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Towards Adaptive Social Protection in Vanuatu

Lessons from a Humanitarian Cash Transfer Program in Sanma Province in Response to Tropical Cyclone Harold and COVID-19

TECHNICAL
REPORT



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Abbreviations

ADB	Asian Development Bank
ASP	Adaptive Social Protection
CaLP	The Cash Learning Partnership
CPS	Child Protection Scheme
CT	Cash Transfer
CTP	Cash Transfer Program
DAS	Disability Allowance Scheme
DFAT	Department of Foreign Affairs and Trade – Australian Government
DRM	Disaster Risk Management
FAO	Food and Agriculture Organization
ILO	International Labour Organization
NGO	Non-Governmental Organization
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OPM	Oxford Policy Management
PBS	Poverty Benefit Scheme
RBV	Reserve Bank of Vanuatu
SAT	Samoan Tala
TC	Tropical Cyclone
VNPF	Vanuatu National Provident Fund
VNSO	Vanuatu National Statistics Office
VT	Vatu



Executive Summary

Due to its geographical location on the Pacific Ring of Fire, Vanuatu ranks as the country with the highest disaster risk in the world.¹ Enhancing community resilience and adaptive capacity to climate change and natural disasters is a key goal of the Government's *Vanuatu 2030: The People's Plan*. The ni-Vanuatu culture is deeply rooted in traditional values and shared prosperity, and, as such, informal social protection mechanisms – such as support from family or the church – are important for local communities. However, natural disasters put pressure on both informal social protection and formal, government-led social protection systems. Adaptive Social Protection (ASP)² systems can enhance the capacity of communities to prepare for, respond to, and cope with shocks, reducing and alleviating the negative impacts on their wellbeing. To this end, other countries in the Pacific region (such as Fiji and Tonga) are increasingly investing in ASP. This report aims to highlight how cash transfers are a social protection tool that can enhance the capacity of local communities in Vanuatu to cope with large and wide-spread shocks.

In April 2020, just two weeks after COVID-19 caused the closure of its borders, Vanuatu was hit by Tropical Cyclone (TC) Harold.³ **This Category 5 cyclone affected 159,000 people, damaged 17,000 homes, and left 87,000 people without shelter.**⁴ The province of Sanma was the worst affected, with 53,344 people impacted. In the absence of a social protection program with a



social registry of those most in need, humanitarian assistance was fundamental in providing support and relief to affected households.

As part of this humanitarian assistance, a multi-purpose Cash Transfer Program (CTP) was established to assist 3,745 vulnerable families in Sanma, Shefa, and Tafea, disbursing VT 262,150,000 (approx. US\$2,364,907). The CTP was implemented by local and international Non-Governmental Organizations (NGOs), and led by Oxfam Vanuatu between October 2020 and May 2021. Households spent the transfer primarily on food and water (62 percent), sanitation and hygiene products (13 percent), and hardware materials (11 percent).

¹ Behlert et al. (2020). World Risk Report.

² Adaptive Social Protection "...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 these shocks occur. 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". (Bowen et al., 2020)

³ Due to strict international travel restrictions, tourism numbers dropped to zero, which affected thousands of formal and informal jobs in the tourism sector and associated industries. Vanuatu's economy was severely affected and the country's GDP contracted by 6.8 percent in 2020 (World Bank, 2022).

⁴ DFAT. (2020). Tropical Cyclone Harold <https://www.dfat.gov.au/crisis-hub/Pages/tropical-cyclone-harold>



The CTP became an important source of livelihood due to the impacts of the dual shocks of TC Harold and COVID-19 on vulnerable households⁵ in Vanuatu. The CTP supported vulnerable households with a transfer of VT 70,000 (approx. US\$631)⁶ in six monthly installments. These cash transfers were provided to program beneficiaries in the form of an e-voucher card, which was used to buy products at local registered stores or vendors. In total, 2,530 beneficiary households and 204 vendors were registered in Sanma.

This study demonstrates that vulnerable households in the province of Sanma were highly affected by the dual shocks of TC Harold and COVID-19. A 'before and after comparison' of a subsample of 194 households showed that the majority of surveyed households experienced cyclone-related damage to their dwelling and agricultural land. TC Harold also destroyed

household and business assets. Around 30 percent of surveyed households included at least one household member who lost their job as a direct result of the crises. The majority of these households ran out of food in the months after TC Harold. Households received informal assistance through friends, family, or the community, mainly in the form of food, water, or clothing; this informal social protection provided invaluable support in the immediate aftermath of the shocks.

⁵ Households were defined as vulnerable if they included at least one vulnerable member, i.e., the beneficiary. Vulnerability was defined according to one of five criteria: elderly (above 60 years), people living with a disability, single mothers, widows/widowers, and households displaced by TC Harold. The program identified one beneficiary per household. The targeting was designed with the intention to ensure gender equality among the group of program beneficiaries.

⁶ All monetary values refer to the following exchange rate: 1 US Dollar = 110.85 Vatu (<https://xe.com/>, accessed on 5th November 2021).



Many households adopted negative coping strategies in the immediate aftermath of the shocks. In order to manage the prolonged economic impacts, surveyed households reduced

food consumption (68 percent), delayed paying bills (27 percent), or removed children from school (9 percent). These negative coping strategies likely increased the risk of falling into hardship.

Key Findings:

The CTP complemented existing informal social protection. Around 75 percent of surveyed households shared their purchased goods with others, mainly with relatives but also with friends or religious institutions.

The CTP not only increased access to medical care but also increased access to varied food and thus supported food security and health among surveyed households, which in turn, contributes to preserving human capital gains. Households switched to purchasing more varied food items and fewer households ran out of food during the period of the CTP as compared to the six months before the program. Around 47 percent of surveyed households used the CTP to access medical treatment.

While experiences of the CTP were generally positive, the report also highlights challenges faced by households and potential areas for improvement. For example, some 45 percent of beneficiaries remained food insecure at the end of the CTP and roughly 34 percent of recipients experienced difficulties in getting the goods they needed at local stores.

The CTP was an effective tool to help vulnerable households accelerate their recovery from both the physical and economic impacts of the dual shocks.

Around 57 percent of surveyed households used the CTP to repair their dwelling, for example to repair roofs, floors, and cooking areas. Households also used the money to regenerate or buy agricultural land (27 percent), regain access the ocean or river for the purpose of fishing (8 percent), or restore livelihoods (35 percent).

The report indicates that households found the program accommodated their needs. The majority of surveyed households (96 percent) reported positive experiences of the program. Complaints related to the transfer not being enough to cover household needs or to problems with the e-voucher payment card.

This pilot demonstrates there is a potential role for social protection in the immediate recovery after shocks and highlights the importance of ongoing social protection programs. The report findings could be used to inform the implementation of the National Sustainable Development Plan: *Vanuatu 2030 (SOC1, SOC4, SOC6, ENV1, ENV3, ENV4, ECO3, ECO4)* and the medium-term goals set out in the *Vanuatu*

Recovery Strategy for 2020–2023 following COVID-19 and TC Harold.

Based on the findings from the pilot and the Government of Vanuatu's high level policy documents mentioned above, the report puts forward the following recommendations for the Government, development partners, and civil society organizations:

Key Recommendations:

Establish an ongoing formal social protection system.

This would complement existing informal social safety nets, in order to ensure that vulnerable households have continued access to essential services. It would also enhance the preparedness, response, and coping capacities of vulnerable households and communities given the high exposure of the country to natural hazards.

Establish an ASP strategy. This would result in more strategic, integrated, and streamlined approach to disaster recovery, contributing to a more responsive social protection system and a quicker and more inclusive recovery process in particular for the poor and most vulnerable people.

Focus on 'building back better' in order to strengthen the resilience of households.

This should be done by supporting households' capacity to adapt to future shocks through ASP and Disaster Risk Management (DRM) systems.

Implement pre-disaster ASP programs and interventions with resilience-building impacts on both basic community infrastructure and the wellbeing of households.

This could include, for instance, seasonal public works programs oriented to repair or build basic community infrastructure before the rainy season which would help to reduce flooding risks while providing income to poor and vulnerable households.

1. Introduction

Vanuatu is a small island state situated in the Pacific with roughly 83 islands. Agriculture is a critical source of income for the three-quarters of the population that live in rural areas and for a good share of the urban population. Around 63 of the nation's islands are inhabited. With a population of 299,882 inhabitants (as of 2019), Vanuatu is the fourth largest Pacific Island Country in terms of population. The country is divided into six provinces and most ni-Vanuatu live in the three provinces of Malampa, Sanma, and Shefa. The three largest islands are Malekula, Santo, and Efate (Figure 1) (World Bank, 2011). The island of Efate is home to the country's capital, Port Vila. Luganville, which is located on the island of Santo, is Vanuatu's other urban center. However, the majority of the population (around 75 percent) live in rural areas, which explains the country's reliance on agriculture; around 80 percent of Vanuatu's population work in the agricultural sector. Employment in the farming sector is predominantly informal and only around 20 percent of Vanuatu's labor force is engaged in formal jobs (Fischer, 2020; UNDP, 2018). In Vanuatu, 15.9 percent of the population live in hardship and around 96.7 percent of those experiencing hardship live in Vanuatu's rural areas (VNSO, 2021b; World Bank, 2021a).⁷

Due to its geographical location, Vanuatu faces exposure to natural disasters and ranks as the country with the highest disaster risk worldwide (Behlert et al., 2020). The country is located on the Pacific Ring of Fire, where two tectonic plates meet and this exposes it to frequent earthquakes and volcanic eruptions (OCHA, 2021). This natural exposure is further amplified by the consequences of global warming, with rising sea levels and an increase in the frequency of extreme weather



events. On average, Vanuatu has experienced 2.6 cyclones annually over the past 40 years. This is more than any other Pacific country (World Bank, 2021b). The agricultural sector, which most ni-Vanuatu rely on for food and income, is highly susceptible to the effects of natural disasters, which can destroy agricultural land, crops, and assets (World Bank, 2021c). Thus, the increasing effects of natural disasters will likely pose a challenge to Vanuatu's population, especially those already facing hardship.

⁷ Hardship is defined as the rate of people living below the 'National Poverty Line' and was calculated with data from the 2019–2020 Vanuatu National Sustainable Development Plan (NSDP) Baseline Survey (VNSO 2021b).

Figure 1: Country map



Source: Nations Online Project (2021)

In 2020, Vanuatu suffered substantial economic losses due to the dual shocks of the global COVID-19 pandemic and a devastating Category 5 Tropical Cyclone (TC) in April 2020. The dual shocks resulted in a significant reduction in income, consumption, and livelihoods across the country, especially among the most vulnerable populations in rural areas (Government of Vanuatu, 2020). Consequently, it was projected that the proportion of Vanuatu's population living below the poverty line of US\$1.90 per day would increase from approximately 13.9 percent to 18.3 percent. Consumption was projected to decline by 10 percent as a result of COVID-19 (ADB, 2022). As a result of the strict travel restrictions, which were implemented to avoid a COVID-19 outbreak in Vanuatu, international tourism numbers dropped to zero. Hence, businesses drastically reduced their staff and unemployment increased (Arahan *et al.*, 2020). The number of full-time employees in the tourism industry reduced by 70 percent during the crisis (Vanuatu Tourism Office, 2020). Overall, around 2,000 formal jobs and tens of thousands of jobs in the informal sector (such as bus and taxi drivers, handicraft artisans, and market vendors) were affected. In addition, the country was hit by a severe tropical cyclone in early April 2020. TC Harold affected 159,000 people in Vanuatu and left three dead. More than 17,000 homes were damaged or destroyed, leaving 87,000 people without shelter. TC Harold damaged schools and health facilities, and led to an increase in communicable diseases, such as conjunctivitis and diarrhea. The provinces of Sanma, Penama, and Malampa were the worst affected. The agricultural sector in these areas suffered severely as TC Harold damaged crops and agricultural produce, putting food security at risk. In the affected areas, around 60 percent of croplands were severely damaged (FAO, 2020).

Vanuatu's social protection system is predominantly informal (ILO, 2015) and the country therefore relied on humanitarian assistance in the aftermath of TC Harold. Informal social protection, defined as the care and support provided to family and community members through social networks and social structures, is an essential part of ni-Vanuatu culture. Informal social protection can play an important role in community wellbeing, however, these systems

provide only limited support when communities are faced with aggregate shocks or in communities with already limited resources (World Bank, 2013). Vanuatu's main formal social protection mechanism is the Vanuatu National Provident Fund (VNPF), a retirement savings fund for the formally employed. In the aftermath of TC Pam in 2015, VNPF members were able to withdraw up to 20 percent of their total contributions. Other formal social protection measures have included school fee waivers and the Employment Stabilisation Payment (ESP), a temporary payment for the formally employed introduced during the COVID-19 pandemic. However, the country does not have an established social protection system that targets those facing hardship. Vanuatu therefore relies mostly on humanitarian assistance in the event of large, aggregated shocks, such as natural disasters. This can make it difficult for the Government to quickly respond to shocks as humanitarian assistance can sometimes be delayed. For example, in the aftermath of TC Harold, reconstruction projects were delayed and international aid responses were severely restricted because of the ongoing pandemic. This further impacted Vanuatu's economy and the wellbeing of its population (Australian Red Cross, 2020; GoV, 2020; RBV, 2020; DFAT, 2021).

Formal and Adaptive Social Protection (ASP) programs, such as cash transfer programs, can be extremely beneficial in the aftermath of a shock and this report aims to shed light on the potential opportunities of such measures for Vanuatu. The next chapter of this report (Chapter 2) provides information about ASP systems. Furthermore, this report analyzes the consequences of TC Harold and COVID-19 on the livelihoods of vulnerable households in Sanma, and the role of a humanitarian cash transfer program, implemented between October 2020 and August 2021 as a response to these dual shocks. It presents findings from a survey, which was conducted among a subset of program beneficiaries in Sanma, and provides recommendations to complement informal safety nets towards the implementation of a broader social protection framework in Vanuatu.



2. The Importance of Cash Transfers and Adaptive Social Protection during Natural Disasters and Economic Shocks

Cash Transfer Programs can reduce hardship, improve human capital and asset accumulation, as well as increase agricultural productivity.

