficiary buy in? How to target beneficiary hh? How to ensure necessary conditions do not change. How to establish the pre-conditions? What other programs are needed to ensure best |
| Part 5 monitoring system (general principles) | What are the monitoring system recommendations to analyze program impact, effectiveness, efficiency, and cost-benefit analysis? | Monitoring system for strategic objective (safety net/safety nets) | Focus group/key informant, debriefing with stakeholders, existing literature | What are the monitoring system indicators for the various activities? |

Appendix D: Area Income and Expenditure Patterns

1. FSAU Baseline Assessment, 2005 (Sool-Sanaag Plateau)

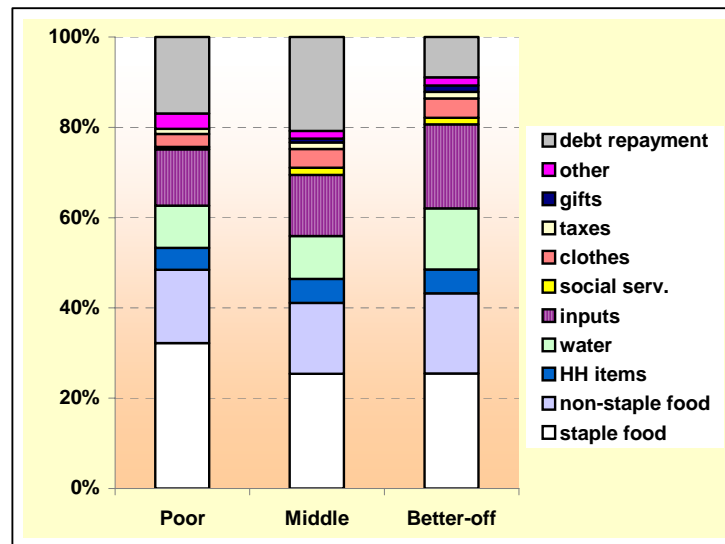
Total Cash Income by Wealth Group



Total annual income by wealth group:

| Annual income | Poor | Middle | Better Off |
|---------------|---------------|---------------|---------------|
| (SoSh) | 16-19 million | 22-25 million | 26-30 million |
| USD | \$1,159 | \$1,570 | \$1,827 |

Categorized expenditures by wealth group:



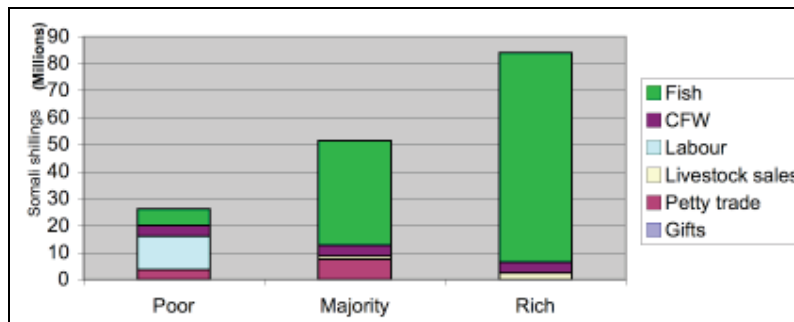
2. OCHA Inter-Agency Assessment, 2003 (Sool-Sanaag Regions)

Minimum expenditures per month for poor household

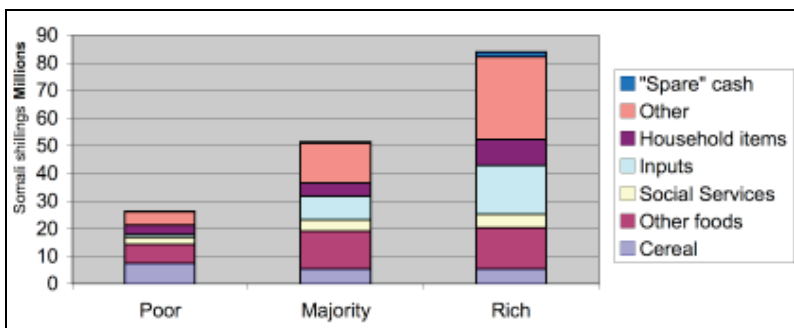
| | |
|---|----------------|
| Water for household use: 2 drums of water @ \$3 per drum | = \$6.0 |
| Food: 2 bags of cereal @ \$ 16 | = \$32.0 |
| Sugar: ¼ kg / day (7.5kg / m) @ \$0.5/kg | = \$4.0 |
| Oil: 1.3 litres/m @ \$0.65 | = \$0.8 |
| Water for livestock (estimating 30 shoats): 2.5 drums @ \$3 per drum | = <u>\$7.5</u> |
| Monthly minimum expenditure | \$50.3 |
| PLUS: Other basic expenditure: Transport for livestock to migrate to where rains have fallen; Drugs for humans, Drugs for livestock | |

