INTERNATIONAL DEVELOPMENT IN FOCUS

Overview

Adaptive Social Protection

Building Resilience to Shocks

Thomas Bowen, Carlo del Ninno, Colin Andrews, Sarah Coll-Black, Ugo Gentilini, Kelly Johnson, Yasuhiro Kawasoe, Adea Kryeziu, Barry Maher, and Asha Williams

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Contents

Figures

Map

Tables

Foreword

At the time of finalizing this publication on Adaptive Social Protection (ASP), the world entered the midst of the COVID-19 pandemic, which has left no country unaffected by its sweeping impacts. Although the long-term trajectory of these widespread health, economic, and social impacts is uncertain, its immediate consequences have already resulted in significant losses in terms of lives and livelihoods. A period of prolonged, often extreme, hardship is being endured by many who are undergoing social distancing and experiencing reduced income and diminished consumption. This is especially true for the poorest among us, with the lowest capacity to cope.

As the crisis has taken hold, policy makers have been reminded of the value of having strong social protection systems in place that are capable of reaching affected households with immediate assistance. Toward the end of April 2020, as many as 133 countries had planned, introduced, or adjusted social protection programs in response to COVID-19. At the same time, the crisis is shining a light on both the enabling and constraining factors that affect governments' ability to leverage social protection systems to address large, covariate shocks of this sort.

At the World Bank Group, we consider ASP to be a dedicated area of focus within the wider field of social protection, examining and identifying the ways in which social protection systems can be prepared and enhanced ahead of large covariate shocks like COVID-19 to build the resilience of poor and vulnerable households—before, during, and after such shocks occur.

The report begins by highlighting how, when designed appropriately, social protection programs that are delivered to the poorest and most vulnerable households can have a transformative impact on their resilience to these kinds of shocks. Through the provision of transfers and services to the poorest and most vulnerable households, adaptive social protection directly supports their capacity to prepare for, cope with, and adapt to the shocks they face. Over the long term, by supporting these three capacities, ASP can provide a pathway to a more resilient state for households that may otherwise lack the resources to move out of chronically vulnerable situations.

Further, the organizing framework for ASP that is articulated in this report provides insights into the ways in which social protection systems can be made more capable of building household resilience. Through its four building blocks—programs, information, finance and institutional arrangements, and

partnerships—the framework highlights both the elements of existing social protection systems that are the cornerstones for building household resilience to shocks, as well as the additional priorities and core investments that will be instrumental in enhancing these outcomes and making the social protection system more prepared in advance of the next crisis.

By way of some key examples, the report highlights the need to modify traditional targeting methods to factor in household vulnerability to shocks; integrate and layer programming among poor and vulnerable households in "hot-spot" areas of recurrent shocks; invest in delivery systems and contingency planning to enable the increased responsiveness of programs after a shock hits; expand coverage of social registries, with a focus on the inclusion of high-risk households; preposition risk financing to ensure funding is readily available to fund response programs in a timely manner; invest in fostering collaboration and coordination with nontraditional but essential partners across government—including those involved disaster risk management and climate change adaptation—as well as nongovernment, humanitarian actors. These are only a few of the priorities within the four building blocks that are outlined in the report.

As the COVID-19 pandemic eventually begins to recede, other shocks and crises will remain on the horizon, many of which will become increasingly severe under the influence of climate change. The framework in this report can provide directions along the path toward the development of ASP in advance of those shocks materializing in the future. Indeed, the World Bank Group is increasingly working with governments to develop ASP in some of the poorest and highest-risk countries around the world. The report provides the basis for a structured approach to implementing these engagements, each of which will, in turn, continue to inform our collective learning on this evolving and important agenda.

Michal Rutkowski
Global Director
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Acknowledgments

This report is the product of a sustained conversation among colleagues within the World Bank Group's Social Protection and Jobs Global Practice over the past several years. In particular, many of the concepts, as well as the framework outlined here, were developed for the South-South Learning Forum 2018, "Building Resilience through Adaptive Social Protection." The work conducted as part of the Sahel Adaptive Social Protection Program has also been key in driving many of the ideas outlined in this report. As such, the report has benefited enormously from the myriad views, insights, and experiences related to the evolving concept of adaptive social protection that have been shared by these many direct or indirect contributors, not all of whom can be captured in this acknowledgments section.

The report was prepared by a team that was led by Thomas Bowen (social protection specialist) and included coauthors Carlo del Ninno (lead economist), Colin Andrews (program manager), Sarah Coll-Black (senior economist), Ugo Gentilini (senior economist), Kelly Johnson (senior social protection specialist), Yasuhiro Kawasoe (junior professional officer), Adea Kryeziu (social protection specialist), Barry Maher (senior financial sector specialist), and Asha Williams (social protection specialist).

In addition to the research completed by the authors, in several places this report draws heavily on unpublished background papers prepared by Oxford Policy Management (OPM). The OPM background paper team was led by Valentina Barca and included coauthors Sarah Bailey, Rodolfo Beazley, Andrew Kardan, Gabrielle Smith, and Ana Solórzano. Catherine Fitzgibbon, an independent consultant, also contributed to the background paper related to finance. All background paper references are cited throughout the text and are noted in the chapter reference lists of the full report.

Overall guidance and quality control for this report were provided by Michal Rutkowski (global director), Margaret Grosh (senior adviser), Anush Bezhanyan (practice manager), and Jehan Arulpragasam (practice manager) of the Social Protection and Jobs Global Practice. Comments received during the peer review process from John Blomquist (lead economist), Yashodhan Ghorpade (economist), Aylin Isik-Dikmelik (senior economist), and Laura Rawlings (lead economist) helped to sharpen and enrich this report throughout. Cathy Ansell (financial sector specialist), Evie Calcutt (financial sector specialist),

Kenichi Chavez (senior social protection specialist), Aline Coudouel (lead economist), Jesse Doyle (young professional), Matthew Hobson (senior social protection specialist), Phillippe Leite (senior social protection economist), Olivier Mahul (practice manager), and Ruslan Yemtsov (lead economist) were also key contributors to the development of many of the concepts outlined in this report.

The team would also like to thank members of the Sahel Adaptive Social Protection Program's Partnership Council, who provided important insights and guidance related to the adaptive social protection building blocks and the concept of resilience that proved instrumental in helping to develop this report, namely: Laura Garn, Heidi Gilert, and Harriet McDonald (Department for International Development—DFID); Daniel Longhurst, Ralf Radermacher, and Anne-Sophie Vollmecke (Deutsche Gesellschaft für Internationale Zusammenarbeit—GIZ); and Thibault Van Langenhove (Agence française de développement—AFD). The messages contained within this report do not necessarily reflect the opinions of these Partnership Council members or the positions of their respective organizations.

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Overview

A FRAMEWORK FOR ADAPTIVE SOCIAL PROTECTION

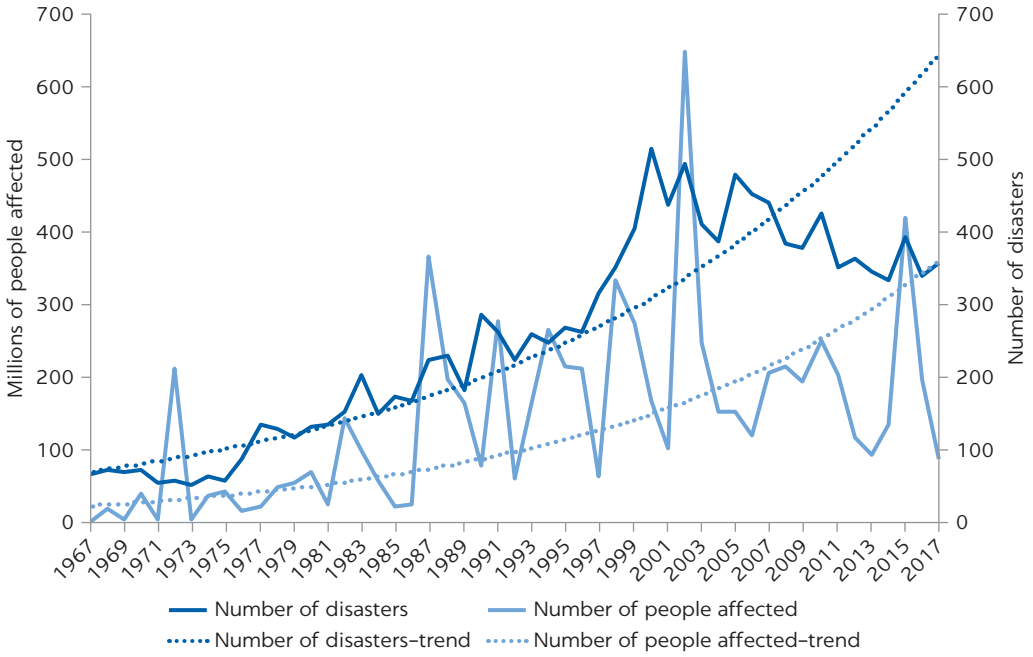
INTRODUCTION

Today's global landscape is fraught with interconnected and often devastating covariate shocks such as natural disasters, economic crises, pandemics, conflicts, and forced displacement.[1] In the last 50 years, natural disasters have followed an increasing trend in terms of occurrence and human devastation (figure O.1).[2] Climate change is expected to exacerbate these trends and, without climate-informed development, to push an additional 100 million people into extreme poverty by 2030 (Hallegatte et al. 2016). Forced displacement also has hit record highs in recent years, with an estimated 20 persons fleeing their homes every 60 seconds and more than 64 million people being displaced worldwide in 2016 (UNHCR 2016). In addition, the COVID-19 pandemic is providing a vivid reminder of the devastating potential impact of pandemics on the lives and livelihoods of those who are directly and indirectly affected.

Adaptive social protection (ASP) is a response to widespread demand for the use of social protection as a tool to build the resilience of poor and vulnerable households to these kinds of covariate shocks. ASP is outlined in this report as a specific focus area within the wider field of social protection that is dedicated to identifying the ways in which social protection can be leveraged and enhanced to build household resilience to these kinds of shocks. In doing so, this report draws inspiration and insight from the concept of ASP promulgated by researchers at the Institute of Development Studies (for example, Arnall et al. 2010; Davies et al. 2009, 2012). These authors first highlighted the value of integrating the often disconnected social protection, disaster risk management (DRM), and climate change adaptation sectors for a mutually reinforcing approach to reduce household vulnerability and build household resilience. In equal measure, the report draws on the proliferating literature on and operational experiences related to shock-responsive social protection, especially the Oxford Policy Management shock-responsive social protection series, 2015–18. Finally, the report draws on and adapts the Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) framework developed by Bahadur et al. (2015), as the primary basis for its definition of household resilience.

FIGURE O.1

Natural disasters: Increasingly frequent and devastating impacts, 1967–2017



Source: EM-DAT: The Emergency Events Database, Université catholique de Louvain (UCL)—CRED, www.emdat.be, accessed May 2019.

In response to this growing demand for ASP, this report outlines and elaborates on a concise framework to help inform its design and implementation. To do so the report first outlines a working definition of ASP that is anchored to a definition of household resilience. Building from these foundational definitions, the main contribution of the report is an organizing framework for ASP that is composed of four building blocks—programs, data and information systems, finance, and institutional arrangements and partnerships. In developing this framework, the report highlights the specific priorities and core investments aligned to each building block that support the design and implementation of ASP. In this way, the report identifies several priorities and investments that are above and beyond those that are business as usual for regular social protection, generated by the unique demands of building household resilience to covariate shocks.