A large body of evidence demonstrates the importance of cash transfers in reducing poverty. CTPs⁸ have reduced national inequality and poverty levels, for example, in Brazil, South Africa, and Mexico (Arnold *et al.*, 2011; Samson *et al.*, 2004; Fiszbein *et al.*, 2009). In Mexico, for example, the nationwide transfer program PROGRESA/Oportunidades led to a reduction in the country's poverty gap by around 29 percent (Fiszbein *et al.*, 2009). Moreover, evidence suggests that CTPs

improve human capital, such as childhood health, schooling, and psychological wellbeing (Kremer *et al.*, Haushofer and Shapiro, 2013; Dietrich *et al.*, 2019). In addition, CTPs can also support asset accumulation, such as agricultural machinery or business equipment, allowing households to increase productivity (Taaffe *et al.*, 2016). In Zambia, for example, maize production increased by 8 percent and livestock ownership by 21 percent as a result of the Social Cash Transfer Program. The share of land that households farmed increased by 18 percent (World Bank, 2021d). Similarly in South Africa, households that received



⁸ Cash Transfer Programs (CTPs) can be designed as unconditional cash transfers, conditional cash transfers (i.e., the transfer is conditional on the recipient meeting certain prerequisites, such as children being enrolled in school), cash for work (or public works), cash plus (e.g., nutrition-sensitive services, agricultural training), vouchers (quasi-cash), and others.

more income from a Child Support Grant were more likely to invest in productive assets; engage in poultry, staple crop, and vegetable production; and grow a larger variety of crops, even 14 years after the intervention (Hajdu *et al.*, 2020).

During the COVID-19 pandemic, CTPs have been particularly important in supporting vulnerable groups and became one of the main social protection responses to the crisis around the world. Globally, 782 cash transfer programs have been implemented following the pandemic, as countries were able to quickly adapt and expand their existing programs. This represents 23 percent of global social protection responses. Data from an ongoing study of social protection responses following the COVID-19 crisis demonstrate the importance of pre-existing social protection databases. Countries that could rely on administrative data about their population, and had identification systems in place, were able to quickly identify beneficiaries and implement ASP responses to the crisis (Gentilini *et al.*, 2020). Appendix C provides an overview of some specific cash transfer interventions that were implemented by governments in the Pacific in response to COVID-19.

Vertical and horizontal ASP expansion is generally deployed through cash transfers which are considered an efficient and timely tool to promptly support those in need, particularly when local markets are functioning and payment systems are operational. Cash transfer programs have the advantage of having in place a government-to-person delivery system and, in some countries, the pre-identification of poor and vulnerable groups. As such, cash and voucher programs accounted for 17.9 percent of international humanitarian assistance programs in 2019 globally, totaling approximately US\$5.6 billion (CaLP, 2020). In addition, cash has the advantage that recipients can choose what they need, in terms of quantity and requirements.

ASP is the use of social protection programs and systems to address covariate shocks,⁹ such as natural disasters and economic crises, to build the resilience of poor and vulnerable households.

Social protection systems and policies “help individuals and societies manage risk and volatility and protect them from poverty and destitution – through instruments that improve resilience, equity, and opportunity” (World Bank, 2012, p.3). Social protection thus acts as a buffer to protect households by building resilience prior to natural disasters, and supporting quick recovery and reconstruction after disasters (Pelham *et al.*, 2011). Adaptive social protection systems enable policy makers to target support to specific segments of the population that were made poor or vulnerable due to disasters.¹⁰

In countries with established social protection programs, ASP builds on the existing programs and systems to help the poorest and most vulnerable individuals build resilience to prepare, cope, and adapt along the pre- and post-shock continuum (World Bank, 2018). Social protection can build resilience by the promotion of human capital gains, job opportunities, accumulation of assets, and diversification of livelihoods. Households are, therefore, better prepared to face shocks when they occur. For this reason, over the past decade, many countries started to invest in social protection systems. On average, developing and transitioning countries spend 1.5 percent of GDP on such systems (World Bank, 2018).

ASP is a government-led initiative and has four building blocks: social protection programs; data and information; institutional arrangements and partnerships; and financing. These building blocks emphasize the importance of existing social protection systems that are cornerstones for building household resilience, as well as additional priorities required for systems to be ex-ante prepared. ASP systems allow the government to coordinate efforts from multiple agencies, humanitarian actors, and development partners,

⁹ According to OPM (2019), covariate shocks are understood as shocks that affect a considerable proportion of the population simultaneously, such as natural hazards (hurricanes, floods, droughts, etc.), conflict, or economic shocks. Covariate shocks can be differentiated by type, onset, size, and recurrence.

¹⁰ Adaptive Social Protection “...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 these shocks occur. 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”. (Bowen *et al.*, 2020)

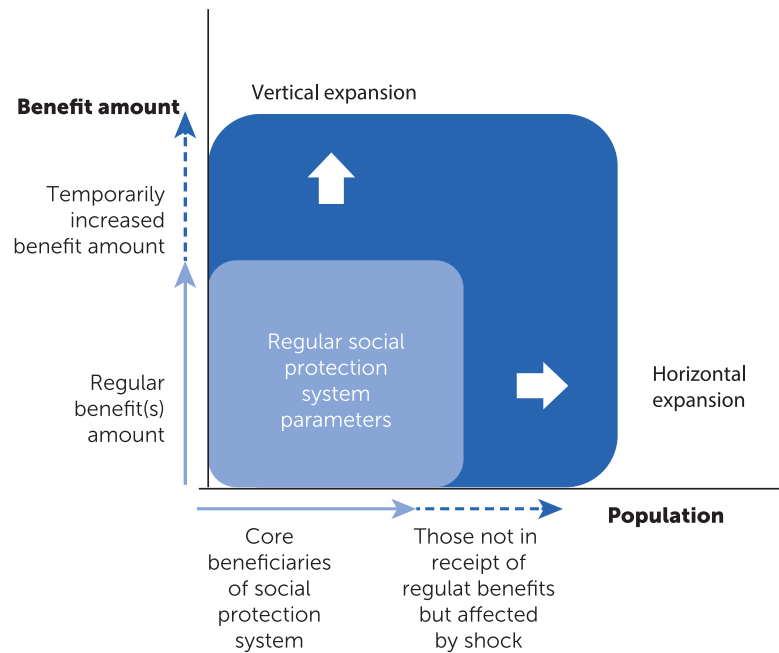
so that funds are disbursed effectively to priority areas and needs (Bowen *et al.*, 2020).

ASP is characterized by programs and delivery systems designed to intervene and scale-up operations when a shock occurs. In countries with mature social protection systems, there are various options for making use of their social protection programs and systems for preparedness and response. A program can be expanded vertically (scaling-up) to increase benefit amounts or the duration of an existing program or system to current beneficiaries at the time of a shock, or expanded horizontally (scaling-out) to temporarily extend support to new households affected by a shock (Figure 2). Programs can have ‘design tweaks’ to adjust the design of routine social protection interventions and systems during a crisis. Another option is ‘piggybacking’ – which is using part of an established system or program while delivering something new when an emergency occurs. Alignment of social protection with the humanitarian system deployment is also a



possibility (O’Brien *et al.*, 2018; OPM, 2019; World Bank, 2019). Transfers and services could be used in various ways to support households in need, although cash transfers were the most widely used during COVID-19.

Figure 2: Social protection programs: Vertical and horizontal expansion



Source: Bowen *et al.*, (2020).

3. The Cash Transfer Program in Sanma: Context, Methods, and Sampling

3.1 Program Description

In 2020, Oxfam piloted the **UnBlocked Cash Project, an e-voucher cash transfer program (CTP)¹¹ in Vanuatu, designed to support vulnerable households affected by TC Harold and COVID-19.** Oxfam designed the CTP in close collaboration with local NGOs and development partners.¹² The program aimed to improve consumption levels and livelihoods in the aftermath of the dual shocks in the three provinces of Sanma, Shefa, and Tafea. Oxfam was the technical lead for the design and implementation of the transfers – identifying, selecting, and registering beneficiary households for the program.

The program targeted households that included at least one vulnerable member.

Vulnerability was defined according to one of the following criteria: (i) widow/widower, i.e., partner, husband, or wife is deceased; (ii) single mother, i.e., the person has at least one child, lives alone with the child(ren) and has no husband or partner; (iii) people living with a disability (whether a person was disabled was assessed via the Washington questionnaire, which is a standard tool that is used in many surveys to assess whether a person lives with a disability);¹³ (iv) individuals displaced by TC Harold, i.e., those whose dwellings were destroyed by TC Harold; or (v)



¹¹ For this report, we are referring to the UnBlocked Cash Project as the Cash Transfer Program (CTP), even though technically this is an e-voucher program and there are a small number of restrictions on goods that can be purchased (e.g., alcohol). The program, however, resembles broadly the terms of a traditional cash transfer because the money could be used at any time and at any registered vendor.

¹² The CTP is officially called the UnBlocked Cash: TC Harold and COVID-19 Recovery & Response Program. Implementing partners on the ground were World Vision, Red Cross, Adventist Development and Relief Agency (ADRA), Vanuatu Christian Council (VCC), Conference of Churches of Christ in Vanuatu (CCCV), Vanuatu Disability and Promotion Association (VDPA), Vanuatu Society for People with Disabilities (VSPD), Save the Children, and Vanuatu Business Resilience Council (VBRC) (Oxfam 2020). The UnBlocked Cash Project was funded by the Australian Government, Australian Department of Foreign Affairs and Trade (DFAT) through the Australian Humanitarian Partnership (AHP), by the Government of New Zealand, Ministry of Foreign Affairs and Trade (MFAT) and by the International Organization for Migration (IOM).

¹³ Two of Oxfam's implementing partners were organizations focused in this area: the Vanuatu Society for People with Disability (VSPD) and the Vanuatu Disability Promotion & Advocacy Association (VDPA). Both organizations have client databases in most of the target areas. If the client database was not available for a certain area or if the implementing partner identified additional participants living with a disability, a team member from either VSPD or VDPA would accompany the partners to verify people living with disabilities. In addition, all field partners received training from either of the partners to understand how to identify people living with disabilities.

the elderly (60+ years). One vulnerable beneficiary per household was selected based on these criteria and thus the beneficiary was not necessarily the household head.¹⁴

Depending on the province, the cash transfer was rolled out at different times but all beneficiaries received the same payment amount in the end. The payouts started at different points in time depending on the province. The program started in Sanma and payouts were made between October 2020 and March 2021. In Shefa, the program started in April 2021 and the last installments were made in July 2021. In Tafea, the payouts started in April 2021 and the last installments were made in May 2021. Overall, all households received a total CT of VT 70,000 (approx. US\$631). In Sanma, the money was transferred monthly, however, the last installment was a double payment of VT 20,000. The program only ran for one and three months in the other two provinces and hence, the amount and frequencies of the payments were adjusted accordingly.

The CTP program relied on the use of blockchain technology to electronically disburse money to beneficiaries, which could be spent at an authorized local vendor. The money was transferred to an e-voucher card, which CTP beneficiaries were provided with after they registered. Beneficiary households could purchase goods such as food, hygiene products, and agricultural supplies using the e-voucher card at authorized vendors. The feasibility of the blockchain approach was tested in a previous study that took place in Vanuatu in 2019 by Oxfam prior to its implementation (ConsenSys, 2019). While there are advantages to blockchain technology, such as lower transaction costs and higher efficiency in delivering social assistance through direct transfers (Daniels, 2019), there are also downsides. Governments, in particular, face challenges with respect to data privacy laws, capacity to deliver social protection programs, and the governance of the blockchain system (Pisa and

Juden, 2017; Berryhill *et al.*, 2018). Beneficiaries, although benefiting from options to receive payments and transact in specific stores, are still financially excluded from the country's banking system.

3.2 Study Design and Sampling

This report evaluates data from only one of the three CTP provinces – Sanma, where a total of 2,530 beneficiary households were registered. The two main groups were the elderly and those living with disabilities, with 38 percent of beneficiaries being above the age of 60 and 37 percent having a disability. Around 12 percent of beneficiaries were widowed, 10 percent were single mothers, and 3 percent were individuals displaced by TC Harold.¹⁵

In Sanma, a total of 204 local vendors, including community stores, market vendors, and transportation providers, were registered – variations of shop ownership and distribution across areas were observed.¹⁶ The number of male vendors was slightly higher than female vendors, because the program required participating vendors to have a bank account, and bank account ownership in Vanuatu is higher among men (VNSO, 2017; Oxfam, 2021). Moreover, some geographic differences in the prevalence of registered vendors were observed. This was mainly due to the damage of markets and local food production by TC Harold, which were not fully restored when the program started. As a result, the vendor to beneficiary ratio is lower in some areas; the area councils of East Malo and West Coast had the lowest vendor to beneficiary ratio (Appendix A, Table A. 1) (Oxfam, 2021).

Preliminary results from an Oxfam CTP monitoring survey demonstrate the use of the cash transfer for essential items had a positive effect on the local economy. The majority (58 percent) of CTP beneficiaries in Sanma used the money to purchase food items. The cash transfers were also used to buy sanitation products,

¹⁴ Oxfam worked closely with local partners to ensure gender equity, e.g., through selecting single mothers as a target group. In Sanma and Tafea more than half of beneficiaries were female (55 percent) (Oxfam, 2021).

¹⁵ Note that households may include more than one vulnerable household member. However, there is only one beneficiary per household. Thus, the groups are based on the selection criterion of the beneficiary and evaluated based on just one vulnerability group.

¹⁶ The network of vendors was diverse and registered vendors included: community stores (53 percent), transportation providers (25 percent), market vendors (12 percent), hardware stores (6 percent), grocery stores (2 percent), energy providers (1 percent), agriculture suppliers (1 percent), bakeries (1 percent), butchers (1 percent), and pharmacies (1 percent).

clothes, water, and to pay bills. The number of beneficiary households considered (near-) food insecure reduced by 27 percentage points during the time of the CTP. In addition, the CTP had positive effects on the local economy, as the money was spent in local stores. Around 85 percent of authorized vendors in Sanma reported a positive impact of the CTP on their business, with an increase in the volume of customers by 69 percent (Oxfam, 2021).

Data for this study were collected among a subgroup of the CTP beneficiaries in Sanma and the final sample includes 194 households. For this subsample, beneficiary households were randomly selected from the overall CTP registry from Sanma. Survey weights were applied throughout the analysis to ensure similarity of the subsample drawn for this study to the overall group of CTP beneficiaries in Sanma based on their vulnerability status. The effects of the CTP were analyzed through a ‘before and after’ comparison among the same surveyed households.¹⁷ It was not feasible to identify a control group for this study, as the CTP was a humanitarian response program that targeted all vulnerable households in Sanma province. Consequently, this study analyzes the impacts of the CTP via a ‘before and after’ assessment among the same households – that is, households that participated in both the baseline and the endline survey.¹⁸ The sample of this study is not representative at the national or local level but only for the selected sample in Sanma province.

Data collection for the baseline and endline surveys among the subgroup of selected beneficiary households took place in 2020 and 2021. The surveyed households were interviewed via telephone with phone numbers provided through the CTP registry. The baseline (before

CTP) survey took place in mid-October and started shortly after the program registration was completed.¹⁹ The data collection for the baseline survey took about a week and was finished around the time that beneficiaries received their first payments. The endline (after CTP) data collection started a week after the last payouts were made in mid-March 2021 and ended in mid-April 2021. Although only one beneficiary per household was registered, the intention of the CTP was to benefit the whole household. It was assumed members would share the purchased goods among household members, which was confirmed through the survey results.²⁰ Surveyed respondents thus answered questions representing the household as a whole and hence the analysis was done at the household level.