3. Save the Children UK, Baseline Assessment 2005 (Karkaar Region)

Annual Income Sources by wealth group



Annual Expenditures by wealth group



Appendix E: Cost Effectiveness Analysis (Majid, Hussein, and Shuria 2007)

The following cost effectiveness analysis is from Majid and Hussein Study for Oxfam GB, Horn Relief, AFREC, Development Concern, and WASDA.

“[...] thirty five percent of the project resources were spent on the different means of transferring those resources. These included the 7.5% commission to Dahabshil and the various staffing, administrative and other overhead costs associated with starting up and implementing the projects. The costs associated with the food aid were described by WFP in the following table:

| <i>Costs</i> | <i>Metric tonnes</i> | <i>US \$ per MT</i> |
|---|----------------------|---------------------|
| Food value | MT | 244.2 |
| External transport | MT | 71.59 |
| ITSH (internal transport, distribution & storage costs) | MT | 214 |
| Partial direct support costs | MT | 60 |
| Total | | 589.79 |

The external value of the food aid plus all associate transport, administration, staffing and overhead costs are given as \$589.79. The food aid ration size per person was 19.9kg and per household of six therefore 119.4kg. The total value of the food aid ration delivered by WFP was \$11.74 per person per month or \$70.44 per household. This is calculated as follows: $\$589.79 / 1000 = \$0.59/\text{kg}$. This is the cost per kilogramme of the food aid. For a ration of 19.9kg per person, the cost is therefore $\$0.59 \times 19.9 = \11.74 .

The value of the food aid ration at market prices in Afmadow was \$7.37 per person, therefore \$44.22 for a household of six.

| <i>Food items in WFP ration</i> | <i>Quantities in kilogrammes</i> | <i>Price/unit</i> | <i>Total</i> |
|-----------------------------------|----------------------------------|-------------------|--------------|
| Cereals | 16.67 | \$0.3/kg | 5 |
| Pulses | 1.8 | \$0.81 | 1.46 |
| Vegetable oil | 0.6 | \$1.52 | 0.91 |
| CSB | 0.83 | - | - |
| Total per person | 19.90 | | 7.37 |
| Total per household of six | 119.4 | | 44.22 |

The above price of maize reflects a reasonable pre-food aid, drought related cost – it is a reasonable average of the pre-drought cost and is not significantly distorted by the impact of food aid distributions.

There is no market cost for CSB therefore the ration cost is not a full, true reflection all costs.

The cost of delivering cash by the Consortium was 35% of the overall project costs. Therefore the cost of delivering \$44.22 is \$15.78. The total comparative cost of the cash transfer is therefore \$60.

Therefore the cost of providing a WFP ration to a household of six is approximately 17.4% more expensive than providing the equivalent cash value. However there are many factors required to interpret this purely economic comparison:

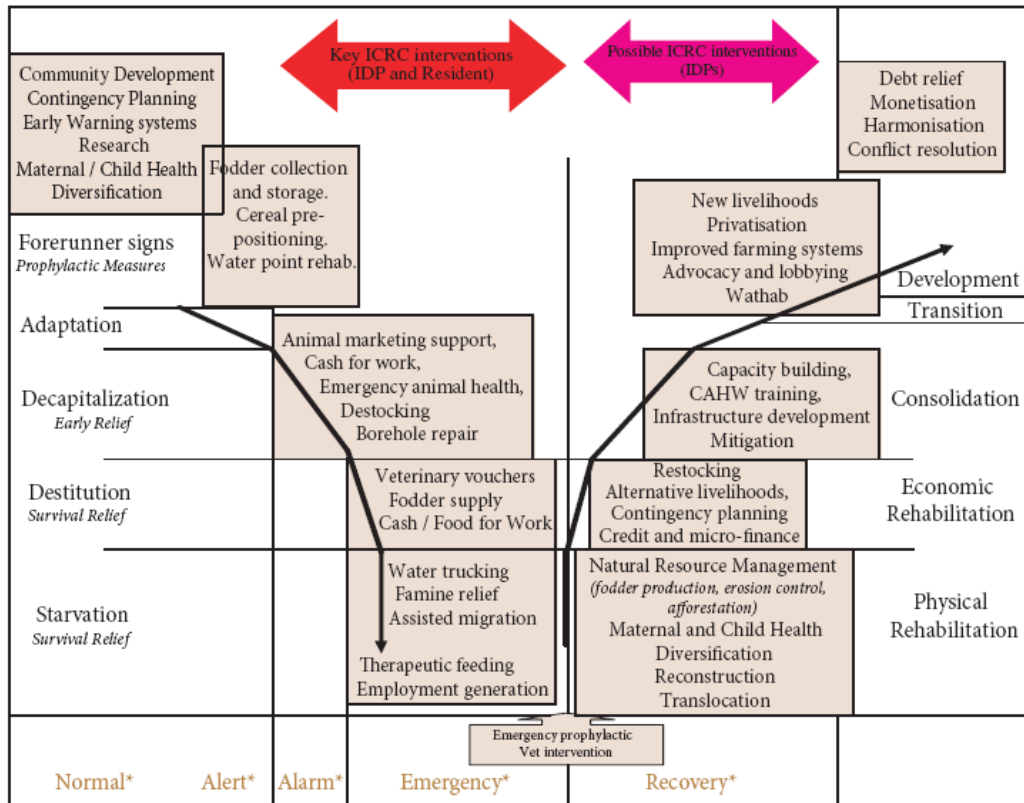
- The targeting levels are very different in the two project types
 - In practice emergency food aid is not distributed according to strict criteria – it is more of a blanket level distribution with planned ration sizes likely to be diluted according to the population at the point of distribution
 - Cash is relatively well targeted to poorer individual households according to this evaluation
- Food aid has a wider benefit through its affect on the market, lowering prices
- The wider benefits of cash are less clear for example, by releasing the pressure on social re-distribution mechanisms. The benefits of re-opening the trading sector and stimulating the local economy have occurred but are difficult to quantify
- Food aid is distributed on a much larger scale than the cash interventions]”

Appendix F: Internal Project Review Matrix

| Program | Agency | Dates | Strengths | Weaknesses |
|---|---|---------------|---|--|
| Cash Relief – Emergency (50\$ distribution) Vulnerable HH | Horn Relief, Norwegian People’s Aid | 2003- 2004 | <ul style="list-style-type: none"> • Quick impact • Increased recipient hh purchase power • Helped debt repayment • Assisted social support structure • Split hh recipients helped each other | <ul style="list-style-type: none"> • Not enough resources, too big a need • Not followed by other programming • Monitoring poor |
| Cash for Work – Emergency (built dike, road rehab, garbage collected, built salt pan) Vulnerable HH | Save the Children UK | 2005 | <ul style="list-style-type: none"> • Quick impact • Increased recipient hh purchase power • Restored critical infrastructure • Built key infrastructure (dike) • Created a sense of community ownership • Created possible income generating activity for future (salt pan) | <ul style="list-style-type: none"> • Created ‘dependency’ – people wanted more projects to follow • Additional funds needed to complete work • Some work of poor quality – needed more technical management and monitoring • Some projects did not increase sense of community ownership • Poor awareness |
| Cash for Work – Strengthening Vulnerable HH (elderly, women, | Horn Relief | 2004- 2005 | <ul style="list-style-type: none"> • Improved local infrastructure • Regenerated pastures • Create new skills • High quality of work (used experts) • Increased community pride | <ul style="list-style-type: none"> • Not-sustainable • Migrant people make targeting hard • Emphasis on labour quality, not targeting • More expensive to implement due to high quality of staff needed • Poor awareness |
| Cash for Work – Strengthening (build school, roads, health post, water points) Vulnerable HH | Save the Children UK | 2005- 2006 | <ul style="list-style-type: none"> • Increased recipient hh purchase power • Created community assets • Built key infrastructure (school, roads) • Roads decreased isolation for certain communities • Increased communities sense of ownership • Improved local economy, short and longer term | <ul style="list-style-type: none"> • Some needy communities were missed • Created a sense of dependency – people awaiting more projects • Poor awareness • Poor coordination with other organizations and projects in the area |
| Cash for Training (fish net repair) Vulnerable women | Save the Children UK | 2006 | <ul style="list-style-type: none"> • Improved skills of recipient hh • Injected cash in vulnerable recipient hh (v.poor, poor) • Created capacity for recipient to generate own income in future • Helped debt repayment | <ul style="list-style-type: none"> • Poor awareness - recipients expected further programming assistance • Needed to provide start up funds • Needed to provide advocacy in using local products |