This report focuses primarily on elaborating this framework in relation to natural disasters and climate change. Each type of covariate shock transmits its impacts to households in a different way: primarily, if not exclusively, through the labor market for economic shocks, through food insecurity for drought, and through asset loss for destructive shocks such as earthquakes. This implies different policy and programmatic prescriptions to mitigate the impacts, including, for example, the timing of an intervention and the most appropriate type of assistance. Natural disasters lay at the intersection of those covariate shocks where more is known on the role of social protection—such as economic and financial crises—and those where lessons are only beginning to emerge—including pandemics such as COVID-19 and forced displacement. The building blocks and the priorities that are outlined in this report offer a foundation for a structured approach to advance ASP globally, across each type of shock.

RESILIENCE TO SHOCKS: THE CAPACITY TO PREPARE, COPE, AND ADAPT

To understand how ASP can build household resilience to shocks, it is important to first define resilience. The concept of resilience has enjoyed widespread adoption across (as well as outside of) international development organizations and sectors, from finance to health to infrastructure, to name but a few. The concept has gained traction, significance, and influence in part because it highlights a positive capacity for a unit of analysis to manage adversity (that is, a system, a society, a community, a household, or a person; for detailed synopses, see Béné et al. 2012; de Weijer 2013; and appendix A of the full report). Definitions for resilience abound and any given two definitions are rarely the same across or even within institutions. For conceptual clarity, in this report resilience is defined as:

> The ability for a household to prepare for, cope with, and adapt to shocks in a manner that protects their well-being: ensuring that they do not fall into poverty or become trapped in poverty as a result of the impacts.

A household's resilience to a shock can be thought of as the product of its capacity to prepare for, cope with, and adapt to it. Drawing inspiration from the BRACED framework (Bahadur et al. 2015), conceptually, a more resilient household will possess three interlinked capacities that help to minimize and resist a shock's negative impacts. The higher the household's capacity to prepare, cope, and adapt, the lesser the implied impact of the shock on well-being and the increased likelihood that the household will "bounce back faster" (Schipper and Langston 2015), recovering to pre-shock levels of well-being. By extension, vulnerability and resilience can be simplistically seen as "two sides of the same coin" (Jorgensen and Siegel 2019), where a household is vulnerable to a shock because of a limited capacity to prepare, cope, and adapt, translating into an inability to minimize and resist the negative impacts, bouncing back slowly, if at all.

For greater precision, taking each interlinked capacity in turn, a more resilient household can do the following.

- **Prepare for a shock:** *mitigating the impacts, informing and enabling coping and adaptation*.[3] First, the capacity to prepare is, to a large extent, determined by a household's access to information on the risks it faces, enabling a better understanding of the factors that drive its own exposure and vulnerability to those risks (Bahadur et al. 2015). Adequate information on risk is essential for informing the actions needed to minimize exposure and vulnerability, including through preparing to cope with the immediate impact of a shock, as well as strategies for long-term adaptation. At the same time, a more resilient household tends to have access to savings in the form of cash and assets to create a buffer that it can draw upon after a shock. Similarly, a more resilient household is typically more prepared as a result of having access to a range of private (insurance) and public (social protection) instruments to draw upon when savings are depleted and/or a shock is especially severe.
- **Cope with a shock:** *minimizing the immediate impact of a shock on well-being in the short term*.[4] The capacity to cope with a shock is highly correlated to the capacity to prepare. A more resilient household possesses a higher capacity to cope with the impact because it can draw upon its savings

and leverage private (insurance) and public (social protection) resources as appropriate to smooth consumption and lost income. Together, these strategies and instruments help to resist the negative impact on their well-being and enable households to bounce back to their pre-shock state as quickly as possible.

- **Adapt to a shock:** *reducing exposure and vulnerability over the long term, enabling a movement toward a more resilient state.* With sufficient adaptive capacity, a more resilient household can make investments that reduce both its exposure and vulnerability to shocks over the longer term. This includes diversifying or adjusting livelihood portfolios away from sources of income that are especially vulnerable to the impacts of a shock; building a larger and more diversified asset base, including productive, financial, and human capital-related assets to enable these adjustments in livelihood portfolios; and/or leveraging such assets to relocate away from an area of spatially concentrated risk. Indeed, the ultimate expression of adaptive capacity may be the household's ability to reduce its exposure to a shock altogether through relocation and planned migration when in situ adjustments to livelihood and assets portfolios fail and where remaining in place would lead to chronic vulnerability and even maladaptation.[5]

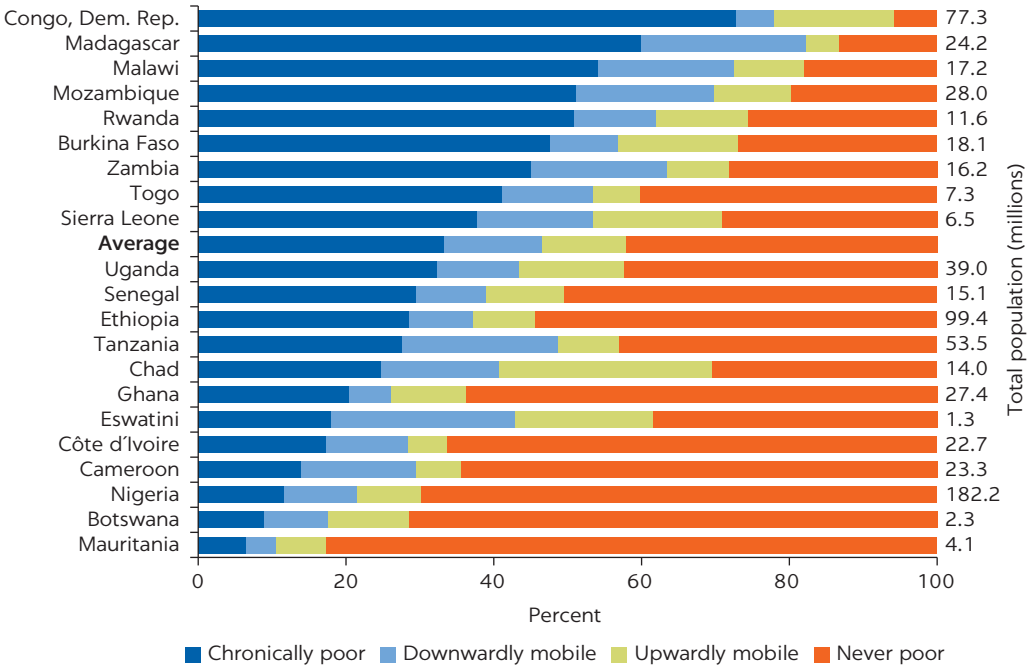
POVERTY AND VULNERABILITY: CONSTRAINTS TO THE CAPACITY TO PREPARE, COPE, AND ADAPT

Shocks disproportionately impact poorer households, who tend to be particularly exposed to shocks and more vulnerable to their impacts (Hallegatte et al. 2016). The generalized vulnerability of poorer households to shocks can be ascribed to a deficit in terms of the capacity to prepare, cope, and adapt. For example, it is widely documented that poorer households resort to "negative coping mechanisms" to smooth consumption, including by cutting consumption, selling productive assets, and removing children from school (Hill, Skoufias, and Maher 2019). Poverty also can prevent the adoption of livelihood strategies and higher-risk investments in support of greater preparedness and longer-term adaptation, leading to a state of chronic vulnerability to shocks (Bahadur et al. 2015). For many poorer households, the ability to bounce back to a pre-shock state of well-being is acutely limited, creating poverty traps and, at a societal level, undermining poverty reduction (UNISDR 2015).

Shocks routinely impoverish nonpoor households when their capacity to prepare, cope, and adapt is overwhelmed. The data and research are replete with examples of how local and national poverty rates increase substantially after severe and less severe shocks (see appendix A of the full report). Many households live close to the poverty line, meaning they are especially vulnerable to poverty as a consequence of even small variances in income and consumption (figure O.2). In this way, households that are vulnerable to poverty due to shocks often possess similar constraints as poor households to prepare, cope, and adapt to shocks. Particularly severe shocks—especially those that are rapid-onset, destructive shocks such as earthquakes and severe typhoons—can erase assets and livelihoods and impoverish even wealthier households.

FIGURE O.2

Africa: Chronic and transient poverty



Source: Dang and Dabalen 2017, as cited in Beegle, Coudouel, and Monsalve 2018.
Note: Poverty statistics are from the latest household survey year for each country. "Chronically poor" are households that were poor in both periods of the analysis; "downwardly mobile" are households that fell into poverty in the second period; "upwardly mobile" are those that were poor in the first period but not in the second; and "never poor" are households that were nonpoor in both periods.

Further, within a household, women, children, the disabled, and the elderly are often found to be especially vulnerable to the impacts from shocks (see, for example, Holmes 2019; UNICEF 2018).

Adapting to shocks and "bouncing back better" after they hit is critical for poor and vulnerable households. Priority 4 of the Sendai Framework for Disaster Risk Reduction emphasizes that reconstruction after a disaster offers an opportunity to build more resilient societies (Hallegatte, Rentschler, and Walsh 2018). The concept of "building back better," aligned to Priority 4, highlights the necessity of not re-creating the same vulnerabilities that exacerbated the impacts of the previous disaster. Applying the same principle in relation to household resilience, it is critical to ensure that poor and vulnerable households can "bounce back better" to a more resilient state of lower exposure and vulnerability (Frankenberger et al. 2012; Manyena et al. 2011). Further, under the influence of climate change, and alongside societal adaptation initiatives, a household's ability to adapt over the long term to increased uncertainty and worsening climatic conditions will become increasingly critical. The limited capacity of poorer households to adapt to climate change means they are likely to be among the hardest hit by the worsening impacts (Hallegatte et al. 2016).

ADAPTIVE SOCIAL PROTECTION: BUILDING RESILIENCE BY SUPPORTING THE CAPACITY TO PREPARE, COPE, AND ADAPT

ASP can help to build the resilience of poor and vulnerable households to shocks by directly investing in their capacity to prepare, cope, and adapt. As such, the report defines ASP in the following way:

> Adaptive social protection helps to build the resilience of poor and vulnerable households by investing in their capacity to prepare for, cope with, and adapt to shocks: protecting their wellbeing and ensuring that they do not fall into poverty or become trapped in poverty as a result of the impacts.

This definition of ASP promotes government-led investment in the three resilience capacities of households who are particularly vulnerable to shocks along the pre- and post-shock continuum, through social protection programs (table O.1). Together, social safety nets, social insurance, and labor market programs constitute the social protection "system" along with the policies that guide them and the delivery systems that underpin them (ILO 2017; Robalino, Rawlings, and Walker 2012; World Bank 2012).

The pronounced ability of safety net programs in particular to build the resilience of poor and vulnerable households can be harnessed and enhanced in relation to covariate shocks. Unemployment insurance and social insurance programs are widely understood to be instruments that can help households to cope with the impacts of a shock, if they have access to these programs. That said, in many countries, the share of the formal labor force is limited, and access to unemployment insurance is highly constrained, especially among the poorest households. Safety nets, on the other hand, routinely reach among the

TABLE O.1 The social protection system: Objectives and types of social protection and labor programs

SOCIAL PROTECTION AND LABOR PROGRAM	OBJECTIVES	TYPES OF PROGRAMS
Social safety nets/ social assistance Noncontributory	Reduce poverty and inequality	• Unconditional cash transfers • Conditional cash transfers • Social pensions • Food and in-kind support • School feeding programs • Public works projects • Fee waivers and targeted subsidies • Other interventions
Social insurance Contributory	Ensure adequate standards in the face of shocks and life changes	• Contributory old-age, survivor, and disability pensions • Sick leave • Maternity/paternity benefits • Health insurance coverage • Other types of insurance
Labor market programs Contributory and noncontributory	Improve chances of employment and earnings; smooth income support during unemployment	• Active labor market programs: training, employment intermediation services, and wage subsidies • Passive labor market programs: unemployment insurance and early retirement incentives

Source: World Bank 2018.

poorest households with various forms of noncontributory assistance—most typically unconditional or conditional cash transfers, in-kind support such as food and nonfood items, and public works programs. For these reasons, while there is ample room to explore the role of all types of social protection programs in building resilience, the focus of this report is squarely on safety net programs.