3.3 Characteristics of Surveyed Households

Most surveyed households were located in rural areas and were larger than the average household size in Sanma. The province of Sanma includes twelve islands, Santo being the largest, and has a population of about 58,917 (VNSO, 2018). It consists of 10 area councils, of which eight were included in the survey. Luganville is the biggest area council in Sanma, however, the majority of surveyed households (73 percent) for this study lived in rural areas outside of Luganville (Figure A. 2). The average household size for all households in Sanma was 4.6 for the year 2020 (VNSO, 2021a). In contrast, surveyed households had on average nine family members but household size ranged from one member to 21 household members (Appendix A, Table A. 2).²¹ One potential explanation for the larger household size among surveyed households is that the CTP specifically targeted vulnerable households, which are often larger.

¹⁷ The survey tried to reach the same respondents for both waves, however, in a number of cases (around 4 percent) the respondent varied between the baseline and the endline survey.

¹⁸ This panel sample excludes households that did not participate in the endline survey and includes only those households that were interviewed both in the baseline and the endline survey. Results throughout the report are based on this same sample of 194 households. However, the results in Section 4.1. and 4.3, which are based on questions from the baseline survey, are comparable when using the full baseline sample (see also Appendix B for more information). A detailed explanation of the sampling procedure and the construction of the survey weights and the final sample is provided in Appendix B.

¹⁹ Figure A. 1 in Appendix A provides a timeline of important study dates.

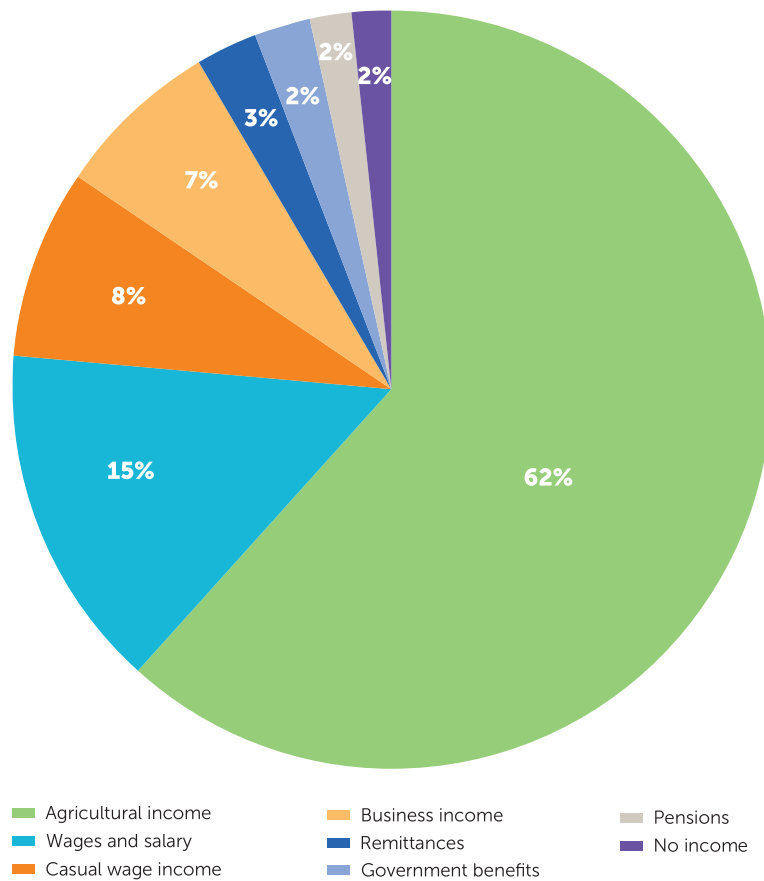
²⁰ Around 98 percent of respondents stated that at least some of the money was shared within the household. Within 47 percent of households, the beneficiary decided on his/her own about how to spend the money. Around 43 percent of households stated that the household head decided on how to use the money and in 10 percent of cases the decision was made jointly between the beneficiary and other household members.

²¹ Please note that the data collection methods between the VNSO survey and this survey may differ and that the numbers may not be comparable. However, this description still gives some insights into the sample population and how they compare to the general population in Sanma.

Vanuatu’s population relies heavily on agriculture for income generation, which was reflected in the sample. Around 74 percent of surveyed households relied on agriculture as a source of income and for around 61 percent of households, agriculture was their main source of income (Figure 3). Similarly, almost all sampled households owned some agricultural land (90 percent). Only 15 percent of the households relied on income from regular wages and salaries.²² Other income sources included formal businesses, casual wage income, and pensions. Around two percent of households did not have any source of income.²³

On average, surveyed households earned less than VT 17,275, which is the average monthly household income in Vanuatu (VNSO, 2021a). The average monthly household income among surveyed households was VT 14,680 (at baseline), which is approximately US\$130. Households with people living with disabilities had the highest average monthly household income among the five groups, at VT 15,981, and widowed households had the lowest income at VT 12,771 (Appendix A, Figure A. 5). Furthermore, house ownership was high among the sample households, with 96 percent of households owning their dwelling.

Figure 3: Main income sources of surveyed households



Source: World Bank staff calculations based on survey data, baseline, 2020. N = 194.

²² Surveyed households without agricultural land live in Luganville (74%), South East (12%), East Malo (8%), Canal Fanafo (1%), and South Santo 1 (4%). Those that earn wages and salary predominantly live in Luganville (48%) and South East (48%).

²³ Figure A. 3 and Figure A. 4 in Appendix A provide additional information on income sources by vulnerable group.



4. Role of the CTP in Facilitating Household Recovery

4.1 Impacts of TC Harold on Housing and Agricultural Activities

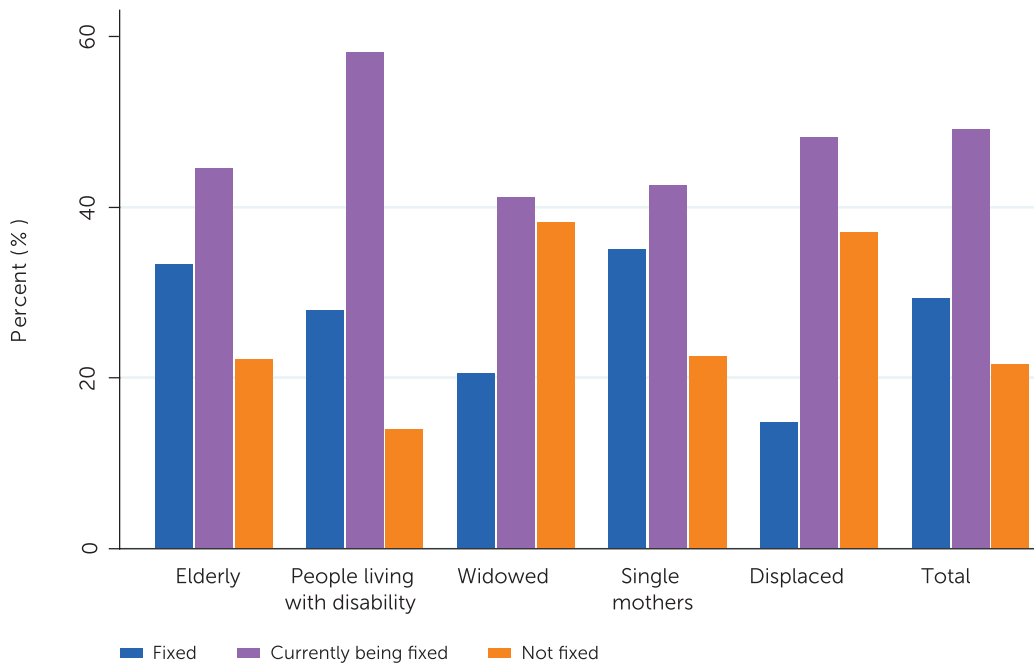
TC Harold caused severe damage to housing and household assets in the province of Sanma, which is reflected in the survey results. Almost all surveyed households in Sanma (97 percent)²⁴ experienced at least some damage to their dwelling as a result of the cyclone and around 9 percent of households did not live in the same dwelling as before TC Harold. Six months after TC Harold, 72 percent of households that experienced

damage to their dwelling had not fixed it completely (Figure 4). The percentage of households that had not fixed their dwelling was particularly high among displaced and widowed households, at 37 percent and 38 percent, respectively. In addition, the cyclone destroyed household assets such as furniture, TVs and radios, home appliances, personal computers, and vehicles. Around 77 percent of surveyed households experienced damage to at least one of these assets. Losses were again highest among displaced and widowed households.



²⁴ Note that all results relate to the surveyed households if not stated otherwise.

Figure 4: Status of housing reconstruction by vulnerable group



Source: World Bank staff calculations based on survey data, baseline, 2020. N = 189.

Note: This graph relates to the 96.5 percent of households that experienced damage to their dwelling. The bars by vulnerability group relate to relatively small group sizes and findings are only indicative.

TC Harold damaged agricultural land and assets, and hence affected agricultural productivity and households’ income generating activities.

The majority of households (98 percent) with access to agricultural land reported cyclone-related damage.²⁵ Around 77 percent of households experienced a lot of damage to their agricultural land or had it completely destroyed. The percentage of affected households was highest among widowed (85 percent). As would be expected, displaced households were also significantly affected (79 percent). A large share of households (70 percent) had not completely fixed the damage to their agricultural land at the time of the baseline survey (Appendix A, Figure A. 6). Moreover, households did not just experience damage to their dwellings and agricultural land, but also to crops (83 percent), agricultural tools (43 percent), and livestock (36 percent). Furthermore, around 24 percent of households reported that they lost access to the ocean or river (due to blocked or damaged roads or paths) as a

direct result of TC Harold, which restricted their fishing activities (Appendix A, Figure A. 7).

4.2 The Role of the CTP in Repairing Homes and Restoring Agricultural Assets

Cash transfers helped households to repair their houses and purchase assets that were destroyed by the cyclone. Houses in Vanuatu are generally made with a mix of traditional building materials (such as those used in *natangura* houses)²⁶ and purchased materials such as wood, concrete, and metal. Census data from 2009 indicate that non-traditional housing – that is, housing constructed from wood, concrete, and metal – is particularly common in urban areas such as Luganville where many of the surveyed households were located. While material for *natangura* houses is often available for free in rural areas, it is likely that damage caused by the cyclone reduced its availability. As a result, many households needed

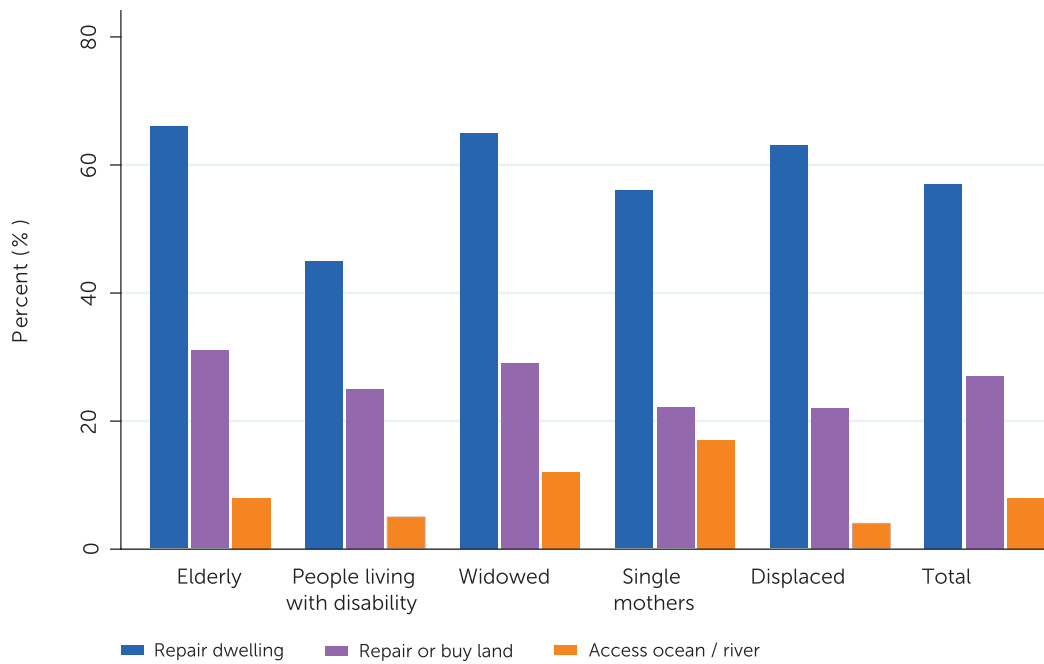
²⁵ Around 90 percent of surveyed households reported having agricultural land.

²⁶ Housing constructed from traditional materials. These houses typically have thatched roofs woven from the *natangura* palm (*Metroxylon warburgii*) and bamboo walls.

to purchase materials in order to conduct repairs. Figure 5 presents an overview of how cash transfers were used to cope with the impacts of TC Harold. Around 57 percent of households used the transfer to repair damage to their dwelling. The percentages are especially high for elderly, widowed, and displaced households where more than 60 percent

used the transfer to repair their dwelling. Those households that used the CTP to fix damage mainly used the money to repair roofs (70 percent), walls and windows (31 percent), floors (27 percent), and cooking areas (23 percent) (Appendix A, Figure A. 8).

Figure 5: Use of cash transfers by vulnerable group following TC Harold



Source: World Bank staff calculations based on survey data, endline, 2021.

Note: The graph comprises answers from multiple questions by vulnerable groups and for the total sample (outer right bars). Each bar shows the percentage of households that answered the question with 'yes' by groups. For example, a total of 57 percent of households used some of the money to repair their dwelling, while the remaining 43 percent did not. Please note that the total case numbers by question are 194 except for the answer to the question 'Repair dwelling', which totals to 193 responses. Also note that the bars by vulnerable group relate to relatively small group sizes and findings are only indicative.