Appendix G: ICRC Tracking Strategy (ICRC Regional Livestock Study, 2006)

The tracking strategy is the brainchild of Piers Simpkin, ICRC, and builds upon work from other such as Lautze, et al. The strategy emphasizes the need to follow a crisis through time and develop specific stage-related interventions. An example follows:



Appendix H: Coping Strategy Index (FSAU and Collins, G.) Example

The coping strategy index (CSI) is an indicator of household level food insecurity using a simple and quick comparative measurement index. The tool uses a basic set of questions on how a household copes with a shortfall in food for consumption. The resulting numeric score is used to monitor changes in time to indicate whether the food security of the household is improving or declining. Below is an example of the CSI which was calibrated in Puntland during a baseline assessment by FSAU in 2005. The example serves as a demonstration of the CSI as a potential tool in monitoring the cash-transfers recipients in detecting positive or negative changes in consumption (see "Coping Strategy Index Field Methods Manual", Maxwell, Watkins, Wheeler, Collins 2003).

| | SEVERITY | | | | |
|---|----------|----------|--------|-------------|--------------------|
| | Mild | Moderate | Severe | Very Severe | |
| Reduce home milk consumption and sell more of milk produced | 25 | | | | Mild |
| Consume less expensive (less preferred cereals) | 11 | 13 | | | Moderate |
| Borrow Food on credit from another household | 3 | 15 | 7 | | Moderate |
| Reducing number of meals per day | 3 | 8 | 13 | 1 | Severe |
| Reducing portion size at meal times | 2 | 12 | 9 | 2 | Moderate |
| Rely on gifts of food from clan/close friends and neighbors | 1 | 4 | 9 | 11 | Very Severe |
| Consume weak and un-saleable animals | | 1 | 15 | 9 | Very severe |
| Send household members to eat elsewhere | 1 | | 7 | 17 | Very severe |
| Gone an entire day without meals (qadoodi) | | 1 | 5 | 18 | Very severe |
| begging for food(tuugs/dawaars) | | | 2 | 7 | |
| Rely on hunting for food (ugaars) | | 1 | 5 | 8 | |
| Wild food by chance Gob | | 1 | 1 | 6 | |

Severity: strategies vary in severity and are 'weighted' (multiplied by a weight that reflects their severity) and grouped by mild, moderate, severe, and very severe.