The impact of assistance delivered to a poor or vulnerable household through a safety net can be transformative across its resilience capacities. A cash transfer, for example, provides a supplementary source of income that can enable the beneficiary household to undertake preparedness measures (such as saving) and to invest in higher-risk, higher-return livelihoods, supporting adaptation. If a shock hits, the beneficiary household is better able to smooth consumption and to avoid negative coping strategies. Moreover, after a shock, if preparedness measures are overwhelmed (for example, depleted savings), the continued provision of transfers can directly support the beneficiary household's capacity to cope. More specifically, table O.2 summarizes the impact of safety net programs across the three resilience capacities—prepare, cope, and adapt—highlighting the ways ASP can build the resilience of poor and vulnerable households.

TABLE O.2 Adaptive social protection: Supporting the capacity to prepare, cope, and adapt

	PREPAREDNESS	COPING	ADAPTATION
A more resilient household	• More savings (cash, assets) to draw upon if a shock occurs • Access to public (social protection) and private (insurance) instruments if needed after a shock • Access to information on their own exposure and vulnerability to shocks (including early warning information) to inform action	• Activates coping mechanisms: acting on information (including early warning information), leverages savings, assets, public and private instruments to smooth consumption and to supplement lost income	• Capable of making long-term investments to reduce exposure and vulnerability over time • Adjustment of asset and livelihood portfolios away from sources of risk and vulnerability • Planned movement and migration away from areas of spatially concentrated, chronic risk
Poor and vulnerable households	• Limited savings and assets to draw on if a shock occurs • Limited or no access to public (social protection) and private (insurance) instruments if needed should a shock occur • Limited access to information on their exposure and vulnerability (including early warning information) to inform action	• In the absence of adequate savings and access to social protection and/or private insurance, resort to negative coping strategies—cutting consumption, removing children from school, distress sale of assets, among others	• Fewer resources with which to make long-term investments in adaptation through adjustments in livelihood and asset portfolios that can lead to • Maladaptation and chronic vulnerability • Forced displacement and unplanned migration
Role of safety net programs in supporting preparedness, coping, and adaptation among the poor and vulnerable households	• Increased access to safety nets among the poor and vulnerable, especially those identified as at-risk from shocks • Transfers to at-risk households before shocks occur to support savings and asset accumulation • Safety nets leveraged to transmit information on exposure and vulnerability, enabling the increased anticipation of shocks, and informing actions in support of preparedness, coping, and adaptation	• Support to post-shock coping through continued delivery during and after a shock to existing beneficiaries • Shock-responsive programs capable of adjusting benefit package and temporarily increasing the number of beneficiaries as needed based on post-shock needs	• Support to long-term adjustment of asset and livelihood portfolios, including through cash, cash plus, and productive inclusion interventions • Community asset-building projects through public works programs that address key drivers of community-level vulnerability • Support to human capital accumulation for intergenerational adaptation through increased opportunity

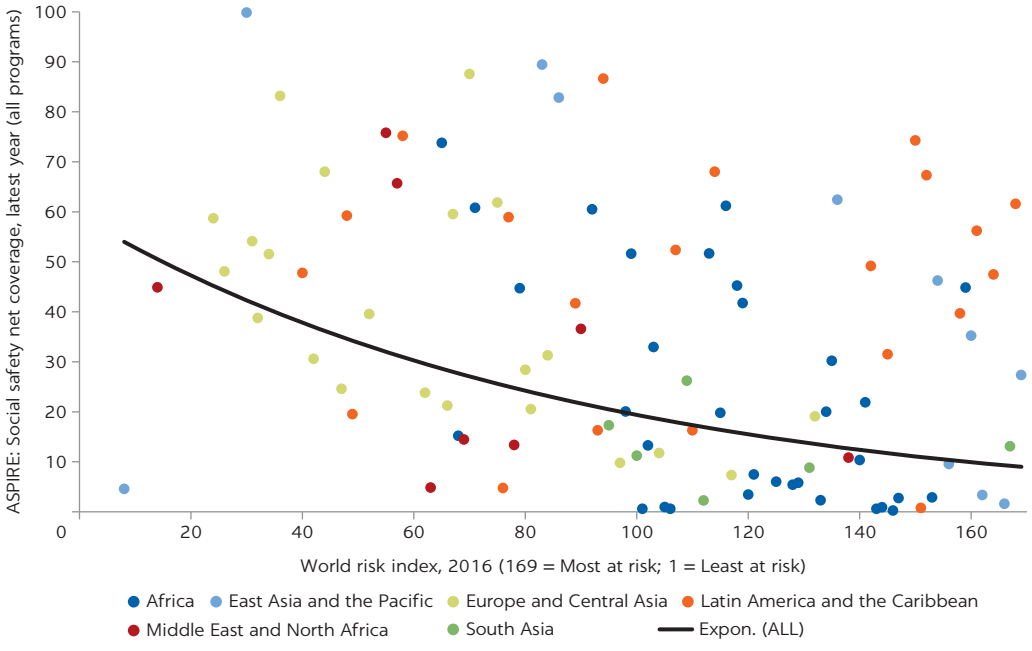
Source: World Bank.

An overriding priority for ASP is the continued extension of access to safety net programs, especially for the households that are identified as being most vulnerable to shocks. Recently, safety net coverage has increased dramatically, globally (see, for example, Beegle, Coudouel, and Monsalve 2018; World Bank 2018), providing a strong platform for their use in building resilience to covariate shocks. However, while the rise of safety nets has been impressive and is at the heart of several increasingly ambitious social protection–related agendas (including ASP), the undercoverage of and limited access to safety net programs, particularly among the poorest households, remain widespread (ILO 2017; World Bank 2018). Low social protection coverage of those most vulnerable to covariate shocks inevitably limits the role of social protection in building resilience (Bastagli and Holmes 2014). Indeed, many countries at high risk of natural disasters have especially low coverage, as highlighted in figure O.3. In that sense, the development of ASP is consistent with and integral to the advancement of the universal social protection agenda: access to social protection for all in need, when they need it, including in relation to shocks.[6]

The remainder of this report highlights how specific priorities and core investments can enhance the ability of safety net programs to build household resilience to covariate shocks. In order to highlight these priorities and core investments, the report outlines a framework that delineates four key building blocks for the development of ASP: (1) programs, (2) data and information systems, (3) finance, and (4) institutional arrangements and partnerships (figure O.4). The full report is structured around these building blocks, with each chapter dedicated to expanding on the key priorities and core investments aligned to each. In that way, chapter 1, "Programs: Design Considerations for Building Resilience," focuses on some of the design features that can enhance the ability of safety net programs to build resilience by supporting preparedness, coping, and adaptation. Chapter 2, "Data and Information:

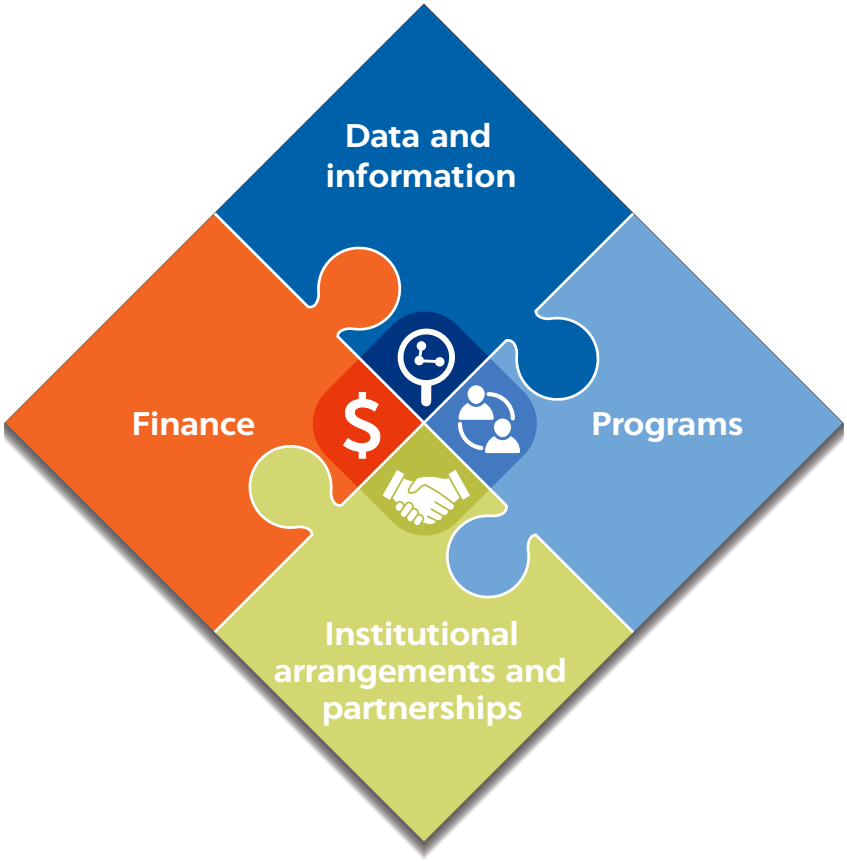
FIGURE O.3

Social safety nets: Global coverage compared to World Risk Index ranking



Sources: Atlas of Social Protection (ASPIRE), http://datatopics.worldbank.org/aspire/; UNU-EHS 2016.

FIGURE O.4
Framework for adaptive social protection: Four building blocks



Source: World Bank.

Understanding Risk and Household Vulnerability," identifies some of the data and information requirements that underpin the design and implementation of these programs. Chapter 3, "Finance: Applying a Disaster Risk Financing Approach," then focuses on outlining the role of risk financing in enabling timely response to shocks with ASP. Lastly, chapter 4, "Institutional Arrangements and Partnerships: Multisectoral Coordination and Humanitarian Linkages," unbundles some of the multisectoral institutional arrangements and partnerships that are critical for ASP both across government line ministries as well as with nongovernment partners. These key priorities and core investments are summarized in table O.3 and the remainder of this overview.