In addition, the CTP was used to restore agricultural land, access to the ocean and river, and to purchase agricultural tools and machinery. Twenty-seven percent of surveyed households reported that they used cash transfers to repair damage to their agricultural land (Figure 5). Around 31 percent of elderly households and 29 percent

of widowed households used the CTP for repairs to their agricultural land, while the numbers were slightly lower for the other three groups. Of those households that used cash transfers to repair damage to their land, 61 percent said that they used the money to buy capital inputs, such as machines and farm tools, and 43 percent



bought consumable inputs like seed and fertilizer. Furthermore, 8 percent of households stated they used cash transfers to gain access to the ocean or river by buying tools and machinery to restore road access. Single mothers (17 percent) and widows/widowers (12 percent) were the most

likely to use the money for this purpose. Consequently, as the CTP was used to restore agricultural land and access to aquatic resources, it likely increased the wellbeing of recipient households.²⁷



²⁷ In Vanuatu, access to aquatic resources and *kastom* (traditional) land on which food gardens can be planted is closely linked to wellbeing (VNSO, 2012). Studies show that extreme climate events such as storms and floods can decrease individual subjective wellbeing (Maddison and Rehdanz, 2011; Sekulova and van den Bergh, 2016; von Möllendorff and Hirschfeld, 2016). Thus, TC Harold induced damage to aquatic resources and land likely reduced the wellbeing of impacted households.

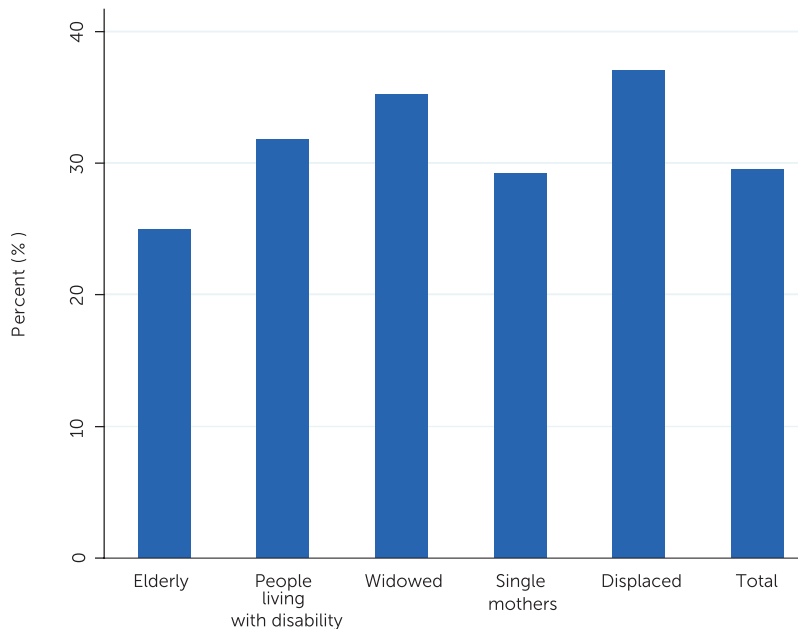
4.3 Impacts of the Dual Shocks on Jobs, Food Security, and Health

In addition to the physical losses resulting from TC Harold and the pandemic, the dual shocks also impacted livelihoods and health. Of the households surveyed, 30 percent included at least one member who had lost their job as a direct result of TC Harold or COVID-19. Households with widows/widowers, displaced individuals, and those living with disabilities reported higher levels of job losses (Figure 6).²⁸ Around 18 percent of surveyed households included a member that needed medical treatment as a direct result of TC Harold.

The dual shocks impacted household food security and consumption patterns. The damage to agricultural produce and the impact of the shocks on income generating activities led to a decrease in food security among vulnerable households.

Under normal circumstances, 20.9 percent of ni-Vanuatu experience moderate levels of food insecurity, while 2.4 percent of the population experiences severe food insecurity (VNSO, 2021c). After TC Harold, 74 percent of surveyed households reported that they had run out of food between March and October 2020 (Figure 8) and around 95 percent of households stated that this was due to the combined impacts of TC Harold and COVID-19. The number of households that ran out of food was highest among widows/widowers, displaced people, and those living with disabilities, with more than 80 percent of this group having run out of food. Moreover, households reduced their food consumption or switched to less costly food items to cope with the effects of TC Harold and COVID-19. In fact, these were reported as the most important coping strategies following the shocks (Figure 7). Around 68 percent of households reported reducing their food consumption between March and October 2020, and 69 percent reported they switched to less costly food items.

Figure 6: Percentage of job losses experienced by vulnerable groups due to dual shocks



Source: World Bank staff calculations based on survey data, baseline, 2020. N = 194.

Note: The figure shows the percentage of households that include at least one member, who lost his/her job as a consequence of the dual shocks. Please note that the bars by vulnerable groups relate to relatively small group sizes and findings are only indicative.

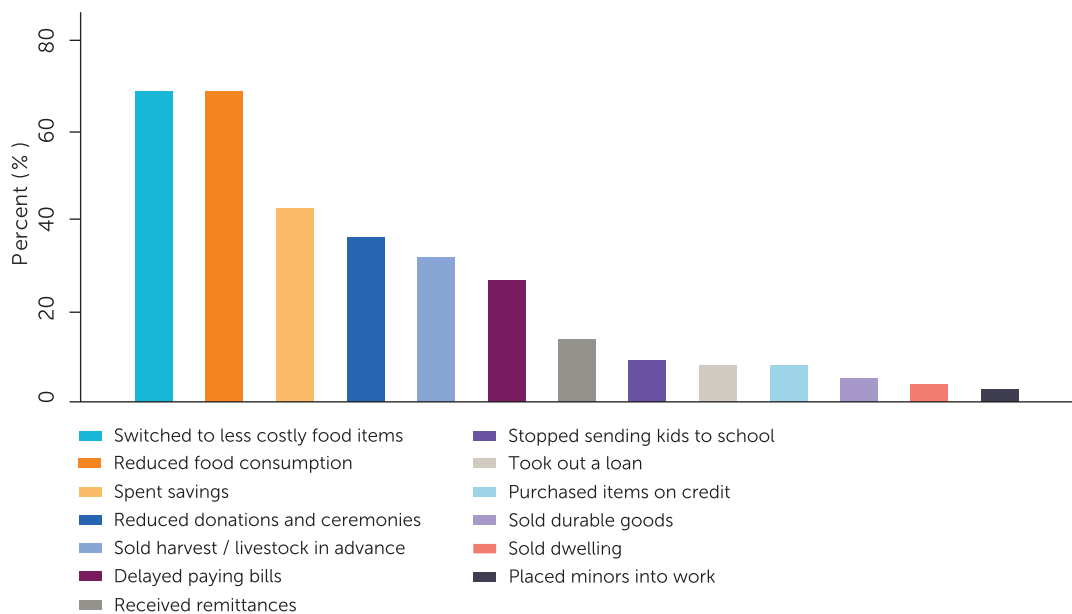
²⁸ While the survey did not collect data on the number of working members within a household, it is likely that those households have more working members than elderly or single mothers, which might be an explanation for the higher numbers of job losses among these three vulnerable groups.

In order to cope with the impacts of the shocks, households adopted a variety of strategies. In addition to reducing their food consumption, households used some of their savings (43 percent), reduced church and community donations or attending ceremonies (36 percent), sold crops or livestock in advance (32 percent), delayed paying

bills (27 percent), or stopped sending children to school (9 percent) (Figure 7). Some of these strategies can increase households' vulnerability and the risk of falling into hardship. In addition, around 85 percent of surveyed households employed two or more coping strategies to deal with the consequences of the dual shocks.



Figure 7: Coping strategies of households between March–October 2020



Source: World Bank staff calculations based on survey data, baseline, 2020. N = 194.

Note: Multiple answers possible.



4.4 The Role of CTP in Deterring Negative Coping Strategies and Supporting Human Capital

The CTP helped households to restore livelihoods, and the money was used for activities such as starting informal income generating activities or looking for jobs. Thirty-five percent of households used the money from the program to restore their livelihoods and engage in varied income generating activities (Figure 9). Cash transfers were mainly used to buy equipment and materials for new informal income-generating activities but were also used to pay for transportation to work or to attend job interviews. In the groups of elderly, single mother households, and those living with disabilities, more than 30 percent used cash transfers for this purpose.

In addition, cash transfers helped households to switch to more varied food items and thus reduced food insecurity. During the time of the

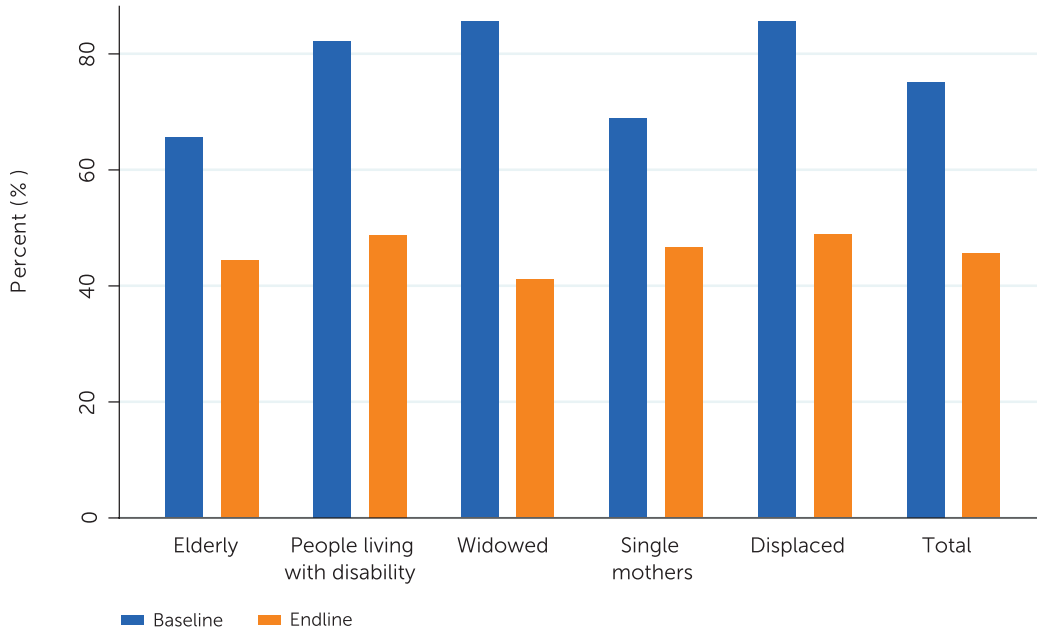
CTP, the number of households that ran out of food was 29 percentage points lower than before the CTP (Figure 8). This increase in the level of food security is most likely a combination of the CTP providing money to buy food and a result of improved access to food over time.²⁹ Importantly, around 68 percent of households used cash transfers to increase the variety of food items. Elderly households, in particular, used cash transfers to change their food consumption (75 percent). These findings are significant given that one in ten ni-Vanuatu are undernourished (VNSO, 2021c), and suggest that longer-term CTPs might have a role to play in improving food security.

Households also used the CTP to access medical treatment (Figure 9). Almost half of the surveyed households (47 percent) used cash transfers to access medical treatment. This was particularly true of households with elderly members and those living with disabilities (around 50 percent).



²⁹ No causal inferences can be made here because of the absence of a control group.

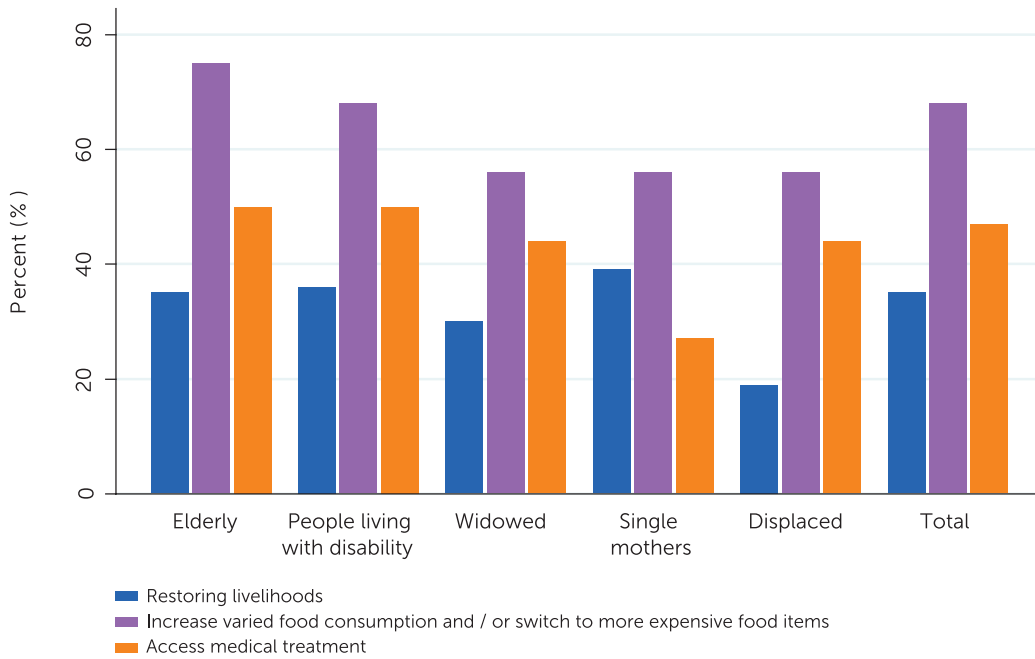
Figure 8: Percentage of households that ran out of food before and after the CTP



Source: World Bank staff calculations based on survey data, baseline, 2020 and endline, 2021. N = 194.

Note: Baseline refers to the period between March to October 2020 and endline refers to the period between October 2020 and March 2021. The bars show the percentage of households that ran out of food. Please note that the bars by vulnerability group relate to relatively small group sizes and findings are only indicative.

Figure 9: CT usage with respect to the impacts of the dual shocks on people's livelihood



Source: World Bank staff calculations based on survey data, endline, 2021.

Note: The graph comprises answers from multiple questions by vulnerable groups and for the total sample (outer right bars). Each bar shows the percentage of households that answered the question with 'yes' by groups. For example, a total of 35 percent of households used some of the money to restore livelihoods, while the remaining 65 percent did not. Please note that the total case numbers by question are 194 except for the answer to the question 'Restoring livelihoods', which totals to 193 responses. Also note that the bars by vulnerable group relate to relatively small group sizes and findings are only indicative.



5. Informal and Formal Social Safety Nets

Informal social safety nets are an important source of support for all ni-Vanuatu, which is reflected in the survey results. The majority of surveyed households (72 percent) received some form of assistance to cope with the effects of TC Harold and COVID-19 (Figure 10). This assistance was provided via informal channels or through formal government sources. Around 66 percent of surveyed households received assistance from family, friends, NGOs, or churches. Some 21 percent of households received additional assistance from the Government.³⁰

Assistance was mainly provided in-kind and a small percentage of households received cash. Around 60 percent of households received in-kind assistance and another 6 percent received both

in-kind and cash assistance (Figure 10). Six percent of households received only cash. In-kind support was predominantly received in the form of food (100 percent), water (49 percent), clothing shelter or housing (25 percent), house repairs and improvements (14 percent), medicine (9 percent), and agricultural tools (8 percent).³¹ It was provided by NGOs (around 86 percent), the Government (28 percent), family members (21 percent), religious institutions (13 percent), and friends (11 percent). Cash assistance came from family members (76 percent), NGOs (28 percent), the Government (20 percent),³² remittances (14 percent), or from friends (13 percent) and was mainly used to buy food or water.

