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Timor-Leste

ADAPTIVE SOCIAL PROTECTION ASSESSMENT

October 2023



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Timor-Leste

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ASSESSMENT

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GFDRR
Global Facility for Disaster Reduction and Recovery

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Abbreviations

ADB	Asian Development Bank
ASP	Adaptive Social Protection
BdM	<i>Bolsa da Mãe</i>
BdMJF	<i>Bolsa da Mãe Jersaun Foun</i> (Bolsa da Mãe New Generation)
CCT	Conditional Cash Transfer
CFE-DM	Centre for Excellence in Disaster Management and Humanitarian Assistance
CIGC	<i>Centro Integrado de Gestão de Crises</i> (Integrated Crisis Management Center)
CIGD	<i>Conselho Interministerial de Proteção Civil e Gestão de Desastres Naturais</i> (Inter-Ministerial Council for Civil Protection and Natural Disaster Management)
CPA	Civil Protection Authority
DDC	District Disaster Coordinators
DDMC	District Disaster Management Committees
DRF	Disaster Risk Financing
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
EW	Early Warning
EWS	Early Warning Systems
GDP	Gross Domestic Product
GoTL	Government of Timor-Leste
INSS	National Institute for Social Security
MACLN	Ministry of National Liberation and Combatant Affairs
MIS	Management Information System
MoJ	Ministry of Justice
MoU	Memorandum of Understanding
MPW	Ministry of Public Works
MSA	Ministry of State Administration
MSSI	Ministry of Social Solidarity and Inclusion

MTCI	Ministry of Tourism Commerce and Industry
NDC	National Disaster Coordinator
NSPS	National Social Protection Strategy
NSSP	National Strategy for Social Protection
SAll	Allowance for the Support of the Elderly and Invalid
SDA	Sub-District Administrators
SECOOP	State Secretary for Cooperatives
SIGAS	Management Information System for Social Assistance
SIOPS	<i>Sistema Integrado de Operações de Proteção e Socorro</i> (Integrated Protection and Relief Operations System)
SP	Social Protection
TC	Tropical Cyclone
TL-SLS	Timor-Leste Survey of Living Standards
UNICEF	United Nations Children’s Fund
WFP	World Food Programme

Executive Summary

The COVID-19 pandemic, and increased frequency and severity of natural hazards, have placed Adaptive Social Protection (ASP) at the forefront of policy agendas globally. ASP is concerned with how Social Protection programs, services and systems can help address covariate¹ shocks through preventive, preparedness, and response actions: that is, adapting and using the capacity of the Social Protection sector, typically developed for addressing idiosyncratic shocks, to enhance the resilience of households – and of the poor in particular – to prepare for, cope with, and adapt to shocks and their impacts (Bowen et al, 2020).

Timor-Leste is a young small island nation with a population of approximately 1.3 million people. It is a lower middle-income economy, heavily dependent on oil and gas deposits. It is a nation with high poverty levels and great disparities within the country: with a poverty headcount in rural areas of 47 percent and 28 percent in urban settings, according to the 2014 Timor-Leste Survey of Living Standards (TL-SLS), the most recent source of poverty data (World Bank, 2022). In the Global Gender Gap Index 2020, Timor-Leste ranks 117 out of 153 countries, indicating high gender disparities in economic participation and opportunities, education, health and political empowerment (GoTL et al, 2021).

Due to a combination of political, geographic, and social factors, Timor-Leste is recognized as highly vulnerable to climate change impacts. The country is vulnerable to hazards such as cyclones, earthquakes, tsunamis, heavy rainfall, droughts, floods, landslides, and soil erosion. All these hazards are exacerbated by limited and inadequate infrastructure that do not meet current resilience and quality standards. Increasing temperatures, changing precipitation patterns, and increased heavy rainfall events increase impacts of climate change for the country (World Bank and ADB, 2021).