ASP building block 1: Programs

As noted, investing in a stronger, more comprehensive social protection system composed of multiple programs with high coverage provides the foundation for building household resilience. Moreover, beyond the traditional social protection system itself, ASP highlights the need for strong coordination with the disparate programs working on building the resilience of households to shocks from other sectors. Take for example the many agriculture, human development (health and education), and disaster risk reduction programs that explicitly or

TABLE O.3 Summary of the key priorities and investments, by building block

BUILDING BLOCK	PRIORITY/INVESTMENT	DESCRIPTION
Programs	Strengthen the overall social protection system and expand coverage	A stronger social protection system with higher coverage across several programs provides more avenues for reaching poor and vulnerable households with assistance before and after shocks
	Appraise and adjust the design parameters of existing programs within the system	Adjusting targeting approaches to integrate risk and household vulnerability into eligibility criteria and beneficiary selection, as well as fine-tuning benefit parameters to enhance resilience-building outcomes among those households
	Design features to support preparedness	Promote increased savings and financial inclusion; disseminate risk information within at-risk communities to inform strategies and actions for household preparedness, coping, and adaptation
	Design features to support coping	Invest in preparing shock-responsive, flexible programs that are backed by adequate preparedness measures and contingency plans
	Design features to support adaptation	Promote more productive and resilient livelihoods including through asset and livelihood diversification; support to human capital accumulation; building resilient community assets that address sources of vulnerability in the community
Data and information	Household risk and vulnerability assessments	Integrating poverty and vulnerability data with disaster risk assessments for a spatial understanding of household vulnerability to shocks
	Social registries	Expanding social registry coverage within high-risk areas, enabling more frequent updating and ensuring the data contained in registries are useful in the assessment of household vulnerability to shocks
	Early warning systems	Linking to early warning systems as a basis for predicting needs and promoting timely action based on predefined triggers and thresholds for action
	Post-shock needs assessment	Investing in the capacity to conduct post-shock assessments, or linking to assessment from other sectors, to ensure an up-to-date understanding of household needs—especially after less predictable, destructive shocks
	Data sharing platforms and protocols	Facilitating exchange of data between social protection and relevant line ministries, including DRM, as well as nongovernment partners
Finance	Cost estimation of shock response	Use historical shock data to analyze the predicted cost of future responses with social protection
	Preplanned risk financing and risk layering for shock response	Preposition financial instruments to cover those costs, layering different instruments for different risks and ensuring timelier responses
	Linking to disbursement mechanisms	Ensure that programs and their payment platforms are prepared to efficiently disburse available funds to beneficiaries once released
	Secure long-term financing in support of resilience building	Financing for the expansion of long-term programs, supporting household resilience, including through preparedness and adaptation
Institutional arrangements and partnerships	Government leadership	Internalizing responsibility to build the resilience of poor and vulnerable households to shocks, owning the ASP agenda and setting government objectives and strategy accordingly
	Policy coherence and cross-sector collaboration	Especially among the core sectors of social protection, DRM, and those involved in climate change adaptation
	Institutional capacity	Beyond policy coherence and coordination mechanisms: investing in the additional human, financial, and physical capacity required for ASP delivery
	Strategic partnerships with nongovernment actors	Pursuing a collaborative, coordinated approach with nongovernment partners engaged in building resilience
	National and nongovernment actor specificity in roles and responsibilities	Beyond simple dichotomies, identifying specific comparative advantages in design and delivery of ASP programs across humanitarian/government divide

Source: World Bank.
Note: ASP = adaptive social protection; DRM = disaster risk management.

implicitly seek to build household resilience to covariate shocks. Similarly, after a shock hits, many emergency response and recovery programs deliver from a multitude of ministries, departments, and agencies as well as from nongovernmental and humanitarian organizations to help people cope with the impacts. Where such coordination, coherence, and integration of programming is achieved in practice, household gains in resilience building could be more significant and sustainable; see, for example, the integrated and layered programmatic approaches to building resilience undertaken by the World Food Programme (WFP 2015, 2018).

More specifically, traditional approaches to safety net beneficiary selection need to be re-evaluated to ensure coverage of the households that are most vulnerable to shocks. Geographic targeting that is based on a spatial understanding of risks and that prioritizes extending and/or deepening coverage within high-risk areas will enhance the ability of safety net programs to support resilience building. Within program eligibility criteria, measures of vulnerability to covariate shocks can further enhance the ability to identify and reach households most vulnerable to shocks in support of preparedness, coping, and adaptation (del Ninno and Mills 2015). For example, climate-smart targeting incorporates area and household data to help identify the households vulnerable to natural hazards and climate-change risks (ADB 2018; Bastagli and Holmes 2014; World Bank 2013).

Appraising and adjusting existing program benefit package parameters can enhance their resilience-building impact. Building on risk and vulnerability–informed beneficiary selection, an assessment of existing safety net program benefit packages can inform specific adjustments to maximize their impact on resilience building. For example, it is worthwhile considering how the benefit package design parameters—type (cash, vouchers, food), timing, frequency, duration, and amount—mediate their impact on preparedness, coping, and adaptation. Concretely, smaller, more frequent cash transfers in support of consumption smoothing are associated with support to coping, especially when they are timed with predictable shocks such as lean seasons. Larger, lump-sum, infrequent transfers are more likely to spur investments in support of adaptation and preparedness. More generally, where transfers are not predictable and reliable, they will undermine resilience-building impacts, with beneficiaries more likely to continue to resort to negative coping strategies and not factor the transfers into longer-term investment decisions, hampering preparedness and adaptation.

Safety net support to the capacity to prepare for shocks

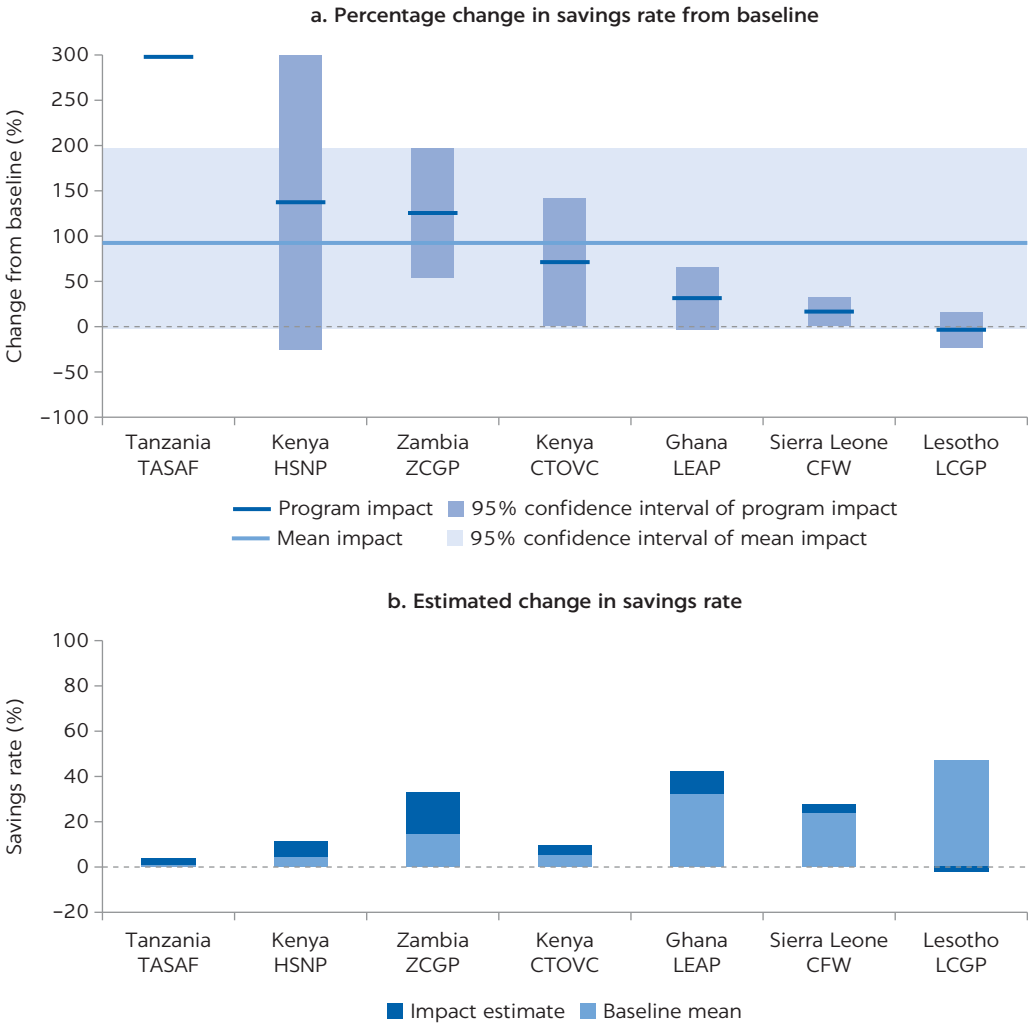
Savings and financial inclusion can directly increase the preparedness of poor and vulnerable households, enhancing their ability to cope with and adapt to a shock. Financial inclusion can be explicitly supported where safety net beneficiaries are given access to a store-of-value transaction account (increasingly common practice for cash transfers) and encouraged to save and/or are given access to savings groups in their community. Even where social protection does not explicitly support financial inclusion and saving, beneficiaries often use the transfer for this purpose, especially in contexts of recurrent crises. Recent evaluations of safety net programs indicate significant impacts on increased savings, improved creditworthiness, and reduced debt (Andrews, Hsiao, and Ralston 2018; Bastagli et al. 2016; Hidrobo et al. 2018; Ulrichs and Slater 2016). In Mexico, beneficiaries of the former national

conditional cash transfer program (Prospera) who lived in communities highly exposed to droughts and hurricanes largely used the transfer "to save for the bad times" (Solórzano 2016). In Africa, safety net beneficiary households are 4–20 percentage points more likely to save relative to comparable nonbeneficiary households (figure O.5); given the initial low savings rate among such households, this implies an expansion by a factor of almost two in the incidence of savings (Beegle, Coudouel, and Monsalve 2018). Financial inclusion provides the additional benefit of making beneficiaries more easily reachable with swift electronic cash transfer assistance after a shock.

Safety net programs can also provide channels for communicating early warning information, disaster preparedness training, and guidance on adaptation to recipient households. Access to early warning systems is low and biased against poor households in developing countries (Hallegatte et al. 2017).

FIGURE O.5

Africa: Safety net beneficiaries tend to use the transfers to save



Source: Beegle, Coudouel, and Monsalve 2018.
Note: The mean value of the household transfer (in 2011 US$ purchasing power parity) is Tanzania Social Action Fund $48; Kenya's Hunger Safety Net Program $47; Zambia's Child Grant Program $27; Kenya Cash Transfer for Orphan and Vulnerable Children $71; Ghana's Livelihood Empowerment against Poverty $24; Sierra Leone Cash for Work $83; and Lesotho Child Grants Program $34.

This deficit is notable insofar as households can only be so prepared without access to early warning information to anticipate the coming shocks. Safety net programs rely on a network of implementers who often reach into the poorest communities, including social workers and village/community leaders. Leveraging these networks and the behavioral change sessions that increasingly accompany program delivery within communities can provide the means and venues for communicating this information. These venues can also be utilized to disseminate information on household and community disaster risk, risk reduction, and adaptation measures to beneficiary households and the wider community that are otherwise hard to reach (ADB 2018). For example, in the Philippines, Family Development Sessions, an integral component of the national conditional cash transfer program (Pantawid Pamilya Pilipino Program), are used as a vehicle and venue for delivering disaster preparedness information to all beneficiaries (Bowen 2015).

Safety net support to the capacity to cope with shocks

Safety net programs have well-documented, positive impacts on a poor household's capacity to cope with shocks, supporting food security and lessening the need to resort to negative coping alternatives (Ulrichs and Slater 2016). Of the resilience capacities, safety nets tend to demonstrate the strongest impact on supporting a household's capacity to cope. Evaluations of safety net programs across six African countries describe "unambiguous" increases in the food security of beneficiary households (Asfaw and Davis 2018).[7] The receipt of transfers through Ethiopia's Productive Safety Net Programme reduced the initial impact of a drought on beneficiaries by 57 percent, eliminating the adverse impact on food security within 2 years (Hidrobo et al. 2018).