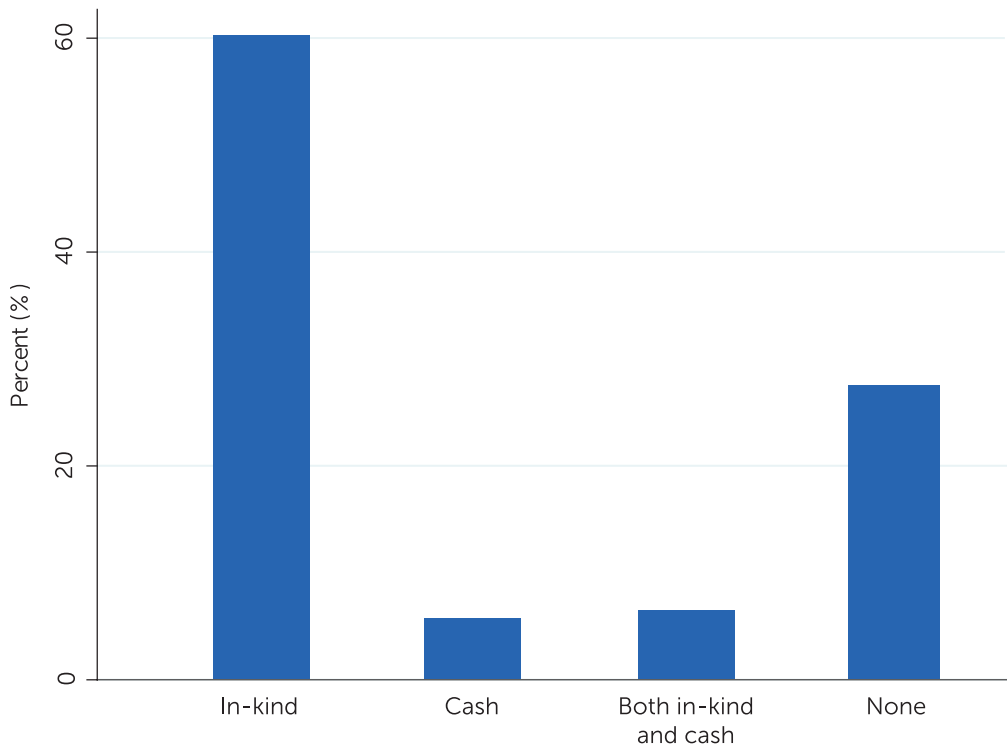


³⁰ Most of those households (92 percent) received government assistance in addition to the assistance received from informal sources. For around 8 percent of those households the assistance from the government was the only assistance they received.

³¹ Households also received other in-kind assistance such as hygiene products or school supplies but those items made up less than 5 percent of the assistance.

³² In the immediate aftermath of TC Harold, the Government of Vanuatu provided assistance in the form of food and non-food items via its National Disaster Management Office to affected areas (OCHA, 2020).

Figure 10: Overview of non-CTP assistance in the immediate aftermath of the shocks



Source: World Bank staff calculations based on survey data, baseline, 2020. N = 193.

Note: The figure provides an overview of assistance received between March and October 2020 (i.e., in the months prior to the CTP).

Lastly, the survey findings contribute to the growing body of evidence indicating that formal social protection systems – such as the CTP – support existing informal social safety nets. After receiving the CTP, around 75 percent of surveyed households shared their purchased goods with others, mainly with relatives (84 percent) but also with friends (23 percent) or religious institutions

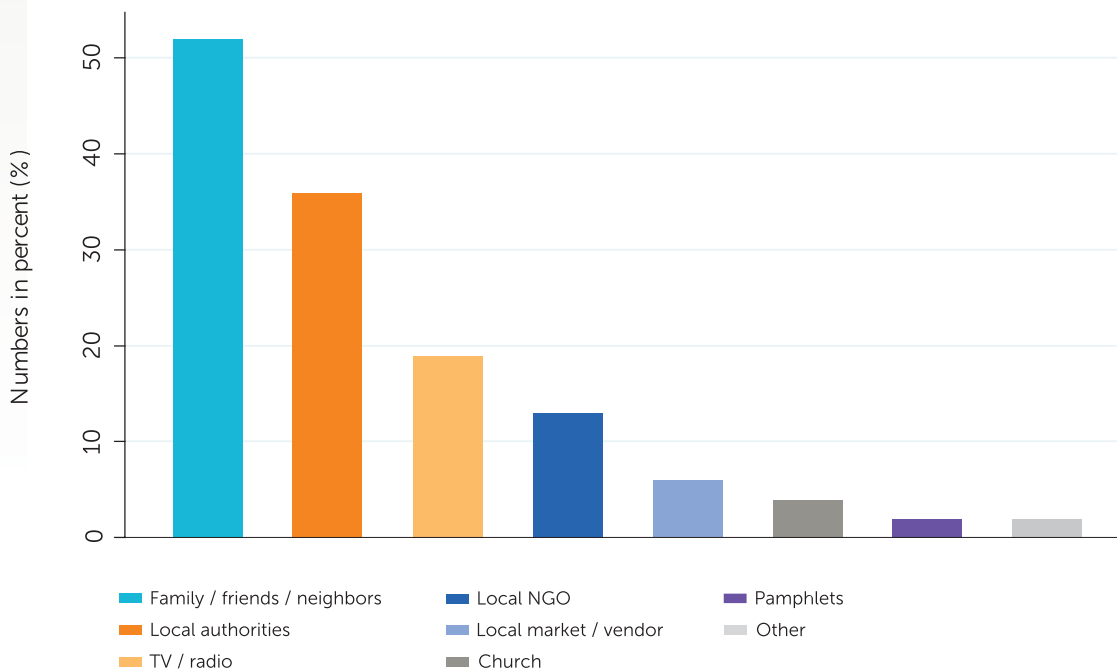
(11 percent). This suggests that rather than compromising or replacing informal social safety nets, the CTP was incorporated into these existing systems of support. As a result, the benefits of the CTP were spread beyond participating households and were able to assist families and communities more widely.

6. Perceptions on the Implementation of the CTP in Sanma

The program assessed in this report is the first large-scale CTP implemented in Vanuatu in response to a natural disaster. The findings demonstrate that the CTP greatly assisted the surveyed households in Sanma to cope with the impacts of the dual shocks. The following section provides an overview of the CTP implementation and how it was perceived by surveyed households. Topics discussed include how surveyed households were informed about the program, means of transport and travel time to the registration site and registered vendors, and whether households experienced any difficulties with the program.

The registration for the CTP started in early October 2020 with several registration points provided throughout Sanma. Most beneficiary households surveyed were made aware of the program via friends or family (50 percent), local authorities (36 percent), or NGOs (19 percent) (Figure 11). Those that were eligible for the program then had to register themselves. The majority of households (90 percent) travelled to the registration site and experienced relatively short travel times of around 30 minutes or less. They mainly reached the registration point by walking (47 percent) or by taking the bus (27 percent). About 10 percent of households were registered at home, these were mostly elderly beneficiaries.

Figure 11: Overview of information sources



Source: World Bank staff calculations based on survey data, endline, 2021. N = 194.

Note: Households could select multiple answers.

The majority of surveyed households reported smooth program registration and quick payouts.

Overall, complaints about the registration process and the program itself were low. Only 9 percent of beneficiary households experienced difficulties with the program registration, relating mainly to problems understanding the program content, accessing the registration point, or difficulties relating to a disability or providing the required information and documents. Some 4 percent of households made a formal complaint about the CTP. These complaints centered on issues around the amount of money (some reported that the transfer was not enough to cover household needs) or problems with the e-payment card. Around 62 percent of surveyed households received their first payment within a week of registration. In 90 percent of cases, the first program payouts were provided within 2–3 weeks after registration.

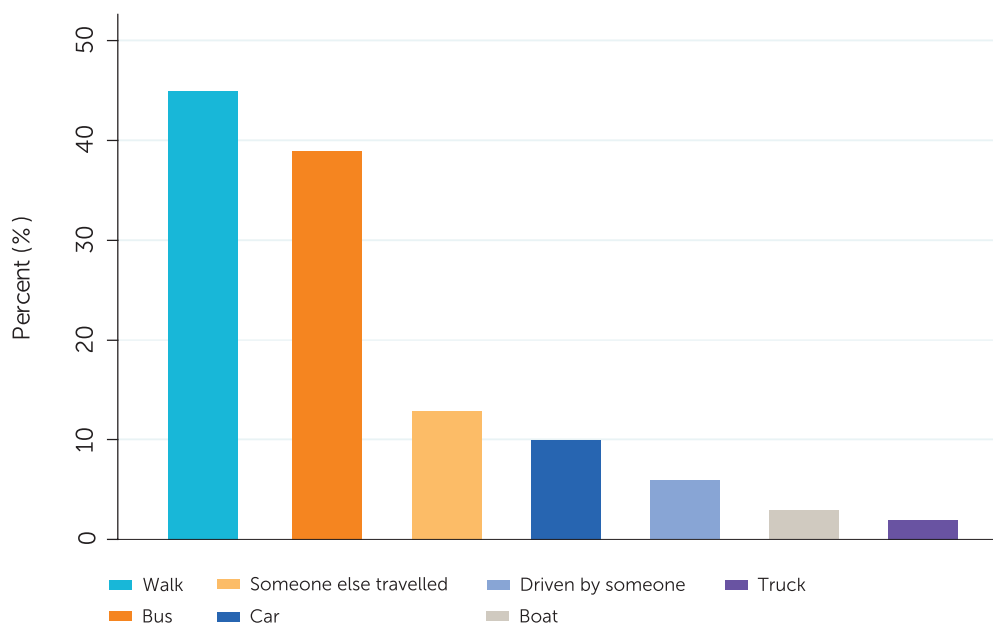
Households interviewed were able to purchase goods at any registered local vendor with the e-voucher card and most could do so within a travel time of 30 minutes or less. The average travel time between the beneficiaries’ homes and registered vendors was relatively short. Around 70 percent of surveyed households reported a travel time of less than 30 minutes. Most surveyed

households walked (45 percent) or took the bus (39 percent) to reach local stores (Figure 12). The majority of surveyed households (55 percent) spent some money to reach local stores over the time of the CTP. A total 34 percent of surveyed households reported difficulties in getting what was needed and this was mainly because the goods or services were not available (84 percent) but also because they did not have enough money (26 percent). This may indicate that the payment mode (i.e., households could buy goods only at registered vendors) limited access to certain products or shops. However, it may also be the case that availability of goods was still limited due to the prolonged consequences of TC Harold (i.e., damage of agricultural produce).

Most surveyed households reported that the money from the CTP lasted two weeks or longer.

Around 8 percent of surveyed households reported that the money lasted only one week, 56 percent stated that it lasted about two weeks, and around 36 percent reported that the money lasted three weeks or longer. For those households for which cash transfers lasted two or three weeks, they were able to give some of the purchased goods away and thus support other community members.

Figure 12: Mode of transport between home and local stores



Source: World Bank staff calculations based on survey data, endline, 2021. N = 192.



7. Key Findings

After assessing the impacts of the dual shocks of COVID-19 and TC Harold on a subset of households located in Sanma province and how the CTP was used to assist these households, here are the findings of this report:

- 1. Vulnerable households in the province of Sanma were highly affected by the dual shocks of TC Harold and COVID-19.** Almost all surveyed households experienced at least some damage to their dwelling (97 percent), household assets (77 percent), agricultural land (98 percent), and agricultural machinery (43 percent). Around 30 percent of surveyed households included at least one member who lost a job as a direct result of either TC Harold or the impacts of COVID-19.
- 2. Many households adopted negative coping strategies in the immediate aftermath of the shocks.** Prior to the CTP, the majority of households (68 percent) reduced their food consumption to cope with the impacts of the dual shocks of TC Harold and COVID-19. Households also delayed paying bills (27 percent) or removed children from school (9 percent). Negative coping strategies can increase the risk of households falling deeper into hardship.
- 3. The CTP complemented existing informal social protection.** Informal social safety nets are an important part of ni-Vanuatu culture and the survey results show that formal social protection programs, like the CTP, can support and complement these informal systems. In the immediate aftermath of the shocks, households received informal assistance, like food, water, or clothing from friends, family, or the community. During the CTP program, the majority of surveyed beneficiary households (75 percent) shared their purchased goods with others (e.g., relatives, friends or religious institutions) and hence supported the community.
- 4. The CTP was an effective tool to help vulnerable households to accelerate their recovery from both the physical and economic impacts of the dual shocks.** Surveyed households used the money from the CTP to repair damage to their dwelling (57 percent), regenerate or buy agricultural land (27 percent), regain access to the ocean or river for the purpose of fishing (8 percent), or restore livelihoods (35 percent). In so doing, it is likely that the CTP contributed to increased wellbeing among participating households.
- 5. The CTP not only increased access to medical care but also increased access to varied food and thus supported food security and health among surveyed households which, in turn, contributes to preserving human capital gains.** At baseline, 74 percent of surveyed households reported to have run out of food. During the six months of the CTP, fewer households reported running out of food (45 percent). Surveyed households used the money to increase the consumption of more varied food items (68 percent). In addition, around 47 percent of surveyed households used the CTP to access medical treatment for some of their household members.
- 6. The report indicates that households found the program accommodated their needs.** Most surveyed households were able to reach the registration point of the CTP and stores in less than 30 minutes, by foot or bus. Only a small group of surveyed households, around 9 percent, experienced some difficulties with the program registration. Official complaints about the program in general were even lower; only 4 percent of surveyed households filed a complaint about the program. Those households reported that the transfer was not enough to cover their needs or that they had problems with the e-payment card.

7. **While experiences of the CTP were generally positive, the report also highlights challenges faced by households and potential areas for improvement.** Firstly, the survey indicates that the benefit amount may not have been sufficient, as 45 percent of beneficiaries remained food insecure at the end of the CTP. Secondly, roughly 34 percent of recipients experienced difficulties in getting the goods they needed. This may hint at the fact that the use of an e-payment card limited the availability of shops or that markets had not been fully restored after TC Harold, which limited the availability of goods. In the future,

the use of other cash transfers modalities rather than an e-payment may therefore be preferable from a financial inclusion perspective. A careful approach is needed to avoid negative unintended consequences on beneficiary households. Finally, beneficiary households may continue to face challenges such as increased food insecurity after the CTP program ends. A longer-term system of social protection may be useful in alleviating such challenges.