In 2020-2021, the country suffered the compounding effects of the COVID-19 pandemic and floods. The COVID-19 pandemic led to unprecedented adverse social and economic impacts. In addition to this shock, heavy rains across Timor-Leste from 29 March to 4 April 2021 brought on by Tropical Cyclone (TC) Seroja resulted in flash floods and landslides across all 13 municipalities in the country. The capital Dili and surrounding low-lying areas were the worst affected. Almost 31,000 households were affected (GoTL et al, 2021).

Disaster impacts are not equally felt across all households, with the poorest being disproportionately impacted. For instance, recent simulations² have estimated that people in the poorest 10 percent of households in Timor-Leste experience around 45 percent more consumption loss when an earthquake hits, compared to the average person. Conversely, wealthier people bear relatively smaller welfare impacts, with the richest 10 percent experiencing 30 percent less impacts than an average person. These findings have been reinforced by household surveys measuring COVID-19 impacts, which demonstrated that higher shares of poor households, and households in rural areas, experienced reduced expenditures (45.5 percent and 44.9 percent respectively), compared to households in the wealthiest quintile and those in Dili (34.4 and 34.8 percent respectively).³ Additionally, poor households resorted to negative coping mechanisms, including reduced health and education expenditures.

The Government of Timor-Leste (GoTL) has demonstrated commitment to improved Social Protection delivery. The country's Social Protection spending is relatively high compared to international standards, despite the fact that it is relatively young. The most important milestones include: the roll-out of other cash transfer social assistance programs in 2008, including a Veteran's Pension; conditional cash transfer (CCT), *Bolsa da Mãe*/Mother's Allowance (BdM); and an allowance for the Support of the Elderly and Invalid (SAII). In 2016, the country's SP system further expanded to include a multi-pillar social security system, which provided a

¹Shocks are covariate if they affect a large number of households or individuals, otherwise they are idiosyncratic. This paper focuses on covariate shocks.

²These findings are summarized from a forthcoming companion note: Timor-Leste Disaster Risk Analytics Report. 2023. Global Facility for Disaster Reduction and Recovery, The World Bank.

³United Nations Development Program and United Nations Population Fund. 2021. Socio-Economic Impact Assessment of COVID-19 in Timor-Leste, Round 2, 2021.

universal social pension to elderly and people with disabilities, while mandating contributory social security to formal workers and encouraging voluntary participation among informal workers (World Bank, 2022). During the COVID-19 pandemic, the Ministry of Social Solidarity and Inclusion (MSSI) implemented several Social Protection responses, including a social assistance program to support Timorese households (*Uma Kain*) which reached more than 300,000 families. In 2021, the government developed and approved the National Strategy for Social Protection (NSSP) 2021-2030. More recently, in June 2022, the Government launched Bolsa da Mãe New Generation (BdMJF), a universal cash transfer for expectant mothers and children under six years old. The program is expected to reduce malnutrition and poverty rate in Timor-Leste.

This report seeks to support the GoTL in its efforts to build an ASP system. It aims at enhancing knowledge and understanding of ASP and assessing the country's current capacity to provide agile responses to shocks and building resilience. The ASP assessment follows the framework by Bowen et al. (2020) which outlined four building blocks essential for effective ASP: i) Institutional arrangements and partnerships; ii) Program design and delivery systems; iii) Data and information systems; and iv) Finance. A 'traffic light' scorecard is used to summarize the status of each building block and identify specific recommendations to strengthen that specific area. The assessment categorizes the overall Social Protection system, each building block, and each dimension, as 'nascent,' 'emerging,' or 'established.' This is intended to help practitioners identify the aspects of the country's system that are performing well, and more importantly, identify areas to be prioritized.