In the context of covariate shocks, safety net programs can provide extraordinary support to help households cope with often devastating impacts. In their shock-responsive social protection framework, O'Brien et al. (2018) outline five potential ways that social protection programs can be leveraged to respond to large-scale shocks:

- **Design tweaks** are small adjustments to a routine social protection program. They can introduce flexibility to maintain the regular service for existing beneficiaries in a shock (for example, by waiving conditionalities). Alternatively, they can address vulnerabilities that are likely to increase in a crisis, through adjustments to program coverage, timeliness or predictability (for example, by altering the payment schedule), without requiring a flex at the moment of the shock.
- **Vertical expansion** is the temporary increase of the value or duration of a social protection intervention to meet the additional needs of existing beneficiaries. For such vertical expansions to be relevant, the program or programs must have good coverage of the disaster-affected area and also of the neediest households.
- **Horizontal expansion** is the temporary inclusion of new beneficiaries from disaster-affected communities into a social protection program, by extending geographic coverage, enrolling more eligible households in existing areas, or altering the enrollment criteria.
- **Piggybacking** occurs when an emergency response uses part of an established system or program while delivering something new. Exactly which and how many elements of the system or program are borrowed will vary; it could

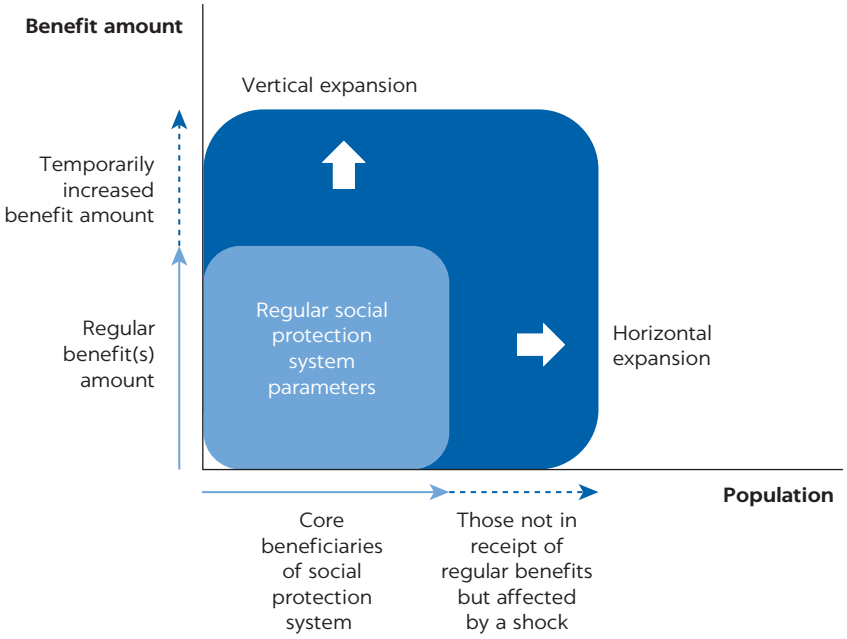
be, for example, a specific program's beneficiary list, its staff, a national database, or a particular payment mechanism.

- **Alignment** describes designing an intervention with elements resembling others that already exist or are planned, but without integrating the two. For example, this could be an alignment of objectives, targeting method, transfer value, or delivery mechanism. Governments may align their systems with those of humanitarian agencies or vice versa, either because an existing intervention is not operational as needed in a crisis or because it may not yet exist (O'Brien et al. 2018).

Where a safety net exists and has a good degree of coverage among affected households, vertical expansion offers a relatively simple method of providing more assistance to existing beneficiaries that have been affected by a shock (figure O.6). Recent examples include the vertical expansion of the social protection system in Fiji following Tropical Cyclone Winston in 2016 and of the national conditional cash transfer program in the Philippines, through additional grants from humanitarian actors (the World Food Programme and UNICEF) following Typhoon Haiyan (Yolanda) and Typhoon Ruby. In the case of Fiji, an impact assessment, conducted 3 months after the disaster, found that households that received the vertical expansion were more likely to report having recovered from the shock more quickly; for instance, they were 8–10 percent more likely to have recovered from housing damage than nonbeneficiaries (Mansur et al. 2017). However, vertical expansions generally do not reach shock-affected, nonbeneficiary households that may be in equal or greater need of assistance (Barca and O'Brien 2017). As such, the ability to at least temporarily reach additional households that may be equally or more in need of support to their coping capacity but that may not be regular beneficiaries of social protection programs is critical for shock-responsive social protection.

FIGURE O.6

Social protection programs: Vertical and horizontal expansion



Source: World Bank.

This can be achieved through horizontal expansion, or dedicated emergency programs that may piggyback on social protection delivery systems.

Horizontal expansion enables a safety net program to temporarily expand its caseload after a shock to include new households based on eligibility from a shock's impacts (figure O.6). Introducing the ability to horizontally expand in this manner is far more complex than undertaking vertical expansion to existing beneficiaries. Horizontal expansion benefits from significant ex ante investment in the processes and procedures for delivering the program, often in challenging postdisaster settings. Several countries have invested in the capacity to horizontally expand a safety net program, including most prominently Ethiopia with the Productive Safety Net Programme and Kenya with the Hunger Safety Net Program; each is prepared to undertake horizontal expansions based on household needs generated by drought and related food insecurity in drought-prone parts of the country.

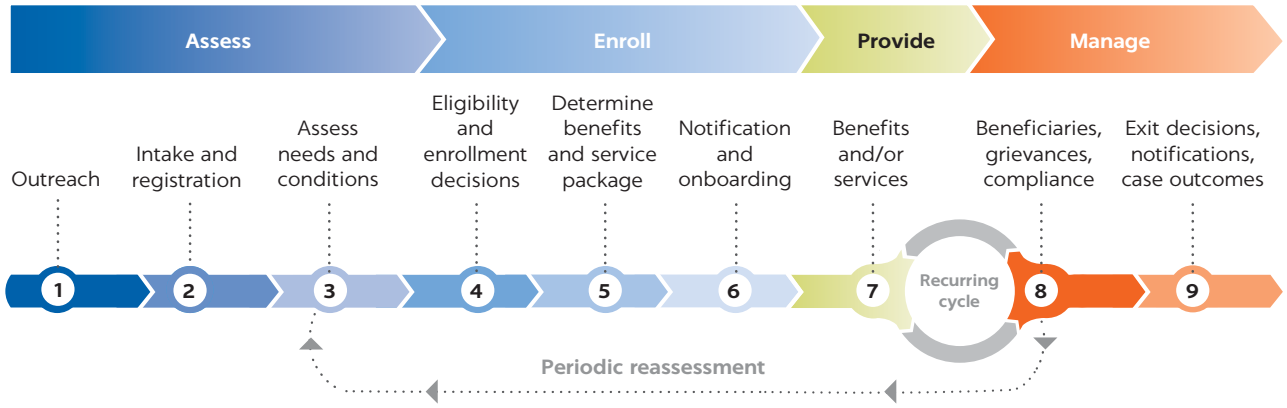
Some countries use a dedicated emergency program with characteristics similar to a safety net (cash, in-kind, and public works), which may piggyback on core safety net delivery systems and capacity. Emergency programs have dedicated response objectives and operate alongside an existing safety net program. Such programs can be located within or outside of the social protection ministries, departments, and agencies and can leverage underlying safety net delivery systems such as social registries, payment systems, and front-line social protection staff. In Pakistan, one such emergency program, the Citizen's Damage Compensation Program, responded to widespread flooding in 2010 (World Bank 2013). The Citizen's Damage Compensation Program model has since been adopted as a permanent approach to reaching those affected by shocks in Pakistan. In the Sahel, Mauritania has developed a dedicated response program ("Elmaouna") that piggybacks on existing social protection social registries and payment platforms for its delivery.

Whichever approach is taken, the timeliness of shock-responsive social protection is critical for the protection of household well-being and is a function of adequate preparedness measures. Specifically, contingency planning is a critical preparedness measure that enhances the timeliness of response. Indeed, operational processes for shock response need to be clearly defined in advance—who does what, when—in relevant operational manuals, standard operating procedures, and the wider government shock response plans. Ultimately, such planning can better ensure faster, more effective, and more coordinated implementation. To a large extent, social protection programs across countries rely on common phases of delivery to ensure that programs provide the right amount/composition of benefits and services, to the right persons at the right time. This "delivery chain" is centered on four implementation phases: assess, enroll, provide, and manage (figure O.7). The delivery chain provides a useful schematic for considering the preparedness measures and contingency plans that are required at each phase of delivery to enable the operationalization of shock responsive social protection. These considerations for shock response along the social protection delivery chain are explored further in appendix B of the full report.

Safety net support to the capacity to adapt to shocks

Alongside supporting short-term coping after a shock, governments can use safety nets to invest in the capacity for poor and vulnerable households to adapt to shocks over the long term. There has been an increasing and

FIGURE O.7
Social protection delivery chain



Source: Lindert et al., forthcoming.

justifiable focus on the role of shock-responsive social protection in supporting post-shock coping. That said, ASP and the wider definition of resilience used here highlight the central importance of supporting a vulnerable household's longer-term adaptation in order to reduce its vulnerability to a shock over time. By broadening the focus in this way, safety net programs can provide pathways toward a more resilient state for poor and vulnerable households (see also Tenzing 2019). By extension, where successful, these investments may serve to reduce future post-shock needs over time.

Concretely, safety nets can support adaptive capacity when designed to help the poor and vulnerable households accumulate and diversify assets and livelihoods (Bahadur et al. 2015; FSIN 2015; Jorgensen and Siegel 2019). The promotion of more productive and resilient livelihoods among poor and vulnerable households is one of the primary ways in which safety net programs can support adaptive capacity. Interventions that promote more productive and resilient livelihoods have the potential for empowering beneficiaries to diversify their asset and livelihood portfolios and to reduce their exposure and vulnerability to shocks. For example, a study by Macours, Premand, and Vakis (2012) found that the provision of vocational training or a productive investment grant in addition to a cash transfer to beneficiaries vulnerable to drought in Nicaragua provided full protection against drought shocks 2 years after the end of the intervention (relative to a control group that only received a cash transfer). Similarly, safety nets can contribute to livelihood promotion through specific programs that link cash transfer recipients to complementary interventions in other sectors (for example, agricultural inputs, training, and microfinance), leading to positive—yet varied—impacts on production and diversification into on-farm and off-farm opportunities (FAO 2016; Mariotti, Ulrichs, and Harman 2016).

As such, productive inclusion programs are emerging as powerful instruments for supporting the adaptive capacity of the poorest by supporting transitions into more productive and resilient livelihoods. Productive inclusion complements and links the provision of routine transfers with other interventions. These other interventions include skills and micro-entrepreneurship training tailored to livelihood opportunities; promotion of

and support for saving groups; provision of seed capital and productive grants; linkage to existing value chains and markets; and mentoring, behavior, and life skills to build confidence and reinforce existing skillsets, among others (Bossuroy and Premand 2016; PEI 2016; Roelen et al. 2017).

Additionally, climate-sensitive public works programs enable beneficiaries to build assets that address structural vulnerabilities within their community. When designed to do so, public works programs can engage communities in climate-smart agriculture and integrated natural resource management, including a focus on waste management, reforestation, rainwater harvesting, soil/water conservation, and drought-resistant horticulture, among others.[8] A series of case studies of India's Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) found that it can help to build resilience to various climate shocks. The MGNREGS was found to do so by providing integrated natural resource management and soil conservation infrastructure, agriculture-based investments, and other local infrastructures (Esteves et al. 2013; Kaur et al. 2017).

Lastly, safety net programs that contribute to building human capital can equip future generations with the tools to adapt to shocks. Promoting the accumulation of human capital among poorer households is critical in terms of connecting those households with the skills to adapt over the long term. Indeed, human capital can empower the next generation with the means to move out of at-risk areas toward employment opportunities in lower-risk livelihoods or lower-risk areas. To encourage the accumulation of human capital among beneficiaries, safety net benefits often come with conditions such as, most prominently, those aligned to conditional cash transfer (CCT) programs. CCT programs typically provide cash transfers to households when a household meets conditions related to investing in the education and health of its children. In cases where the capacity to monitor compliance with "hard" conditions in CCT programs may be lower, "soft" conditions are increasingly being used. For example, behavioral change sessions are increasingly accompanying cash transfer programs in Africa, delivered in the community to transmit information on health, nutrition, and education to beneficiaries.

ASP building block 2: Data and information

Information on household vulnerability to shocks and their relative capacity to cope and recover is crucial for the design and implementation of ASP programs. Critical questions for ASP include: What kinds of hazards does the country face? How frequently? Where? Which assets and population groups are exposed, and among them, which are the most vulnerable? The analysis of disaster risk is a core pillar of work conducted by the DRM sector. As highlighted above, ASP will need to draw on these analyses and assessments of disaster risk, integrating them with assessments of household poverty and vulnerability to poverty to provide an informed, needs-based foundation for policy dialogue and program design.