8. Recommendations

The following recommendations are put forward for the Government of Vanuatu, development partners, and civil society organizations to consider in relation to the role of social protection measures, such as the CTP, to support vulnerable and poor households in the aftermath of shocks:

- 1. Establish an ongoing formal social protection system** that complements existing informal social safety nets, in order to enhance the preparedness, response, and coping capacities of vulnerable households and communities. The people of Vanuatu face recurring disasters due to the country's high disaster risk. A formal social protection system would therefore: (i) support people across the country to build resilience prior to disasters, (ii) support the population during and after disasters to prevent the use of negative coping strategies, and (iii) provide continued support to essential services to vulnerable households. Humanitarian programs are by nature temporary and there is a high risk that households might return to negative coping strategies once this support ends. In contrast, a formal SP system could provide sustainable and ongoing support as well as the ability to build government data and information systems to quickly identify and deliver assistance to those in need. The best way to ensure a complimentary approach would be to build on the existing experience and local knowledge already in place by collaborating with various partners to support the delivery of social protection programs and related services. Such an inclusive approach would also underpin SOC 1.4 in the Vanuatu 2030 Plan, which is to strengthen the link between traditional and informal governance systems. A formal social protection system could support Vanuatu's population in building resilience to disaster risks.
- 2.**
- 3. Establish an ASP strategy, as this would result in a more strategic, integrated and streamlined approach to disaster recovery, contributing to a more responsive social protection system and a quicker and more inclusive recovery process in particular for the poor and most vulnerable people.** This should be incorporated into the National Disaster Recovery Framework and action plan (specifically relating to Recovery Objective 1.5 'Strengthen disaster preparedness, response and recovery mechanisms and structures'). An ASP strategy would allow the Government to better plan, prepare, and manage disaster and emergency responses – as well as support the most vulnerable. This would enable the Government to take the lead in disaster response. Establishing an ASP strategy would involve elements from existing SP programs such as disaster risk financing, databases and systems, and government-led coordination to maximize the impact and reach during crises. Placing the Government at the center of the social protection response will ensure data protection, accountability, and transparency of funds. The Government should consider establishing a steering committee to assist in leading the development of ASP and SP programs, policies, and systems. This would help to ensure policy coherence for ASP and formalize existing humanitarian interventions.
- 4. Focus on 'building back better' in order to strengthen the resilience of households by supporting their capacity to adapt to future shocks through ASP and DRM systems.** Although this report provides evidence that households used the CTP to repair damage to their housing and help them with their recovery and reconstruction effort, there is no evidence to demonstrate that houses were built stronger than before or that livelihoods were improved during the recovery process. On the contrary, the temporary nature of the CTP could arguably indicate the prioritization of short-term needs over longer-term considerations.

Government leadership in disaster response, through Adaptive Social Protection, is crucial to support households to 'build back better' and quickly rebuild their livelihoods so that no one is left behind in the recovery process. This strategy would align with the pillars of the Vanuatu 2030 Plan which are: society, environment, disaster resilience, and productive economy (jobs).

4. **Implement pre-disaster ASP programs and interventions with resilience-building impacts on both basic community infrastructure and wellbeing of households.** These efforts could

include: (i) temporary but regular ex-ante labor intensive public works programs aimed at infrastructure requirements for communities to withstand shocks, (ii) social protection programs, like cash transfers, (iii) interventions such as behavioral change communications, financial services, social services, community sensitization, or life skills training aimed at households reliant on subsistence farming or fishing to improve food security, increase productivity, and/or improve nutrition, and (iv) targeted/seasonal training in livelihood diversification.



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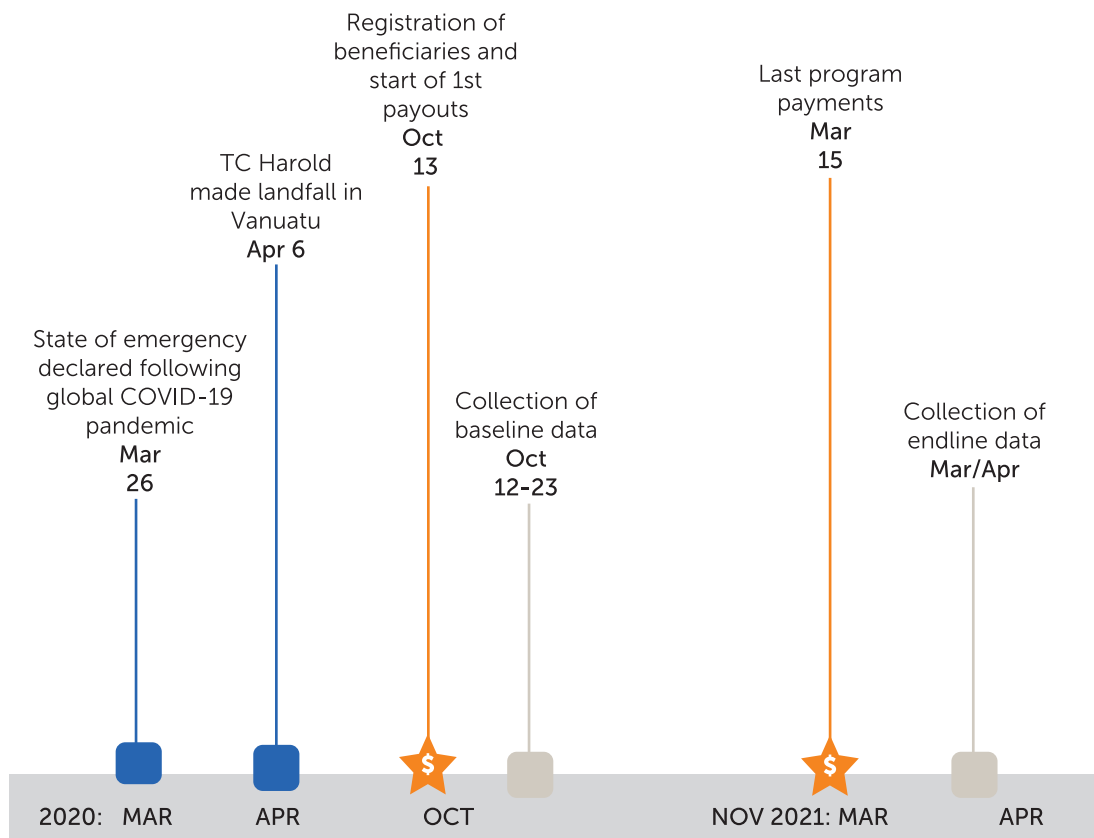
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Appendix A: Additional Figures and Tables

Figure A. 1: Timeline of events



Source: World Bank staff presentation of events.

Table A. 1: Vendor to beneficiary ratio in Sanma

Area Council	Vendor	Vendor ratio by area council	Beneficiary	Beneficiary ratio by area council	Vendor to beneficiary ratio by area council
Luganville	41	22%	741	29%	6%
South East	45	25%	431	17%	10%
Canal Fanafo	19	10%	400	16%	5%
South Santo 2	40	22%	270	11%	15%
South Santo 1	15	8%	253	10%	6%
East Malo	3	2%	160	6%	2%
West Coast	2	1%	145	6%	1%
West Malo	18	10%	126	5%	14%
Total	183		2,526		

Source: Oxfam 2021.

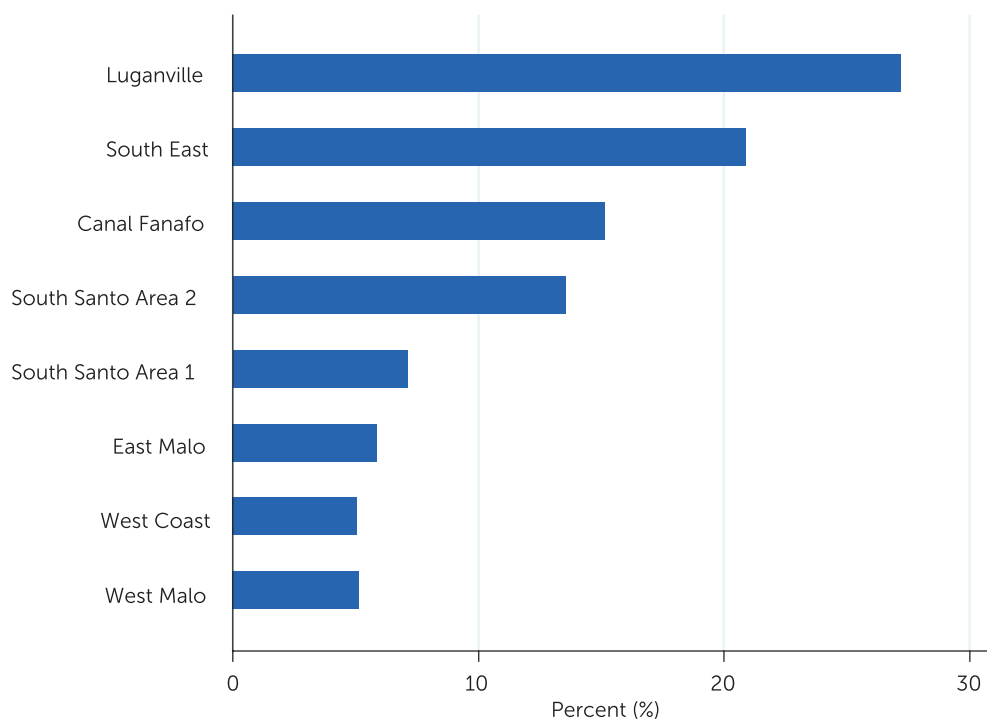
Table A. 2: Household composition by vulnerable group

Vulnerable group	Average number of household members	Average number of adults	Average number of children	Average number of children attending school
Elderly	8	5	4	2
People living with disability	10	5	4	3
Widowed	9	5	4	3
Single mother	9	5	4	2
Displaced	10	5	4	3
Total	9	5	4	3

Source: World Bank staff calculations based on survey data, baseline, 2020. N = 194.

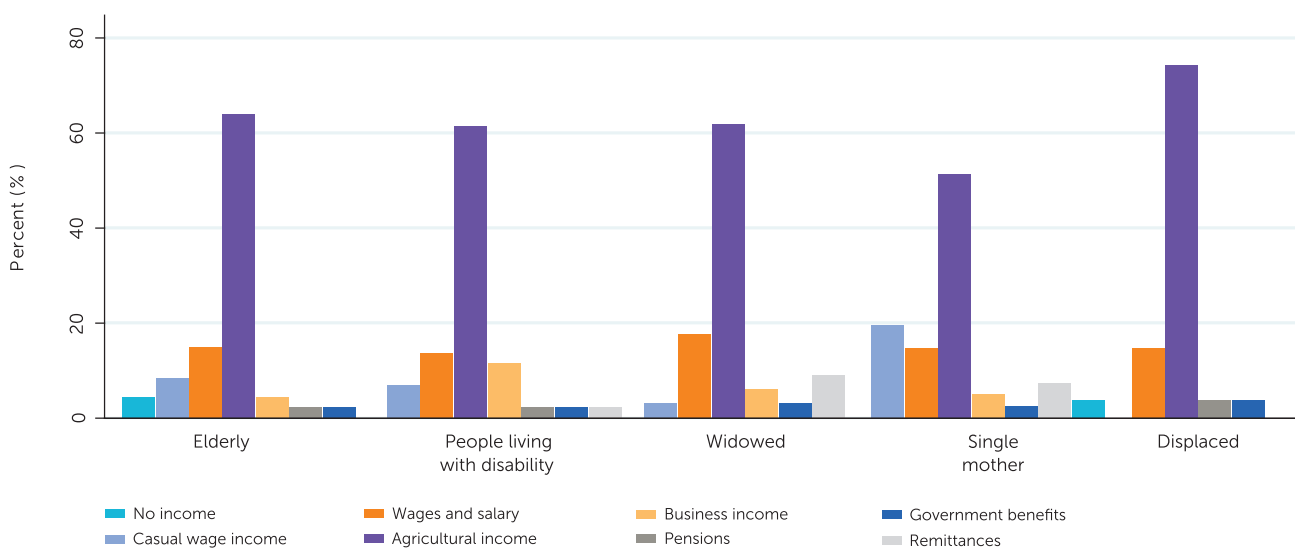


Figure A. 2: Households by area council



Source: World Bank staff calculations based on survey data, baseline, 2020. N = 194.

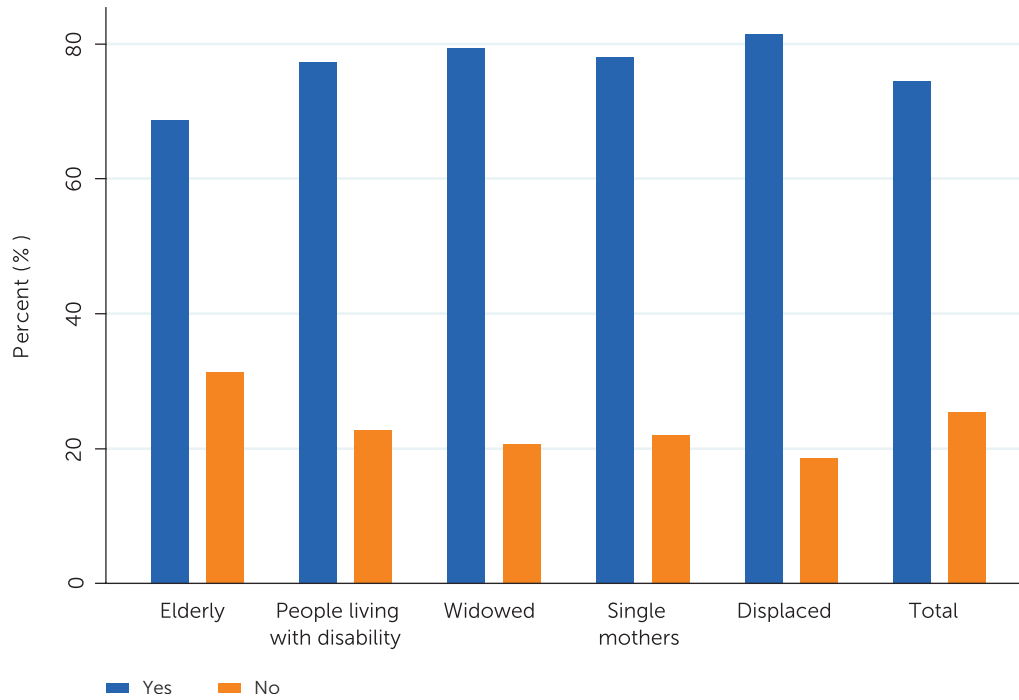
Figure A. 3: Main income sources by vulnerable group



Source: World Bank staff calculations based on survey data, baseline, 2020. N = 194.

Note: Please note that the bars by vulnerable group relate to relatively small group sizes and findings are only indicative.