Overall, this report finds that ASP in Timor-Leste is operating at a maturity level classified as transitioning from nascent to emerging. The country possesses some solid foundations for a strong ASP System: SP spending is high; Government provides a range of social assistance programs to cover varied risks and vulnerabilities across the life cycle, including a suite of emergency safety nets; a social security system is in place to provide protections for workers; and there are clear policy and regulations establishing clear roles in both Social Protection and Disaster Risk Management (DRM). Several lingering policy and operational constraints need to be addressed to strengthen the country's capacity for ASP delivery. Regarding each ASP building block, the assessment found several strengths and areas for improvements, and provides recommendations to strengthen each building block accordingly.

- On ***Institutional arrangements and partnerships***, Timor-Leste is operating at an “**emerging**” stage. Social Protection legislative frameworks provide clear mandates for ASP; Social Protection and DRM policies and legislative frameworks exist, with some important policy reforms still underway. Coordination bodies and mechanisms from both sectors are established by law but face important challenges in practice.

This assessment recommends that Timor-Leste should pursue the development of an ASP strategy to outline institutional roles and individual program responses in shock times. Beyond that, improving institutional arrangements and partnerships for effective ASP would entail ensuring that DRM policies and legislative frameworks include ASP provisions; improving the effectiveness of both Social Protection and DRM coordination mechanisms; mainstreaming DRM across sectors; and including gender and social inclusion considerations in ASP-related policy and legislative frameworks.

- On ***Program design and delivery systems***, the country is transitioning from “**nascent**” to “**emerging**.” The country has a wide offer of social assistance and emergency safety nets, covering varied risks across the life cycle, and overall, there is relatively high coverage from the combined offer of social assistance programs as well as an ongoing shift to electronic payments. However, the adequacy of most regular social assistance benefits is low and there is room for improved targeting. Importantly, major social assistance programs have not been expanded vertically or horizontally in response to shocks and do not have emergency protocols nor contingency plans in place. There are, however, important efforts to improve targeting, coverage and delivery, though not yet fully realized.

Recommended programmatic reforms for strengthening ASP include, improving the benefit adequacy, poverty targeting, and inclusion of still-excluded poor households of existing SP programs. It would be important for the country to also develop protocols and a scalability framework to outline the use of SP programs in response to disasters. This would include mechanisms for automatic benefit increase for existing SP beneficiaries and processes for ensuring rapid and adequate response to affected households. Timor-Leste could also better leverage SP programs to improve household resilience through direct and indirect interventions, including beneficiary training, cash-for-work subprojects, and complementary benefits provided by other sectors such as housing and agriculture.

- On **Data and information systems**, Timor-Leste is mostly operating at a “nascent” level. The development of the Management Information System for Social Assistance (SIGAS), an integrated beneficiary registry containing data of most MSSSI programs, which is shared with the Civil Protection Authority (CPA), is an important foundation for ASP. However, SIGAS still faces technical issues. Beyond this, there is no social registry in the country and data on household vulnerability is scarce and largely outdated. Furthermore, there are also no experiences in the use of Social Protection data to inform shock responses and there are no established protocols for data sharing.

Several actions for improving the use of data and information for more effective ASP are required to improve performance on this building block. These include updating poverty data for improved understanding of current poverty risk, and more effectively informing ex-ante and ex-post ASP actions. It would also be important to strengthen capacity for, and relevance of post-disaster needs assessments for Social Protection responses, including more Social Protection relevant questions; transitioning from paper-based to electronic data collection; and developing a dedicated information system with interoperability mechanisms to store and share this data across sectors. In addition, improving SP information systems and their interoperability with risk information and early warning systems could help improve preparedness.