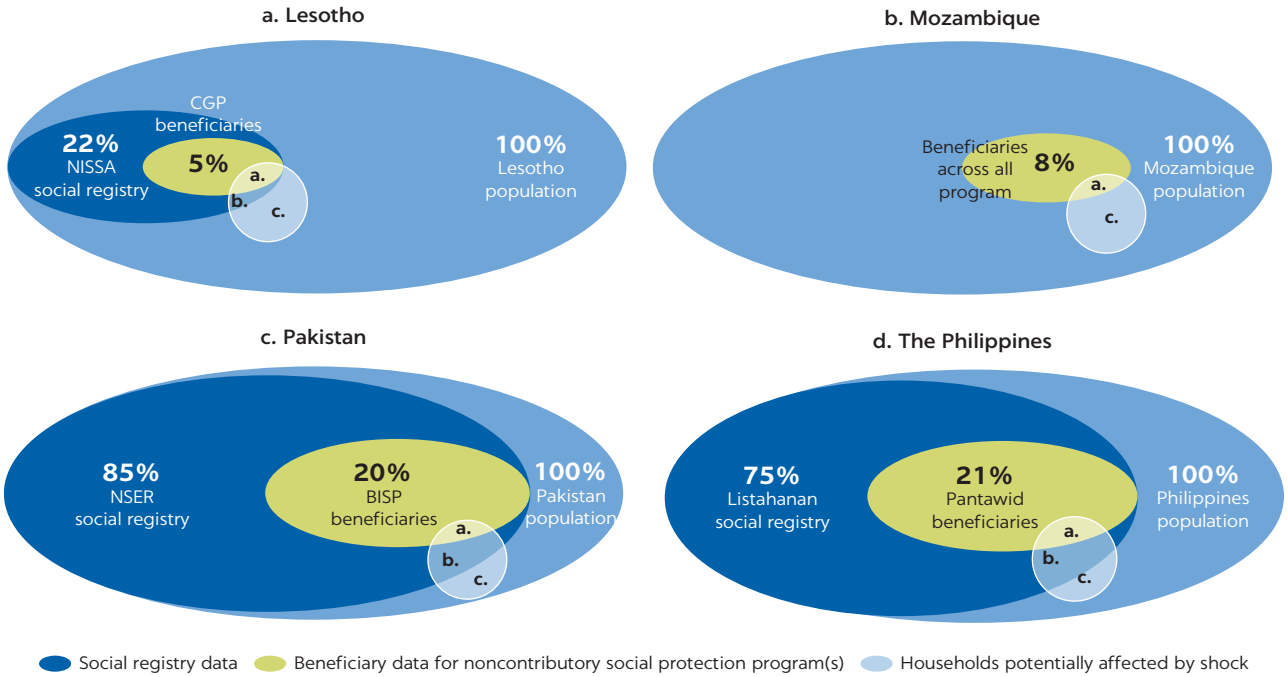
Beyond foundational analyses of risk and vulnerability, the global expansion of social registries is framing much of the current discussion around the ASP information agenda (Barca 2017; Bastagli 2014; Bastagli et al. 2016; IEG 2011; Kuriakose et al. 2012). Social registries are information systems that

support outreach, intake, registration, and determination of potential eligibility for inclusion in one or more social programs. While many technical considerations are involved in designing and implementing social registries, their role in social policy is simple: provide a "gateway" for potential inclusion of intended populations into social programs (Leite et al. 2017). Social registries have been noted as especially useful tools for estimating the effects of a disaster on a household and for providing information on social protection beneficiaries and nonbeneficiaries that can enable shock-responsive social protection.

However, the business-as-usual expansion of social registries alone may not meet the information requirements for ASP. Many countries operate registries with "fixed lists" of registrants and program beneficiaries, and they generally update the lists every 4–5 years. Thus, social registries often comprise dated information and partial population coverage. For example, in Ecuador, only 15 percent of households in the database of affected households collected after the 2016 earthquake, Registro de Damnificados, were linked to the country's flagship social assistance program, Bono de Desarrollo Humano (Beazley 2017). Figure O.8 compares the coverage of social registries in four countries to demonstrate the varying population shares that are more or less easily identified and reached with post-shock assistance. Even with a complete social registry, existing information may not be fully up to date or

FIGURE O.8

Lesotho, Mozambique, Pakistan, and the Philippines: Social registry coverage and utility for shock response



Source: Barca and O'Brien 2017.

Note: BISP = Benazir Income Support Program; CGP = Child Grants Programme; NISSA = National Information System for Social Assistance; NSER = National Socioeconomic Registry. Figures do not represent the totality of social protection databases in each country. The original source material also referred to Listahanan's coverage in the Philippines as 60 percent, which has since expanded to the 75 percent pictured here.

a = households that can be reached through vertical expansion or piggybacking (on the beneficiary databases); b = households that can be easily reached through horizontal expansion or piggybacking (on the social registry); c = households less easily reached through horizontal expansion or piggybacking (not covered by existing social protection databases).

accessible or may not be fully complete to reflect the multidimensional data requirements to inform a response after a shock (Barca and O'Brien 2017).

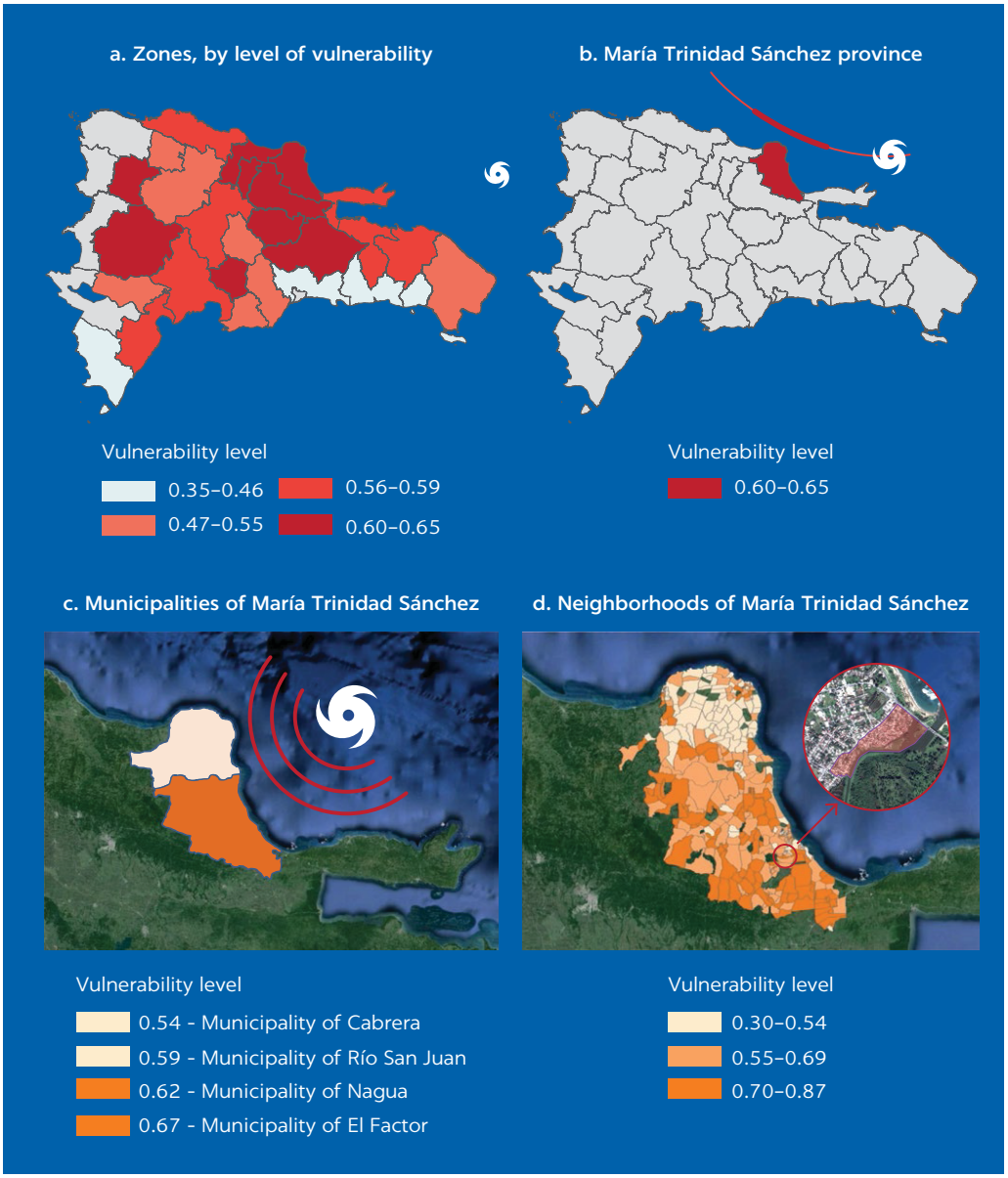
With that said, social registries can enhance their relevance for ASP by expanding into and within high-risk areas, updating information in those areas more frequently, and including variables related to household vulnerability. The prioritization of identified hotspot areas, in tandem with the expansion of programming to those areas, can help to increase the relevance of the social registry for ASP. In Mauritania, the government developed a methodology to determine the ideal number of households in the social registry in each commune to ensure it was more capable of informing response to drought. The analysis recommended including an additional 50,000 households that were expected to be food insecure. Additionally, the social registry data collected on households in those high-risk areas can be adapted to include key indicators related to their livelihoods and vulnerability to the hazards they face. In the Dominican Republic, the Vulnerability to Climate Hazards Index (Índice de Vulnerabilidad ante Choques Climáticos; IVACC) quantifies the likelihood of a household being vulnerable to hurricanes, storms, and floods. The index uses data from the country's national social registry, Sistema Unico de Beneficiarios, which covered approximately 85.5 percent of the population in 2015 (UNDP-UNEP PEI 2018) (map O.1).

ASP also highlights a significant need to link to information systems that are typically disconnected from the social protection sector. Early warning systems continue to play a critical role in providing and monitoring information for response and in triggering early action, especially in a context of growing climate-related risks.[2] Drought–food security hybrid systems typically use a range of information on food production, access, and livelihood outcomes from national agencies and international assessments (such as the Famine Early Warning Systems Network and the Integrated Food Security Phase Classification) and merge the information into an assessment of the food-security status and likely risk (Wilkinson et al. 2018). More recently, forecasts have started using a growing range of climate information. Systems using probabilistic forecast information typically draw on products from international, regional, and national forecasting centers. Products from international and regional forecasting centers are most common, as these are freely available and considered reliable. Where appropriate, these are complemented with products from national hydrological and meteorological services. Indeed, countries are already linking social protection responses to early warning information and developing index-based triggers for response, particularly for slow-onset shocks. In Uganda, satellite data and the Normalized Difference Vegetation Anomaly Index provide the basis for triggering earlier response to drought through the Northern Uganda Social Action Fund's (NUSAF) cash-for-work program.

In addition to early warning systems, post-shock data collection can play a key role in reflecting socioeconomic conditions and household needs, especially after fast-onset, less predictable, and destructive disasters. A postdisaster household assessment helps to gather real-time information and data for better understanding a disaster's impact on household well-being and livelihoods, thereby informing the choice of response programs and the appropriate benefit package. Social registry information on households can help inform and can be informed by the postdisaster household assessment process. In Chile, for example, the electronic Basic Emergency Sheet (Ficha Básica de

MAP O.1

Dominican Republic: The Vulnerability to Climate Hazards Index (IVACC)



Source: UNDP-UNEP 2018.
Note: The Vulnerability to Climate Hazards Index has a scale of 0–1, where provinces, municipalities, neighborhoods, and households with values close to 0 are the least vulnerable, and those with values close to 1 are the most vulnerable.