Appendix I: Log Frame, Timeline and Estimated Budget

1. Logical Framework

| PROGRAMS/OBJECTIVES | INDICATORS | MEANS OF VERIFICATION | ASSUMPTIONS |
|--|---|---|--|
| GOALS: A. Reduce chronic poverty in the operational areas of SCUK and HR B. Reduce vulnerability to shocks in the operational areas of SCUK and HR | | | |
| METHODS: Cash-based social protection program in place along with project modalities (contingency fund) for early livelihood support | Number of communities and recipients involved in programs; financing availability in 5-10 year fund | Donor and organization reports; monitoring systems (organizational and partner – FSAU, UNICEF, etc) | Sufficient funding to cover operational areas for 3-5 years without marginalizing communities; security does not pose access problems |
| OUTPUTS | | | |
| 1. The recipient (most vulnerable) households in the community have increased access to income Program: Cash for Skills and Alternative Livelihoods/Pastoral Livelihood Support | 1.1 10-15% of vulnerable households in each community have been selected and an active member trained in activity with start up funds to commence activity 1.2 Activity generates additional income for household over the longer term (3-5 years) | 1. household surveys and monitoring systems (baseline and comparative) 2. community socio-economic studies | a. training sufficient in increasing skill of recipients b. start up funds enough to kick-start activity c. activity has short, mid, and long term capacity to provide income |
| 2. A majority of the communities have improved infrastructure Program: Cash for Infrastructure Rebuilding | 2.1 85% of targeted communities have improved infrastructure (schools, water catchments, fodder storage facilities, etc) 2.2 infrastructure is in place in mid-term (5-7 yrs) and maintained by the community | 1. community survey (baseline and yearly) | a. projects maintained high technical integrity b. training for maintenance conducted (properly) c. community has not moved d. large human/natural shocks have not destroyed infrastructure |
| 3. A majority of the recipients households in community have increased awareness regarding nat resource management, env. degradation, cash usage, nut and | 3.1 85% of the participants are more aware of best practices (environmental degradation, natural resource management, nutrition, health, cash usage, etc) | 1. community assessments (baseline and comparative, focus group discussions, key | a. trainings were well received and appropriately run with cultural sensitivity b. participants inclusive of women, |

| | | | |
|--|--|--|--|
| health, etc Program: Awareness and Best Practices Training | | informants, etc) | youth, minority and marginalized participants c. continuance during different seasons for maximum coverage of itinerant members |
| 4. A majority of the communities have implemented risk management plans 5. A majority of herder households targeted have access to decision making process and contingency fund Program: Cash-Based Disaster Risk Management | 4.1 85% of communities have implemented a risk management plan with necessary policies, infrastructure, fund, and fund amounts ready for disbursement 5.1 85% of recipients have 'ownership' (decision making) rights and access to the contingency fund for 3-5 years | 1. community assessments (focus group, key informant, etc) 2. household surveys | a. donor and organizational commitment b. community ownership and monitoring/trigger mechanisms are in place c. fund amount sufficient for different stages for most recipients |
| OUTCOMES | | | |
| 1. majority of the vulnerable households have reached a stable economic situation 2. majority of vulnerable households are not engaged in household/community 'unconstructive' strategies | 1.1 85% of the vulnerable households are not constrained by low income, high debt, reliant upon social support, or int aid in longer term (3-5yrs) 2.1 85% of vulnerable households are not involved in stress-based household splitting, charcoal production, taking children from school for income reasons, reducing quality/quantity of meals | 1. household surveys (compared to baselines) 2. community assessments (including socio-economic studies) 3. focus group discussions, key informant interviews, etc 4. monitoring system indicators such as CSI, HFIAS, etc. | a. targeting was efficient in selecting majority of the vulnerable households b. active member engaged in alternative livelihood activity utilizes funds for household support c. inclusive of assumptions above |
| 3. majority of the herder households maintain livelihood after shock (do not 'drop out' of the system) | 3.1 85% of recipient herder household did not lose assets do to controllable shock-related events 3.2 85% of recipient herder households buffered the shock and 'remain' in the system (3-5 years) | 1. household surveys 2. focus group discussions 3. key informant interviews | a. targeting was efficient in selecting appropriate shock-vulnerable herder households b. recipient households were able to access fund and amount sufficient to cover costs of 'herder basket' c. 'trigger' and committee mechanisms were successful in opening tap at the right time |

| | | | |
|--|--|--|---|
| | | | <p>d. Livestock support structures (fodder, water, drugs) were available</p> <p>e. Cash utilized for livestock support</p> |
| <p>4. majority of recipient (vulnerable) households have improved educational, nutritional and health status of children</p> | <p>4.1 85% of recipient households have children attending school on a regular basis</p> <p>4.2 85% of recipient households have improved health seeking behaviour, less disease-prone, and improved nutrition (meal frequency/type)</p> | <p>1. household surveys</p> <p>2. school surveys</p> <p>3. health studies</p> <p>4. nutrition assessments</p> <p>5. focus group and key informant interviews</p> | <p>a. programs appropriately targeted most vulnerable households (skills, training, fund, etc)</p> <p>b. recipient households utilized income/knowledge for increased education, health, nutrition purposes</p> |