- On **Finance**, Timor-Leste is assessed as transitioning from “nascent” to “emerging.” The country’s spending on Social Protection is relatively high. Importantly, the country manages a sovereign wealth fund called the Petroleum Fund, which aims to contribute to the improved management of Timor-Leste’s petroleum resources for the benefit of both current and future generations.³² While the Petroleum Fund primarily finances the State Budget, it was also leveraged for COVID-19 responses. On Disaster Risk Financing (DRF), the Government benefits from a Contingency Fund which is used to finance emergency spending. However, although the Government allocates funds to the Contingency Fund on annual basis, the country lacks a risk layering approach that combines financing instruments to match needs arising from different types of disasters. In addition, no quantification of future ASP needs has been conducted and there is also a lack of financial commitments to fund the scale-up of Social Protection. Furthermore, sector stakeholders have lamented the lengthy process to access financing from the Contingency Fund.³¹

To improve the use of finance mechanisms for more timely, adequate, and effective ASP actions, it would be important for Timor-Leste to quantify ASP future needs based on different risk scenarios; improve the speed and efficiency of processes to access the Contingency Fund; and establish clear links between disaster risk financing instruments and ASP funding during crises.

This report complements other recent in-depth analyses of the performance of Timor-Leste’s SP system, namely, a Timor-Leste Social Protection Review published in April 2022 (World Bank, 2022). As such, this report does not delve deeply into detail on regular performance of the country’s SP system, but rather focuses on elements of SP performance that are critical for improving ASP delivery in the country.

The remainder of the report continues as follows: Section 1 describes the climate risk and vulnerability in Timor-Leste SP system. Section 2 summarizes the importance of ASP for addressing welfare impacts of disasters in Timor-Leste. Section 3 describes the country’s SP system. Section 4 assesses the ASP readiness of the social assistance system in Timor-Leste and Section 5 concludes the report by proposing priority actions for ASP.

1 Climate Risk and Vulnerability in Timor-Leste

Timor-Leste is vulnerable to a variety of natural hazards, including earthquakes, floods, drought, and tropical cyclones, which are exacerbated by climate change. The country sits in extremely active seismic zones located between the Banda Sea and the Australian tectonic plates, making it susceptible to earthquakes and tsunamis. Its location to the south of the equator makes it prone to tropical cyclones, though substantial economic damages from a cyclone may come from torrential rains and flash floods that follow the event. The country currently ranks 71st out of 191 countries in the INFORM Risk Index for 2023. Notably, the country also experiences high socio-economic vulnerability and lack of coping capacity, particularly on institutional capacity.

Table 1 Comparative Risk and INFORM Rank (2023)

Country	INFORM Rank	Natural Disasters	Socio-Economic Vulnerability	Lack of Coping Capacity
Timor Leste	71	4.5	5.9	5.7
Somalia	1	6.9	7.5	8.6
Indonesia	52	7.7	3.2	4.4
Fiji	121	4.0	4.3	2.7
Singapore	191	0.5	0.1	1.1

Source: Disaster Risk Management Knowledge Centre – INFORM Risk Index (2023).

Notes: Scores range from 0-10 with higher scores denoting higher risk. Indonesia and Fiji are added as regional peers; Somalia is added as a comparator as it is ranked first as having the highest risk, and Singapore is added as a comparator as it is ranked 191st as having the lowest risk.

Earthquakes have been identified as a primary source of disaster risk in Timor-Leste. A previous risk assessment study conducted by Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) in 2011 found that economic risk from earthquakes, in terms of asset damages, is over seven times higher than from tropical cyclones⁴. Earthquakes, for example, are estimated to cause an average of US\$ 1.14 million asset damages every year.⁵ The Inform Risk Index (2023) further identified earthquakes as a primary source of risk exposure, with tsunami, a close second. The location of the country, which sits in the center of collision between the Banda Sea tectonic plate in Southeast Asia and the northern edge of continental Australia plate, explains the relatively high earthquake hazard in the country.