Emergencia—FIBE) collects and links postdisaster household assessment data to the social registry, providing a model for merging existing social registry data with up-to-date, post-shock needs assessments and for facilitating virtual, two-way data flows.

That said, when balancing the trade-off between a timely versus an accurate shock response, speed is more important. The literature on the topic is unequivocal: overall timeliness is more important than full targeting accuracy, especially in the first phase of assistance (Beazley, Solórzano, and Sossouvi 2016;

O'Brien et al. 2018; Pelham, Clay, and Braunholz 2011). Specifically, inclusion errors can and should be tolerated in the short term, especially as they can contribute to controlling tensions within recipient communities. As shock responses evolve and refocus on longer-term recovery, more precise targeting of losses and needs will become increasingly important to identify the households most in need of longer-term support.

ASP building block 3: Finance

Disaster risk financing is part of a global shift in thinking from seeing disasters as unpredictable humanitarian crises to predictable events that can be planned for and managed to minimize their impact. This involves moving from a reactive approach that addresses the impact of shocks once they happen to a more proactive approach, putting in place the required systems and financing to respond to shocks before they take place. This approach highlights the need for governments to develop risk financing strategies that enable funding to flow in the event of a shock and thus enable a faster response to disasters.

The application of these principles and related risk financing instruments to ASP can transform the ability to mobilize a faster response through a social protection system. Indeed, this highlights a strong synergy: when disaster risk financing strategies are established, a shock-responsive safety net program represents a preprepared mechanism through which financial instruments can disburse directly to affected households. Conversely, the availability of the kinds of risk financing instruments outlined in this building block and the extent of their linkage to safety net programs will to a large extent determine the speed of the response to affected households.

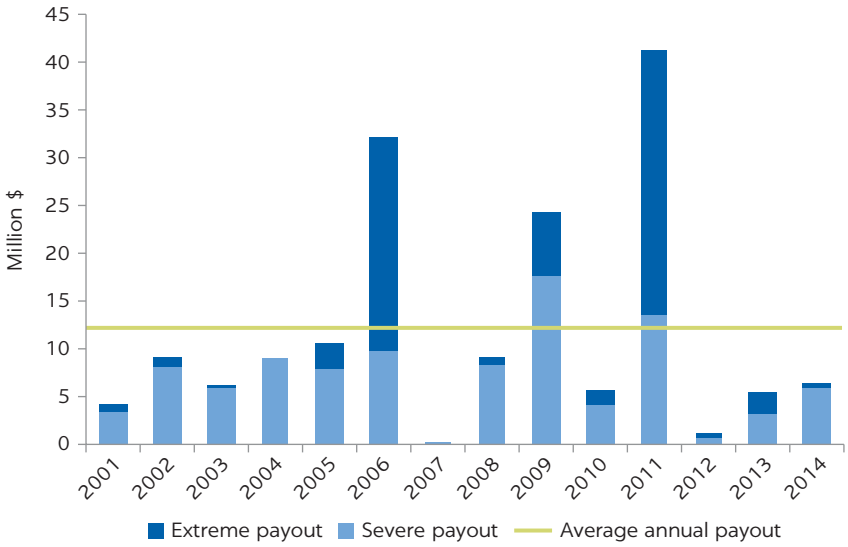
As a first step, financial modeling can better forecast the costs of responding to shocks through safety net programs. Leveraging a long time series of historic shock data, models can assess the retrospective incidence and scale of shocks to extrapolate future cost scenarios. In Kenya, the Hunger Safety Net Program is capable of horizontally expanding to drought; using a 15-year time series, financial models were able to avail policy makers of the program's cost implications to be planned for accordingly (figure O.9).

Based on such analyses, a disaster risk financing strategy can be developed for shock-responsive social protection. No single financial instrument can or should cover all risk financing requirements. Risk-layering considers how to meet the financial cost of response using a menu of financial instruments (figure O.10). Each instrument has its own terms and conditions and, therefore, advantages and disadvantages (table O.4). When assessing how to finance contingent liabilities from adaptive social protection, assessing which instruments are the most appropriate, adequate, and cost-effective is critical. In most cases, multiple financial instruments will be required to meet the financial cost of the anticipated response(s).

Establishing effective disbursement mechanisms (that is, how funding reaches beneficiaries) and linking disaster risk financing instruments to them is as important as securing funds in the first place. Having funds available in-country is of limited benefit if they cannot be transferred in a timely manner to the relevant institutions and, in turn, to the shock-affected households. A key factor affecting the disbursement of funds to affected households is the

FIGURE O.9

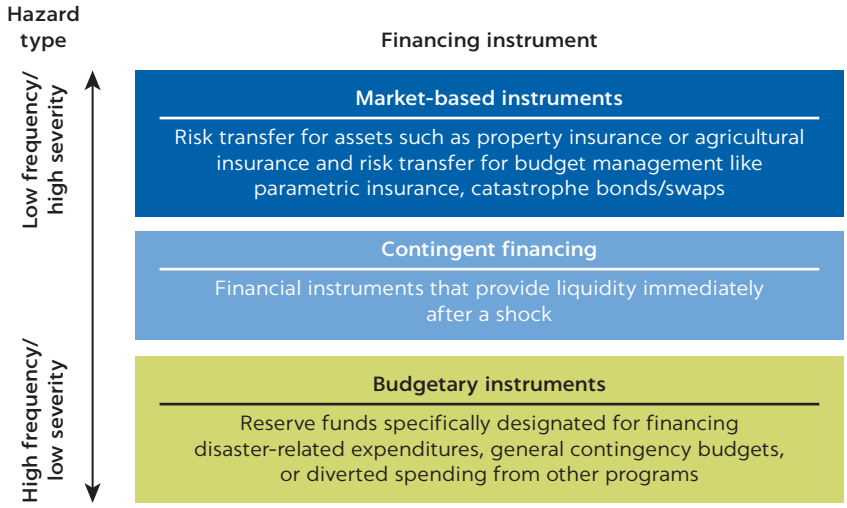
Kenya: Modeling the cost of responding to drought



Source: Maher, Fitzgibbon, and Solórzano 2018.
Note: Annual scalability costs are totaled across the four Hunger Safety Net Program counties.

FIGURE O.10

Risk layering: Financial instruments, by frequency and severity of a shock



Source: Financial Protection Forum 2018.

existence of effective safety net payment systems. Countries use different approaches for the delivery of cash-based emergency responses including manual systems ("over-the-counter"), electronic transfers to bank accounts, or via mobile phone payments. Indeed, e-payment systems are emerging as a preferred option to deliver postdisaster assistance as they have the advantages of speed and flexibility, even in challenging environments (Maher, Fitzgibbon, and Solórzano 2018).

TABLE O.4 Risk layering: Advantages and disadvantages of individual financial instruments

TYPE	ADVANTAGES	DISADVANTAGES	BEST SUITED
Ex ante			
Contingency/ reserve funds	• Can be cheap, particularly for frequent shocks • Fast • Allows implementers to plan • Approach has been used in many contexts; thus, experience is available for countries to build upon	• Requires fiscal discipline • High opportunity cost of funds, given high rates of return on other government investments • Can be hard to defend given the opportunity cost	Low risk layer such as frequent low-level events (annual flooding, localized drought, conflict)
Contingent credit	• Can be cheap, particularly for midfrequency shocks • Fast, when conditions for disbursement are met • Allows implementers to plan • Can incentivize proactive actions to reduce risk (for example, policy actions in disaster risk reduction and DRM)	• Has conditionality • Opportunity cost of loan • Adds to country's debt burden, must be repaid • Current low (but growing) uptake of Cat DDOs as some countries prefer investment projects guaranteed resources over contingent instruments	Mid-risk layer such as higher-magnitude, less frequent events whose damages exhaust the resources of national contingencies (widespread flooding, hurricanes)
Market-based risk transfer instruments	• Can be cheap, particularly for extreme shocks • Can be fast • Allows implementers to plan • Supports fiscal discipline • Risk diversification	• Can be expensive for frequent shocks • Can be vulnerable to criticism and "regret" • Can miss need • Need a level playing field to negotiate • Trade-off between the cost of premiums and the frequency or scale of the pay-out	High-risk layer such as extreme, less frequent events, less than every 5–10 years (severe droughts, hurricanes, earthquakes)
Ex post			
Humanitarian assistance	• Flexible—can respond to need • Doesn't have to be repaid	• Can be slow to be mobilized • Can be unreliable • Undermines preplanning	Only as a last resort
Other ex post instruments	• Approach has been used in many contexts; thus, experience is available for countries to build upon	• Can be slow • Can have negative impact on long-term development/investment programs • Can be expensive	Only as a last resort

Source: Maher, Fitzgibbon, and Solórzano 2018.
Note: Cat DDO = Catastrophe Deferred Drawdown Option.

Lastly, where finance for ASP is concerned, interventions that support people's longer-term adaptation could reduce future household needs, and by extension, response costs—but more evidence is needed. Programs that support household adaptation over the longer term can be costly at scale (for example, in contexts of widespread chronic and severe poverty in high-risk areas). Yet, initial evidence indicates that more expensive investment scenarios are broadly offset by the avoided cost of humanitarian response (Cabot Venton 2018; Wilkinson et al. 2018). In Bangladesh, the Chars Livelihoods Program focused on building an annual contingency budget into its project design for disaster response, but the need for this contingency fund decreased over time because of the program's specific focus on reducing vulnerabilities and supporting the adaptation of poor households living in the chars to regular flooding (ADB 2018). Where resources are limited, more evidence is needed on the cost-effectiveness of and trade-offs between ex ante resilience-building interventions in support of adaptation and risk reduction at the household level over the long term versus the cost of ex post shock response to support short-term coping.

ASP building block 4: Institutional arrangements and partnerships

A defining feature of ASP is the many actors within government that may be involved in its implementation. The inherent multidisciplinary and interagency nature of resilience building across the three capacities of preparedness, coping, and adaptation requires diversified expertise and coordination among actors. Indeed, the number of potential actors and complementary programs aligned to ASP objectives calls for institutional arrangements that anchor the planning, management, and delivery of this assistance. In practice, the development of ASP in many countries has shifted attention from a singular focus on national social protection systems, the policies that guide them, and the organizations that deliver social protection programs to a wider focus inclusive of the policies, organizations, and programs involved in DRM and climate change adaptation.

Strong government leadership is necessary to ensure coordination of the often disconnected actors, based on a clear articulation of respective roles and responsibilities. Concretely, governments are required to lead the ASP agenda by setting resilience-related objectives in policies and strategies, including social protection, DRM, and climate change adaptation. Policy commitments can instill the necessary budgetary allocations for national ministerial structures to translate objectives into outcomes among poor and vulnerable households. In practice, government leadership also includes establishing the standards and procedures to guide the integration of nongovernmental organizations and humanitarian actors into ASP implementation.

National social protection policies and strategies should provide the foundation for ASP. Most countries have social protection policies and strategies that set out the government's vision for the sector. The extent to which these policies and strategies are rooted in legislation varies (see, for example, Beegle, Coudouel, and Monsalve 2018). The functions of social protection often are equity, which provides protection against deprivation; resilience, which is insurance against shocks; and, opportunity, which seeks to promote human capital and access to income earning opportunities (World Bank 2012).[10] Articulated in this manner, these policies and strategies provide a foundation for the aims of further elaboration of and commitment to ASP objectives.