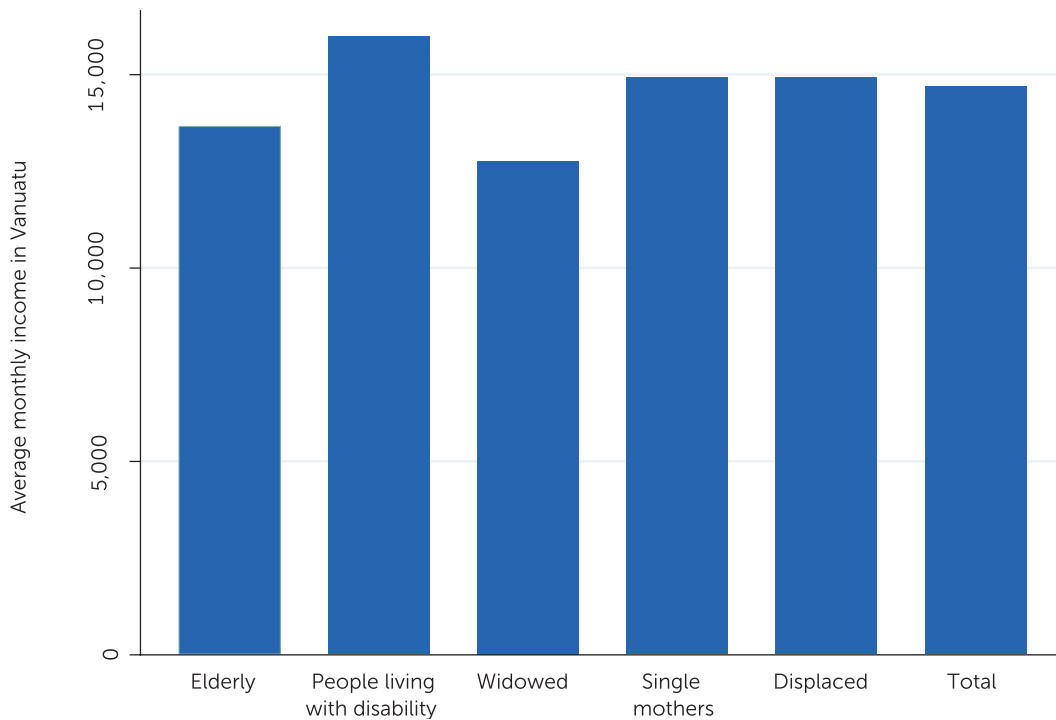
Figure A. 4: Income derived from agriculture by vulnerable group



Source: World Bank staff calculations based on survey data, baseline, 2020. N =194.

Note: The graph shows the percentage of households deriving at least some income from agriculture. Please note that the bars by vulnerability group relate to relatively small group sizes and numbers are only indicative.

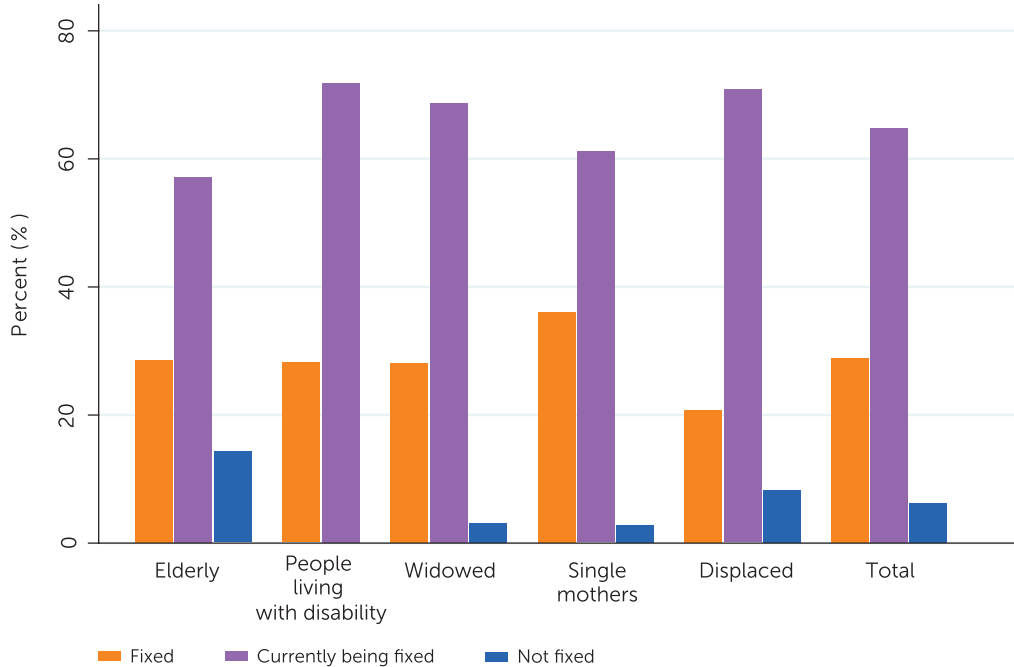
Figure A. 5: Average monthly household income at baseline by vulnerable group



Source: World Bank staff calculations based on survey data, baseline, 2020. N = 148.

Note: Please note that the bars by vulnerability group relate to relatively small group sizes and findings are only indicative.

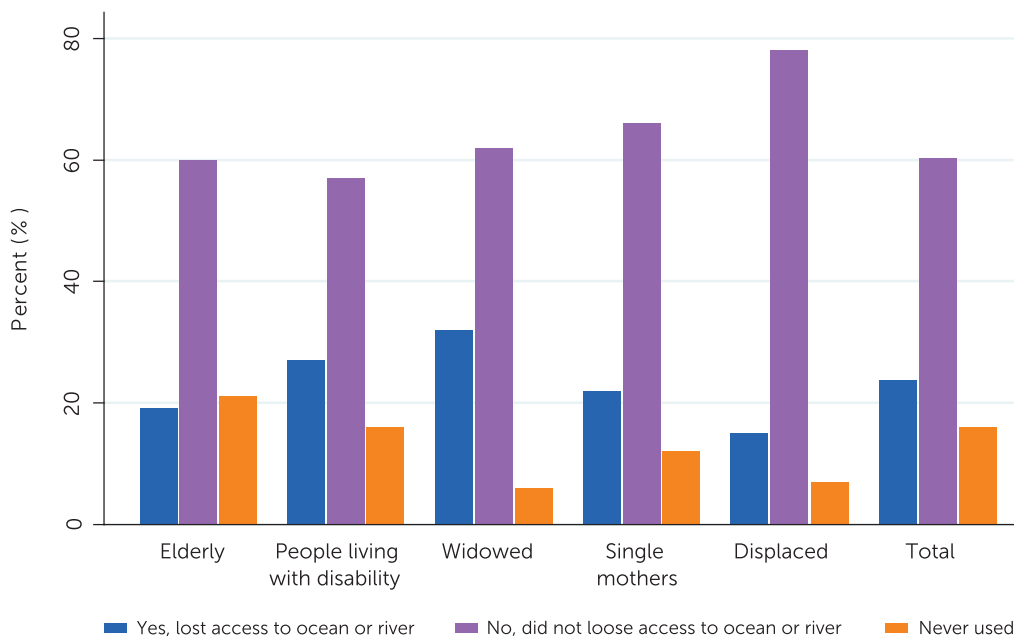
Figure A. 6: Breakdown of status of cyclone induced damage to agricultural land six months after TC Harold (prior to CT) by vulnerable group



Source: World Bank staff calculations based on survey data, baseline, 2020. N = 173.

Note: This graph relates to the 98 percent households that experienced damage to their agricultural land and reported the status of the damage. Please note that the bars by vulnerability group relate to relatively small group sizes and numbers are only indicative.

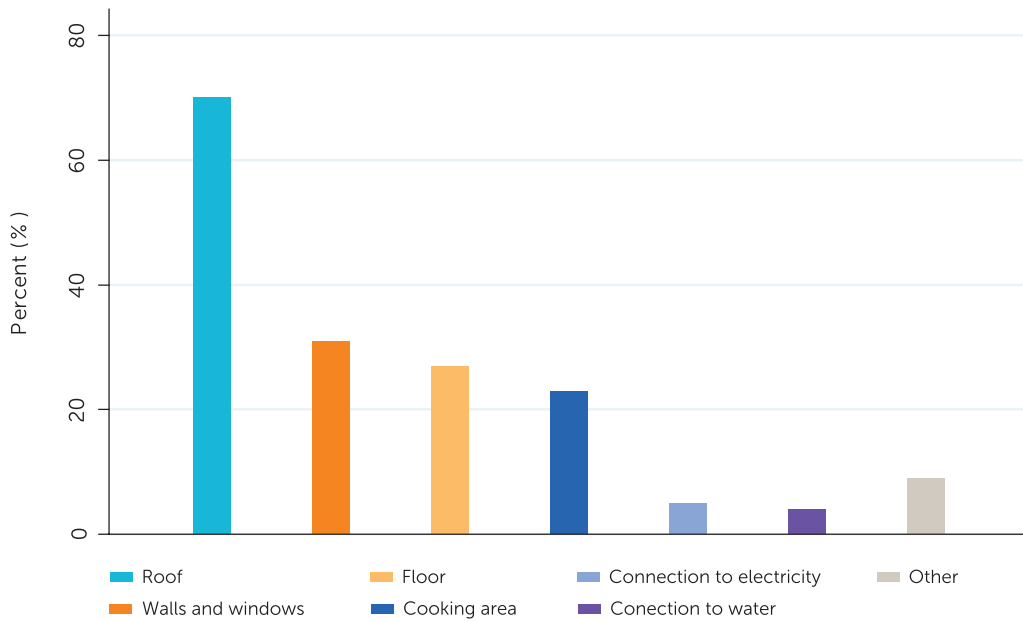
Figure A. 7: Percentage of households that lost access to the ocean or river because of TC Harold by vulnerable group



Source: World Bank staff calculations based on survey data, baseline, 2020. N = 194.

Note: Please note that the bars by vulnerability group relate to relatively small group sizes and numbers are only indicative.

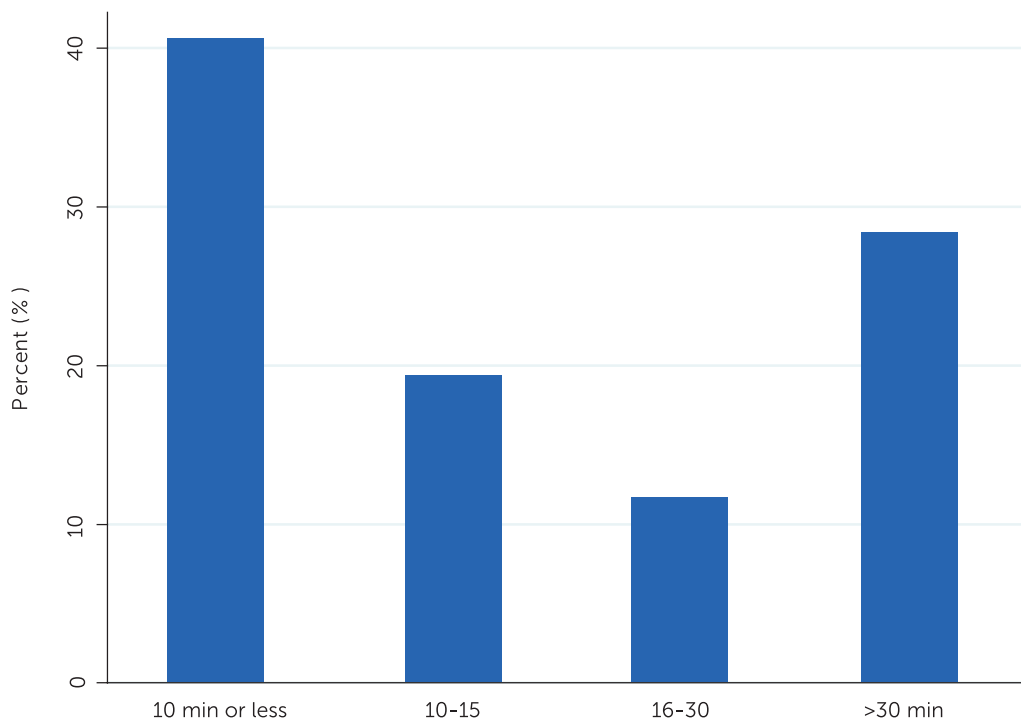
Figure A. 8: Breakdown of CT usage for repairs to dwelling



Source: World Bank staff calculations based on survey data, endline, 2021. N = 110.

Note: Multiple answers possible. This graph relates only to households that used the CT to repair damage to their dwelling. Please note that the bars by vulnerability group relate to relatively small group sizes and numbers are only indicative.

Figure A. 9: Breakdown of average travel time from home to the registration site

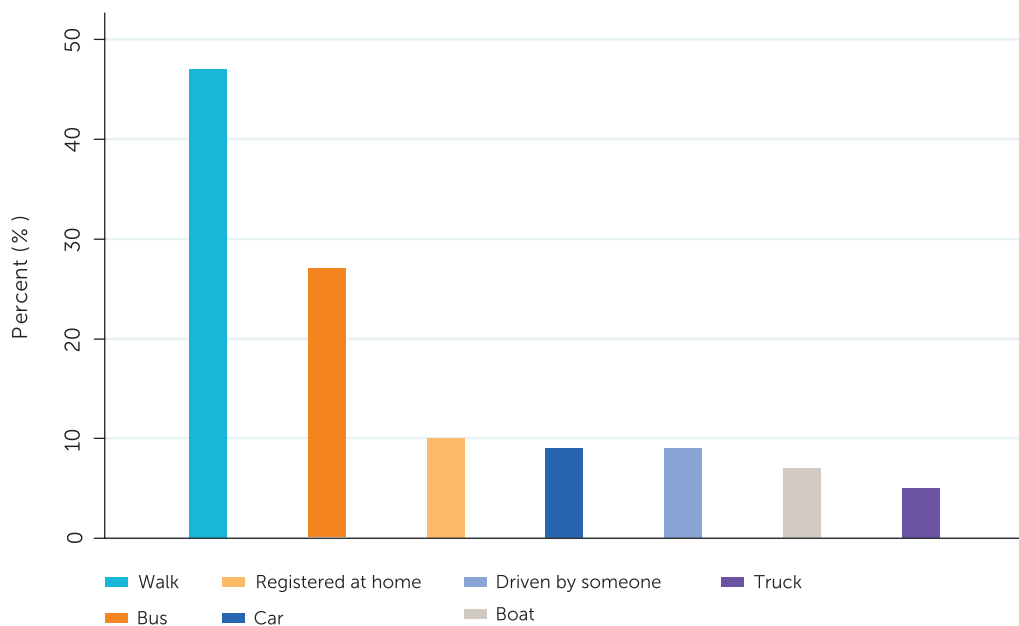


Source: World Bank staff calculations based on survey data, endline, 2021. N = 175.