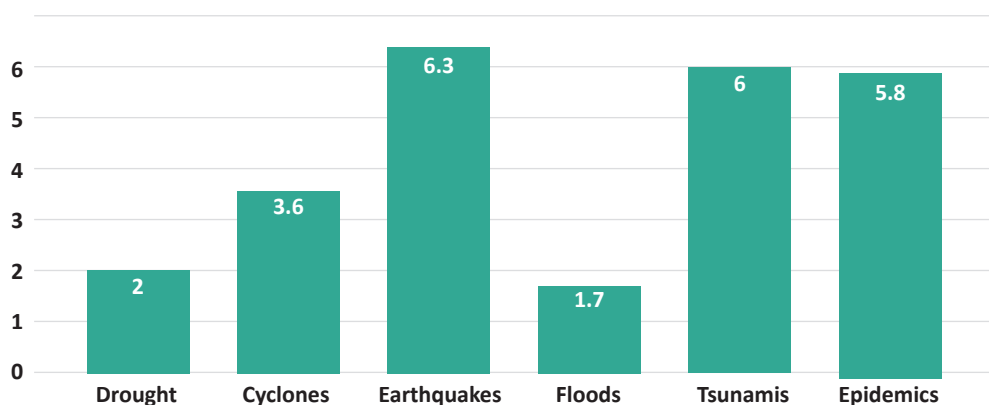
Floods are a significant day-to-day risk in Timor-Leste, with around 137,000 (approximately 10.4 percent of the population) exposed to flood depths of over 50 cm in the event of a 100-year flood.⁶ Floods can be caused by river overflows, intense precipitation exceeding ground and drainage absorption capacity, storm surges and high tides. Increasing urbanization in Dili is also leading to an increase in pluvial flood risk due to loss of permeable spaces, and a concentration of poor and vulnerable households in flood-prone land. In Timor-Leste, historically devastating floods have occurred due to tropical cyclones, including the 2021 Tropical Cyclone Seroja. Unlike earthquakes, this footprint is not concentrated in a specific region, but rather distributed throughout the country.

⁴PCRAFI Country Risk Profile: Timor-Leste. September 2011. Link: <https://www.gfdr.org/en/publication/country-risk-profile-timor-leste>

⁵Timor-Leste Disaster Risk Analytics Report. 2023. Global Facility for Disaster Reduction and Recovery, The World Bank.

⁶Rentschler, J., Salhab, M. & Jafino, B.A. Flood exposure and poverty in 188 countries. *Nat Commun* 13, 3527 (2022). <https://doi.org/10.1038/s41467-022-30727-4>.

Figure 1 Hazard and Exposure – Timor-Leste



Source: Disaster Risk Management Knowledge Centre – INFORM Risk Index, 2023.

Tropical Cyclone Seroja in 2021 was one of the latest severe disasters that significantly impacted the country. The cyclone brought heavy torrential rains over a 24-hour period on April 4, 2021, with a peak intensity of over 70 millimeters of rainfall per hour. The intense precipitation together with the country’s topography led to the occurrence of various cascading natural hazards including landslides, liquefaction, and severe flash floods, that further caused significant damages to physical assets and the economy. The cyclone affected more than 30,000 households, resulted in total damage and losses of around USD 307.7 million.⁷

Climate change is also expected to increase damage and losses from extreme weather events and ultimately, worsen inequality in Timor-Leste. Climate projections estimate that the country will experience an increase in the frequency of extreme high temperatures and an increase in annual mean surface air temperatures by approximately 2.9°C by the 2090s. Estimations also project that climate change will alter rainfall patterns, affecting Timor-Leste’s food production. Given that over 70 percent of the population rely on farming activities for their livelihoods, Timor-Leste is expected to be one of the countries most affected by changes in rainfall in Southeast Asia. Climate change therefore presents a major threat to food security in the country, and ultimately, poverty and inequality. (World Bank and Asian Development Bank, 2021). Finally, the INFORM Risk Index rated food security risk at 6.8 in 2023.