At the same time, the strategies of other sectors such as—prominently—DRM also can support the advancement of ASP. This is particularly true given the ongoing shift from disaster response to disaster preparedness within the DRM community, as encapsulated in the Sendai Framework for Disaster Risk Reduction.[11] In Kenya, ASP emanated out of the government's resolve to address poverty and vulnerability as a cause of and outcome from drought emergencies; a framework developed by the government (Ending Drought Emergencies) laid the policy foundation for the Hunger Safety Net Program, which expands vertically and horizontally for drought emergencies. Where the political appetite for social protection is low, national DRM policies, and the DRM sector more broadly, can provide additional impetus for introducing ASP as part of a comprehensive disaster risk management strategy. This suggests a government's commitment to ASP can come from sectors other than social protection itself.

Policy commitment for ASP, to be credible, needs to be backed with appropriate implementation capacity, financing, and accountability. To be effective, these

policies require enough capacity within the parts of government charged with delivery as well as clear roles and responsibilities, such as those set out in contingency plans and the decision-making in response to early warning data (chapters 1 and 2 of the full report). In addition, they also need to be backed by the levels of financing required to achieve the stated objectives (chapter 3 of the full report). The source of this financing may be from national governments or development partners, depending on the prevailing context in the country. Accountability mechanisms and feedback loops are central to help ensure that citizens are aware of available programs, inform governments when services are failing, and ultimately, hold governments accountable to their commitments and objectives.

Additionally, in many contexts of limited national government capacity and/or especially severe shocks, the development and coordination of ASP with humanitarian actors is essential. However, humanitarian assistance tends to be provided in parallel to national structures. Only 1.0–2.5 percent of global humanitarian flows channel through host governments (Gentilini, Laughton, and O'Brien 2018). Factors for this often include a risky operating environment; the need for timely assistance in life-threatening situations; possible lack of government sovereignty over a territory in full or in part; legislation preventing domestic assistance to particular groups; concerns about the impartiality of governments, especially in relation to conflicts; low government capacity; and ensuring transparency and accountability of resources.

The humanitarian Grand Bargain and the increasing shift to cash-based assistance are strengthening linkages with national social protection systems and providing impetus for closer integration. The 2016 World Humanitarian Summit, and the resulting Grand Bargain, created high-level policy support to strengthen humanitarian linkages with social protection. The Grand Bargain is a series of 10 commitments to improve assistance to crisis-affected populations and included a commitment to "increase social protection programmes and strengthen national and local systems and coping mechanisms in order to build resilience in fragile contexts" (Grand Bargain 2016, 14). Cash transfers are simultaneously on the rise in national social protection systems and humanitarian programming. Cash now claims about 10 percent of global humanitarian assistance, highlighting a strong synergy with national cash transfer programs (CaLP 2018; World Bank 2016, 2018). Table O.5 summarizes these and other features of the humanitarian system, along with their implication for ASP.

Identifying the precise roles and responsibilities of government and humanitarian actors can help establish actionable, operational partnerships for the delivery of ASP. Conceptually, government and humanitarian actors are often viewed simplistically in "either-or" terms. A framework laid out by Seyfert et al. (2019) attempts to facilitate the identification of workable pathways for progress among national and humanitarian actors (figure O.11). Instead of falling back on the "either–or" choice, the framework lays out four strategic options (parallel systems, alignment, piggybacking, and national-led systems). It also discusses how collaborations may emerge around select programmatic "functions" and the "degrees" of possible connection between national and humanitarian actors within a given function. While a work-in-progress, such a granular analytical approach holds the potential to move beyond strategic dialogue and strategies in support of coordination; that is, coordination toward an operationally relevant delineation of roles and responsibilities based on relative comparative advantages in differing country contexts.

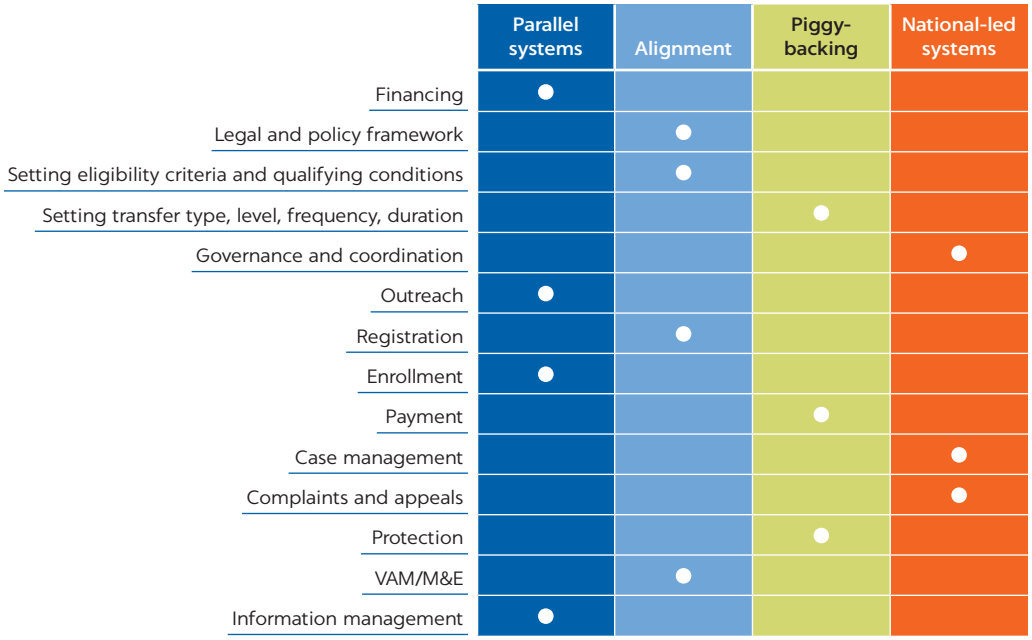
TABLE O.5 International humanitarian system: Features and implications for adaptive social protection

FEATURE	CHARACTERISTICS	IMPLICATIONS
Policy commitments and the Grand Bargain	High-level policy support for building resilience and increasing the role of social protection	Opportunities to advance aims of ASP but need to be translated into more concrete and strategic actions
Bifurcation of humanitarian/ development and rise of resilience building	Humanitarian and development assistance often underpinned by different financing channels, coordination structures, mandates, and principles	Divide between humanitarian and development systems may remain an obstacle; need for specificity on "resilience building"
Humanitarian financing	Very little direct funding goes to national governments; significant flows to fragile and conflict settings, and year-on-year to the same places Shares of humanitarian financing go to some areas and populations supported by national safety nets	Limited potential for humanitarian financing to be channeled to governments for national safety nets; scope to fund nongovernmental organizations operating within national frameworks for ASP in some countries
Humanitarian principles	Humanitarian assistance is guided mainly by the four principles of humanity, impartiality, independence, and neutrality Differing views on flexibility of principles exist, but they are not incompatible with working with governments	Humanitarian principles should inform the response function of ASP to shocks; can be referenced to advocate for a principled engagement around ASP with governments by humanitarian agencies
Coordination	Established mechanisms for coordination (see the cluster system, chapter 4 of the full report) but varying coordination approaches because of differing levels of national involvement in those mechanisms	Need for engagement of ASP at various levels of humanitarian operational and strategic coordination and for bilateral engagement with major donors and aid agencies
Increasing shift to cash transfers	Cash transfers increasingly accepted as mainstream tool of humanitarian response, but programs often fragmented and still represent only a small share of total assistance	Offers an entry point for engagement of national ASP programs with humanitarian system

Source: Bailey 2018.

FIGURE O.11

ASP delivery approaches: A mix across national and humanitarian actors



Source: Seyfert et al. 2019.
Note: VAM/M&E = Vulnerability analysis and mapping/monitoring and evaluation.

NOTES

1. Shocks may be either idiosyncratic or covariate in nature. An idiosyncratic shock is felt by an individual or household, with the negative impacts to their well-being typically not shared more widely by others outside of the immediate household. Idiosyncratic shocks include things such as ill health, injury, disease, disability, a death in the family, and job loss. Covariate shocks are larger in scale, affecting multiple individuals and households at once, with the negative impacts to well-being spread across a (typically large) number of persons.
2. An undetermined share of this increase is undoubtedly due to better recording of events and their impact during that time period.
3. This capacity also is referred to as "anticipatory" capacity in the BRACED 3As framework (Bahadur et al. 2015). The term "preparedness" is used here to more explicitly reflect the meaning of the capacity as used in this report. The capacity to anticipate a shock based on appropriate information is recognized as a critical component of the capacity to prepare, informing appropriate action.
4. This capacity also is referred to as "absorptive" capacity in the BRACED 3As framework (Bahadur et al. 2015; similar in Béné et al. 2012). The term "coping" is chosen here because of its widespread use in the social protection community and its interchangeability with the term "absorptive."
5. Defined as a failure to adjust adequately or appropriately to a shock.
6. Led by the "International Labour Organization (ILO) and the World Bank Group (WBG), in partnership with the African Union, the Food and Agriculture Organization (FAO), the European Commission, the Inter-American Development Bank (IDB), Organization of Economic Cooperation and Development (OECD), the United Nations Development Programme (UNDP) and its International Poverty Centre for Inclusive Growth (IPC-IG), the United Nations Children's Fund (UNICEF), and others, along with Belgian, Finnish, French, and German development cooperation, and international civil society organizations such as HelpAge, the International Council of Social Welfare (ICSW), Save the Children, among others" (World Bank and ILO 2018, 1).
7. The six African countries are Ethiopia, Ghana, Kenya, Lesotho, Malawi, and Zambia.
8. These are sometimes classified as "soft resilience measures" typically low cost and adaptable to deliver benefits in changing conditions (Cabot Venton et al. 2012).
9. The United Nations International Strategy for Disaster Reduction defines early warning systems as "an integrated system of hazard monitoring, forecasting and prediction, disaster risk assessment, communication and preparedness activities systems and processes that enables individuals, communities, governments, businesses and others to take timely action to reduce disaster risks in advance of hazardous events" (www.unisdr.org/we/inform/terminology).
10. See also Devereux and Sabates-Wheeler (2004), who set a similar framework of protection, prevention, promotion, and transformation.
11. Sendai Framework, https://www.unisdr.org/we/coordinate/sendai-framework.

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We follow the recommended standards for paper use set by the Green Press Initiative. The majority of our books are printed on Forest Stewardship Council (FSC)–certified paper, with nearly all containing 50–100 percent recycled content. The recycled fiber in our book paper is either unbleached or bleached using totally chlorine-free (TCF), processed chlorine–free (PCF), or enhanced elemental chlorine–free (EECF) processes.

More information about the Bank's environmental philosophy can be found at http://www.worldbank.org/corporateresponsibility.

Adaptive social protection (ASP) helps to build the resilience of poor and vulnerable households to the impacts of large, "covariate" shocks such as natural disasters, economic crises, pandemics, conflict, and forced displacement. Through the provision of transfers and services directly to these households, ASP supports their capacity to prepare for, cope with, and adapt to the shocks they face—before, during, and after they occur. Over the longer term, by supporting these three capacities, ASP can provide a pathway toward a more resilient state for households that may otherwise lack the resources to move out of chronically vulnerable situations.

This report outlines an organizing framework for the design and implementation of ASP, providing insights into the ways in which social protection systems can be made more capable of building household resilience in this way. Through its four building blocks—*programs, information, finance and institutional arrangements, and partnerships*—the framework highlights the elements of existing social protection systems that are the cornerstones for building household resilience along with the additional investments that are central to enhancing their ability to generate these outcomes.

In this report, the ASP framework and its building blocks have been elaborated primarily in relation to natural disasters and associated climate change. Nevertheless, many of the priorities identified within each building block are also pertinent for the design and implementation of ASP across other types of shocks, providing a foundation for a structured approach to the advancement of this rapidly evolving and complex agenda.

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Global Facility for Disaster Reduction and Recovery

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