Note: This graph is a breakdown of cash assistance sources among the 89 percent of households that had to travel to register for the CTP.



Figure A. 10: Mode of transport between home and registration point



Source: World Bank staff calculations based on survey data, endline, 2021. N = 193.

Note: Households could select multiple answers.



Appendix B: Additional Descriptions

Information on the Cash Transfer Program

Oxfam and partners distributed the CTP based on the results from their 'Vulnerable Livelihood and Income Impact Survey'. This survey was run prior to the CTP to identify vulnerable groups and geographical areas, which were severely affected by TC Harold and COVID-19 (Oxfam, 2021). It took place between May and June 2020. The survey collected data among some 1,117 respondents via call-based surveys across 52 area councils in Vanuatu (Fischer, 2020). The results from this survey were then used to identify beneficiaries for the CTP. Stratified and proportional sampling methods were used to identify beneficiaries and vendors in Sanma, Tafea, and Shefa province. For the stratification, respondents were grouped into six categories: people living with disability, elderly, widowed persons, displaced persons, single mothers, and vendors. Moreover, based on the population of targeted group in each strata, the sampling was allocated proportionally across all area councils in the three target provinces (Oxfam, 2021). Data from the 2010 micro census were used to calculate percentages of each vulnerable group in the population. Additionally, data from the International Migration Organization were used to identify displaced households.

Based on these assessments, Oxfam and partners identified 2,000 eligible beneficiaries in Sanma and Shefa provinces, and another 1,000 in Tafea province for the CTP. During the program registration, the eligibility of beneficiaries was verified via two steps. First, beneficiaries and vendors were verified via a desk verification where vendor ID's and bank account information were cross-checked and the eligibility of beneficiaries was verified. In addition, eligible beneficiaries were verified via an on-spot verification, which was used to rule out any errors in the initial data collection (Oxfam, 2021). In the end, 2,530 eligible households were identified in Sanma and 398 households in Tafea province. The discrepancy in numbers is due to the fact that a higher number

of eligible beneficiaries were identified in Sanma, and a lower number in Tafea than initially identified prior to the verification process.

This Report Sample Selection

The sample for this report is based on the registered households of the CTP in Sanma. In total, 2,530 beneficiary households were registered in Sanma. During registration, households were asked whether they would be willing to participate in an independent survey to assess the program impacts. Around 900 households agreed to participate in the survey. For the purpose of this subsample, beneficiary households were selected from the list of households willing to participate in this survey. It was prespecified that the sample should include a certain number of beneficiaries from each group to ensure a large enough sample per vulnerable group. Based on these group sizes, beneficiaries were then randomly selected from the list of households willing to participate in the survey.

At baseline, 311 households were interviewed. However, 18 households showed discrepancies in their vulnerability assessment (i.e., the reported vulnerability assessment collected during this survey did not match the Oxfam vulnerability assessment). Those 18 households were excluded from the sample.

All households that participated in the baseline survey were contacted again for the endline survey. A total of 205 households were contacted for the endline survey and the remaining 106 households could not be reached by the survey team.³³ Another 11 households that were excluded from the baseline survey due to discrepancies in their vulnerability profile were again excluded from the endline sample. Therefore, the endline sample includes 194 households. Since the analysis is based on a before and after comparison, we only use households that participated in both surveys for our analysis. We are aware that the baseline sample has more observations, however to ensure consistency, we ran the analysis with only the 194 households from both surveys.

³³ Several attempts were made to reach these households. Since the survey was conducted via telephone it was harder to follow-up with households when phone numbers changed or the phone was not answered.

An analysis of sample characteristics between households that participated in both surveys and those that did not participate in the endline survey, revealed no significant differences in terms of the vulnerability groups and basic household characteristics. One difference was found with respect to the area councils. A significantly higher share of households that did not participate in the endline survey was from the area of Canal Fanafo. A more detailed analysis and explanation of the comparison between those households in the final sample and those that dropped out is provided below. Please also note that results for the baseline survey as reported in Sections 4.1 and 4.3 are similar when using the full baseline sample. Results for the total sample vary between 1–3 percentage points. However, we observe some larger differences for the analysis by vulnerable groups due to the smaller sample size. Results vary by up to 10 percentage points for some questions and vulnerable groups when using the full vs. the restricted baseline sample. Yet, the overall picture that emerges when using the household panel sample, is comparable to using the full baseline sample.

The survey was conducted on the household level, meaning that one respondent, who was not necessarily the CT beneficiary, answered the questions for the household as a whole.³⁴ Respondents had to be 18 years or older. Around 57 percent of the respondents were middle aged (i.e., between 30 and 60 years old) (Table B. 1). Another 27 percent of respondents were elderly people above 60 years of age. The sample included slightly more female respondents than male respondents, with women comprising roughly 54 percent of respondents (Table B. 2).

Table B. 1: Total respondents by age groups in percent

Age groups	Percent
18-30 Years	15.28%
31-40 Years	16.80%
41-50 Years	14.29%
51-60 Years	25.98%
61-70 Years	15.42%
>70 Years	12.23%

Source: World Bank staff calculations based on survey data, baseline, 2020. N = 194.

Table B. 2: Total respondents by sex in percent

Sex	Percent
Male	46.43%
Female	53.57%

Source: World Bank staff calculations based on survey data, baseline, 2020. N = 194.

Sample Weights

The sample used for this report was drawn with the intention to represent the structure of the CTP registry in Sanma. Of the 2,530 beneficiaries registered for the CTP, 38 percent were elderly, 37 percent were people living with a disability, 12 percent were widowed, 10 were single mothers, and 3 percent are displaced. The sample for this survey included higher numbers per vulnerability group to ensure that the sample by groups was not too small. Table B. 3 shows the unweighted sample distribution of households in this report's sample by vulnerability group. To adjust for these differences in group sizes between this sample and the CTP registry, sampling weights were applied throughout the analysis.

Table B. 3: Unweighted sample distribution by vulnerable group

Vulnerability group	Distribution	Group size in numbers
Elderly	24.74%	48
People living with a disability	22.68%	44
Widowed	17.53%	34
Single mother	21.13%	41
Displaced	13.92%	27
Total	100%	194

Source: World Bank staff calculations based on survey data.

³⁴ In 96 percent of households surveyed, the respondent was the same person in the baseline and endline survey.

Attrition Analysis

Table B. 4 presents an overview of sample characteristics between households that participated in the endline survey (participants) and those households that did not participate in the endline survey (non-participants). Participants and non-participants of the endline survey only differ with respect to the area a household lives in. For two area councils, the proportions of participants and non-participants differs significantly, namely for the area councils of Canal Fanafo and

South East. In the group of non-participants, a significantly higher share of households is from the area of Canal Fanafo and a significantly lower share from South East. A simple regression on the likelihood to participate reveals that only Canal Fanafo is significantly correlated with participation status (Table B. 5). However, there is only a weak significant correlation. Most importantly, there are no significant differences in terms of the vulnerability groups.

Table B. 4: Comparison sample attrition

Variable	Full sample	Participants	Non-participants	Difference
Area council	3.52	3.55	3.47	0.07
Luganville	0.24	0.26	0.21	0.05
Canal Fanafo	0.2	0.16	0.27	-0.11**
East Malo	0.06	0.06	0.07	-0.01
South East	0.18	0.22	0.12	0.10**
South Santo Area 1	0.08	0.06	0.11	-0.05
South Santo Area 2	0.12	0.14	0.09	0.05
West Coast	0.05	0.05	0.05	0
West Malo	0.06	0.05	0.07	-0.02
Vulnerable household type	3.16	3.11	3.27	-0.16
Elderly	0.26	0.25	0.27	-0.03
People living with a disability	0.22	0.23	0.21	0.01
Widowed	0.19	0.18	0.21	-0.04
Single mother	0.2	0.21	0.18	0.03
Displaced	0.13	0.14	0.12	0.02
Respondent age	47.26	47.3	47.18	0.12
Respondent sex	1.62	1.63	1.6	0.03
Level of affectedness TC Harold	1.54	1.53	1.58	-0.05
Household size	6.54	6.69	6.26	0.42
Number of adults	4.89	5	4.67	0.33
Income (in VT)	14,388	14,524	14,077	447
Same dwelling	1.1	1.11	1.08	0.03
Observations	293	194	99	293

World Bank staff calculations based in survey data, baseline 2020 and endline, 2021.

Note: *, **, and *** denote significance at the 10, 5, and 1 percent levels.

Table B. 5: Regression results attrition

	Participation endline
Canal Fanafo	0.153* (0.090)
East Malo	0.046 (0.131)
South East	-0.096 (0.086)
South Santo Area 1	0.158 (0.127)
South Santo Area 2	-0.068 (0.097)
West Coast	0.017 (0.140)
West Malo	0.083 (0.140)
Elderly	0.031 (0.105)
People living with a disability	-0.018 (0.099)
Widowed	0.057 (0.104)
Single mother	-0.033 (0.103)
Respondent age	-0.001 (0.002)
Respondent sex	-0.024 (0.064)
Level of affectedness TC Harold	-0.012 (0.037)
Household size	-0.008 (0.018)
Number of adults	-0.008 (0.022)
Same dwelling	-0.095 (0.092)
Constant	0.606** (0.256)
Observations	293

Source: World Bank staff calculations based on survey data, baseline, 2020 and endline, 2021.

Note: *, **, and *** denote significance at the 10, 5, and 1 percent levels. Standard errors in parentheses.

Areas for future research

The CTP, which was implemented in the province of Sanma, supported vulnerable households, restored livelihoods, and assisted the broader community. This reports' analysis highlighted some potential areas for future research to identify if, and how, ongoing social protection programs could be built in Vanuatu. Specifically, how future research could be conducted to:

1. **Assess and estimate the level of investment (costing) required for a gradual introduction of social protection interventions** as well as providing options on how to sustainably afford social protection programs (fiscal space and social policy analyses), considering coverage and adequacy analyses.
2. **Assess administrative capacity at different government levels** to identify areas for future interventions and to support the delivery of social protection programs, which could be used during natural disasters.
3. **Explore how women, the elderly, and people with disabilities are adequately resourced** and programmed at each stage of the policy, program design, and implementation to sustainably reduce poverty and achieve gender equality.



Appendix C: Examples of Social Protection Responses Following COVID-19 in the Pacific

Fiji

The Government of Fiji was able to upscale its existing social protection measures to support its citizens during the COVID-19 crisis. The Government provided top-up payments to recipients of the Poverty Benefit Scheme (PBS), Child Protection Scheme (CPS), and the Disability Allowance Scheme (DAS). In addition to their regular monthly payment, beneficiaries of the DAS received two payments of F\$50 (approx. US\$24) in August and September 2020. PBS and CPS recipients received two additional payments of F\$100 (approx. US\$48) in August and September 2020. In addition, CTs were provided to 19,000 Fijian families most severely affected by COVID-19. Families received a CT of F\$100 (approx. US\$48) per month for four months (Gentilini *et al.*, 2020; World Bank, 2021g). In May 2021, the Government distributed food assistance to more than 20,000 families in Suva and Nasori, where supermarkets were closed temporarily because of local lockdowns (Fiji Village, 2021). In August 2021, the Government announced further support to formal and informal workers affected by COVID-19 through monthly payments of F\$120 (approx. US\$57) to affected workers for a time period of six months (Fijian Government, 2021).

Tonga

Following the COVID-19 crisis, the Tongan Government provided top-up payments to beneficiaries of the Social Welfare Scheme for the Elderly and the Disability Welfare Scheme. Beneficiaries received a one-time payments of T\$100 (approx. US\$44), which was paid in addition to the regular benefits. The Government also provided payments to recipients of the secondary school conditional cash transfer program. Beneficiaries received a payment of T\$200 (approx. US\$89) (Gentilini *et al.*, 2020). In addition, wage subsidies were provided to workers affected by the COVID-19 crisis. The scheme helped prevent unemployment, especially in the tourism industry, because it lowered the cost of wages for employers. In total, 5,326 affected workers received the wage subsidies, representing over 13 percent of the labor force. The subsidies provided a one-time payment of T\$535 (approx. US\$238) to workers and equaled around two-thirds of the average monthly expenditure of a family of five in the bottom quintile of the income distribution (World Bank, 2020a).

³⁵ Exchange rates were calculated according to: <https://xe.com/> (accessed on 27th August 2021).

Samoa

The Samoan Government disbursed a payout of SAT 50 (approx. US\$19) per citizen at the end of 2020 (Gentilini *et al.*, 2020).

Additionally, the Government provided: (i) top-up payments to the elderly pension scheme, (ii) an unemployment benefit to at least 2,000 workers who lost their jobs as a result of COVID-19, (iii) a short-term paid training scheme for unemployed hospitality workers to at least 200 individuals, and (iv) rent subsidies to vendors at government-owned markets (World Bank, 2020b).

Kiribati

In Kiribati, several social protection measures were introduced in 2020. These measures helped address the impacts related to the COVID-19 crisis. In September 2020, the Government of Kiribati introduced the Support Fund to the Unemployed (SFU). All citizens aged 18–59 who are not formally employed or in a government-sponsored training program are eligible to receive an unemployment benefit of \$A 50 (approx. US\$19) per month. By the end of May 2021, there were more than 52,000 registered beneficiaries, representing nearly three-quarters of the working age population (15–64 years old). In addition, the Senior Citizen's Benefit was expanded in two important ways in 2020. First, the eligibility age was lowered from 65 to 60, leading to an increase in the number of eligible beneficiaries to 7,700 people as opposed to 3,000 under the previous age restriction. Second, the benefit amount more than tripled from \$A 50 per month for age 65–69 and \$A 60 for

over 70, to \$A 200 (approx. US\$147) per month for all citizens over 60. The 2020 budget also made the Disability Support Allowance more generous, with the range of benefits, which depends on the level of disability, raised from \$A 30–50 (approx. US\$22–37) per month to \$A 50–80 (approx. US\$37–59) per month.

Cook Islands

The Government of the Cook Islands provided a one-off cash transfer to vulnerable households following the COVID-19 pandemic. In addition to the health risks posed by the virus, vulnerable households were impacted by the economic consequences, such as job losses, that followed from it (Gentilini *et al.*, 2020). Beneficiary households comprised of those that were already on the country's welfare list. The cash transfer was disbursed as a one-off payment and beneficiaries received a payment of US\$400 (The Office of the Ministry of Internal Affairs, 2020).

Tuvalu

In April 2020, the Government of Tuvalu launched a universal CT program to ease the economic impacts of the pandemic. All citizens received a monthly payment of US\$40 for the first three months of the crisis. In June, when the State of Emergency was lifted, the scheme was altered so that only persons affected by the pandemic receive the transfer (Gentilini *et al.*, 2020).

³⁶ According to preliminary data from the 2020 Census of Population and Housing.