2. General Timeline

| | 2007 June | Jul | Aug | Sept | Oct | Nov | Dec | 2008 Q1 | Q2 | Q3 | Q4 | 2009 Q1 | 2009 Q2 | 2009 Q3 | 2009 Q4 | 2010 | 2011 | 2012 |
|---|--------------|-----|-----|------|-----|-----|-----|------------|----|----|----|------------|------------|------------|------------|------|------|------|
| 1. Pilot | | | | | | | | | | | | | | | | | | |
| 1.1 Write project document – small implementation | | | | | | | | | | | | | | | | | | |
| 1.2 Seek funding – small implementation | | | | | | | | | | | | | | | | | | |
| 1.3 Implement in small area (prove concept works) | | | | | | | | | | | | | | | | | | |
| 2. Document | | | | | | | | | | | | | | | | | | |
| 2.1 Write up lessons learned | | | | | | | | | | | | | | | | | | |
| 2.2 Write up larger program document | | | | | | | | | | | | | | | | | | |
| 2.3 Seek funding | | | | | | | | | | | | | | | | | | |
| 2.4 Write Op. Plan/ detailed program implementation | | | | | | | | | | | | | | | | | | |
| 3 Implement Phase 1 – awareness, buy in, M&E | | | | | | | | | | | | | | | | | | |
| 3.1. Initiate dialogue with communities | | | | | | | | | | | | | | | | | | |
| 3.2 Creation of Committees | | | | | | | | | | | | | | | | | | |
| 3.3 Baseline Assessments | | | | | | | | | | | | | | | | | | |
| 3.4 Monitoring System setup | | | | | | | | | | | | | | | | | | |
| 3.5 Modify/amend project document | | | | | | | | | | | | | | | | | | |
| 3.6 Sign Agreements with communities | | | | | | | | | | | | | | | | | | |
| 4. Implementation Phase 2 – project commencement | | | | | | | | | | | | | | | | | | |
| 4.1 Identify projects | | | | | | | | | | | | | | | | | | |
| 4.2 Identify and hire staff | | | | | | | | | | | | | | | | | | |
| 4.3 Identify recipients | | | | | | | | | | | | | | | | | | |
| 4.4 Setup operational infrastructure | | | | | | | | | | | | | | | | | | |
| 4.5 Develop Training program | | | | | | | | | | | | | | | | | | |
| 4.6 Procurement | | | | | | | | | | | | | | | | | | |
| 4.7 Finalize community agreements | | | | | | | | | | | | | | | | | | |
| 5. Implement, support, monitor.. | | | | | | | | | | | | | | | | | | |

3. Estimated Budget (for initial small-scale, concept proof implementation)

| Program/Item | Details | USD |
|--|--|-------------|
| Livelihoods Strengthening Program | | |
| (2.5% of population or approximately 900 households: 300 households for each coastal, pastoral, urban area) | | |
| Activity Skills Training | 24 days at 4\$/day (900 recipients) | \$86,400 |
| Kick-start funds | \$75 per recipient (900 recipients) | \$67,500 |
| Operational costs (6 months) | 1 project manager, 1 trainer, 2 assistants, 2 monitors, travel/transport/equipment/etc | \$175,000 |
| Program cost | | \$328,900 |
| Infrastructure Rehabilitation | | |
| (Approximately 100 households for each coastal, pastoral, urban area: totalling 300 households/recipients) | | |
| Cash for Work program average | 24 days at 4\$/day for 6 months (300 recipients) | \$172,800 |
| Inputs | Materials and other inputs (equipment, rental, vehicle, etc) | \$150,000 |
| Operational costs (6 months) | 1 project manager, 1 technician, 2 assistants | \$120,000 |
| Program Cost | | \$442,800 |
| Disaster Risk Management (Contingency Fund) | | |
| (2.75% of pastoral population or approximately 400 households/recipients)(see calculation in section XIII.C.6) | | |
| Fund (initial amount) | \$125/ per 6 months (\$250/yr) for 400 recipients | \$100,000 |
| Operational costs (1 year) | 1 project manager (part time), admin | \$65,000 |
| Program Cost | | \$165,000 |
| Sub-Total | | \$936,700 |
| 7% management cost | | \$65,569 |
| Total program cost (USD) | | \$1,002,269 |