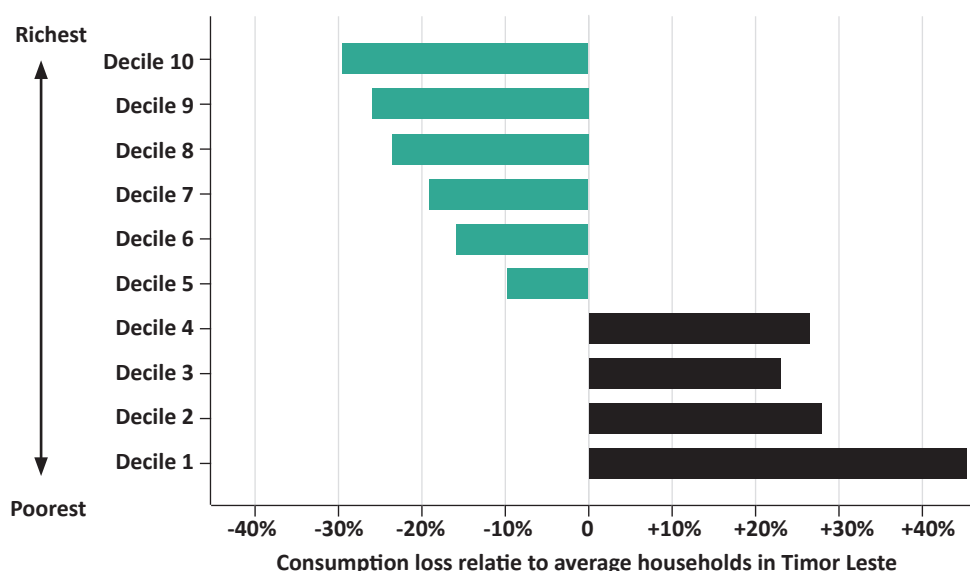
⁷Democratic Republic of Timor-Leste, World Bank, and United Nations Timor-Leste. 2022. Timor-Leste Post Disaster Needs Assessment (PDNA)

2 The Importance of Adaptive Social Protection to Addressing Shock Impacts in Timor-Leste⁸

The possible poverty pressures and welfare impacts from extreme weather events in Timor-Leste further highlight the importance of ensuring an effective Adaptive Social Protection system in the country. A companion note on disaster risk analytics evaluates these questions in detail, but its findings are summarized here. Using a microsimulation model, the World Bank estimates the welfare impacts of disasters on Timor-Leste households and assessed the benefits of hypothetical Adaptive Social Protection programs to mitigate those impacts. In particular, the welfare impacts from a 1-in-1000-year earthquake would cause almost US\$100 million in asset damages across the country. The microsimulation estimates suggest that this disaster may push up to 90,000 people into poverty. More than half of the population would experience an average of US\$50 of consumption loss per capita (around 9 percent of the national poverty line). Almost half of the population would suffer welfare impacts amounting to 10 percent of their annual consumption.

Disaster impacts are not equally felt across all households. People in the poorest 40 percent of the expenditure quintile are disproportionately impacted. The poorest 10 percent (Decile 1 in the figure below), for instance, experience around 45 percent more consumption loss compared to an average person. Conversely, wealthier people bear relatively smaller welfare impacts, with the richest 10 percent (Decile 10 in the figure below) experiencing 30 percent less impacts than an average person.⁹

Figure 2 Distributional impacts of a 1-in-1000-year earthquake on different expenditure levels



Source: Global Facility for Disaster Reduction and Recovery, 2023.

⁸These findings are summarized from a forthcoming companion note: Timor-Leste Disaster Risk Analytics Report. 2023. Global Facility for Disaster Reduction and Recovery, The World Bank.

⁹These findings have been reinforced by household surveys measuring COVID-19 impacts, which demonstrated that higher shares of poor households and households in rural areas experienced reduced expenditures (45.5 percent and 44.9 percent respectively), compared to households in the wealthiest quintile and those in Dili, who experienced increased expenses of 34.4 and 34.8 percent, respectively. Additionally negative coping among poor households included reduced health and education expenditures (UNDP and UNFPA, 2021).

These impacts extend to households experiencing multidimensional poverty as well, which is important for Timor-Leste, where more than half of the country’s population is multidimensionally poor.¹⁰ For instance, households who are education deprived - having completed less than nine years of education – experience around 11 percent larger welfare impacts compared to an average person. The highest disproportionate impacts are borne by households where none of the members is actively working. Such households experience almost 25 percent larger welfare impacts. Combining multidimensional and monetary poverty indicators paints a gloomier picture. ***Non-working households who are also in monetary poverty are estimated to suffer 70 percent larger impacts compared to the average population.***

Adaptive Social Protection can play a pivotal role in mitigating welfare impacts at household level. We estimated the benefits of post-disaster cash transfer programs, especially through vertically and horizontally scaling up existing Social Protection programs, on reducing negative welfare impacts. Vertical expansion was simulated as top-ups to existing Social Protection benefits based on some fractions of asset damages, while horizontal expansion was modelled through adding new (relatively poor) beneficiaries with some consumption thresholds. ***A cash transfer program that reimburses up to 50 percent of asset damages and includes all households with less than US\$ 80 monthly per capita consumption could prevent more than 15,000 people from falling into poverty.***

Table 2 Consumption loss reduction benefits from cash transfer programs following a disaster

Vertical expansion (Top-Up Amount)	Horizontal expansion (to additional affected households)	Average reduction in consumption loss (%)	Average number of people prevented from falling into poverty
None*	None	1.86	3,800
10% of asset damages	None	3.90	5,800
30% of asset damages	None	8.05	9,800
50% of asset damages	None	12.18	13,200
50% of asset damages	All affected households with monthly consumption per capita < USD 60	13.62	13,300
50% of asset damages	All affected households with monthly consumption per capita < USD 80	15.13	15,800
50% of asset damages	All affected households	23.66	20,200

This analysis shows that Social Protection is not just important for post-disaster response, but also relevant for disaster preparedness. Policy actions on, and investments in, Social Protection can help building people’s resilience *ex-ante* disasters and reduce the loss of lives, livelihoods, and assets. These include, among others, providing complementary benefits to vulnerable households to improve the resilience of their dwelling, enrolling them in Social Protection programs, and ensuring a robust information and delivery system for Social Protection benefits.

¹⁰Timor-Leste Ministry of Finance and UNICEF, Options Paper: Understanding and Measuring Multidimensional Poverty in Timor-Leste, 2021.

3 Social Protection in Timor-Leste

Social Protection helps facilitate equity, build resilience, and promote opportunity through benefits and services that include non-contributory social assistance; labor market programs; social care services; and contributory social security or social insurance (World Bank, 2012). Social Protection is intrinsically related to risk management and is not only concerned with reducing the poverty impact of shocks, but also with supporting long-term transformations towards more adaptive and resilient households and societies (Hallegatte *et al.*, 2016).

Social Protection in Timor-Leste is at a critical stage, with a suite of non-contributory and contributory programs, coupled with relatively high spending, but challenged by lingering coverage gaps and rudimentary delivery systems. The country's relatively young SP system can be traced to the roll-out of post-conflict benefits in 2007, with the aim of responding to the needs of the displaced and promoting social cohesion. This was followed by the roll-out of other cash transfer social assistance programs in 2008, including a Veteran's Pension; conditional cash transfer (CCT), *Bolsa da Mãe*/Mother's Allowance (BdM); and an allowance for the Support of the Elderly and Invalid (SAII). In 2016, the country's SP system further expanded to include a multi-pillar social security system, which provided a universal social pension to elderly and people with disabilities, while mandating contributory social security to formal workers and encouraging voluntary participation among informal workers. (World Bank, 2022). Prior to the COVID-19 pandemic, these programs constituted the core of Timor-Leste's SP system, along with other social assistance programs including a school feeding program, emergency social assistance benefits, and intermittent project-financed cash-for-work programs.

The country's SP budget primarily finances non-contributory social assistance programs, with the Veterans' Pension accounting for the largest portion. In 2019, excluding the Veteran's Pension, all social assistance programs represented less than one percent of non-oil GDP. The Veterans' Pension alone accounted for up to 4.5 percent of non-oil GDP. Although Timor-Leste's Social Protection expenditure has increased in nominal terms, it has declined as a share of non-oil GDP and domestic revenue (World Bank, 2022).

Social Protection reforms have continued to present day, with the country recently introducing the *Bolsa da Mãe Jerasaun Foun* (BdMJF) (New Generation) program, a modeled universal child grant, unconditional cash transfer program for expectant mothers and children under 6, including children with disabilities, which has been piloted in seven municipalities as of May 2023. Additionally, the benefit levels of the social pension and school feeding program were increased by 67 percent and 68 percent respectively in 2022. The government also launched the National Strategy for Social Protection (NSSP) covering 2021-2030, which aims to “*end poverty, promote peace, ensure access to healthcare, education and other essential services, ensure adequate care for children, the elderly and the disabled, and protect the population from social and economic risks, thereby ensuring a decent living standard for all Timorese citizens*” by 2030 (GoTL, 2021).

This section provides a summary overview of the country's SP system, aligned by SP programmatic areas: social assistance and social security. Labor market programs, although a key part of the SP landscape, are not covered by this report. Furthermore, while covered lightly, social security is not assessed in detail in this report. Such systems are an important element of ensuring that households have coping capacity, but there has been a shift in recent years from leveraging regular social security schemes for disaster response actions, particularly when enabling contributors to withdraw from retirement savings prematurely (Williams, A. *et al*, 2016). As such, the aspects of social security covered by this report will focus on how they complement social assistance to cover household risks and the extent to which such mechanisms can be expanded to provide households with coverage against disaster risk.

Social Assistance

Social Assistance in Timor-Leste consists of two flagship cash transfer programs and several other smaller programs (World Bank, 2022). The main social assistance cash transfer programs include the CCT, *Bolsa da Mãe*, implemented by the Ministry of Social Solidarity and Inclusion (MSSI), and Veterans' Programs implemented by the Ministry of National Liberation and Combatants Affairs (MACLN). Other social assistance programs include a School Feeding Program; elderly social pension for elderly ages 60 and above; disability pension for adults who are unable to work; occasional, largely project-financed, cash-for-work programs; and cash transfers for families of incarcerated individuals, former prisoners in vulnerability and children in conflict with the law. Overall, these programs span varied risks and vulnerabilities across the life cycle (See Table 3).

In addition, the National Institute for Social Security (INSS) provides non-contributory social assistance to citizens not covered by the contributory social security system. The system is in theory, universal in nature, available to all Timorese citizens based on the eligibility rules. It includes the elderly social pension and the disability pension (both non-contributory). In 2019, the social pension covered 89,804 individuals or 93 percent of persons aged 60 or above, making this program achieve close to complete coverage. Spending on the elderly and disability social pensions has steadily increased between 2009-2019. The elderly pension amount was increased in 2022 for the first time,¹¹ from US\$30 to US\$50; and in 2023, there was a further increase to US\$57. Coverage of the disability pension has also steadily increased from 3,332 individuals in 2010 to 8,272 individuals in 2019 (World Bank, 2022).

Importantly, the country also has a tradition of emergency safety net programs (World Bank, 2022). This includes cash transfers to support house rebuilding expenses for households that are affected by natural disasters; in-kind benefits for disaster-affected people; in-kind benefits and fee waivers for funeral costs; emergency cash transfers for survivors of domestic and gender-based violence, and households in vulnerability based on social worker assessments (Emergency Support to Individuals and Families in Vulnerability) (See Table 4). The *Rekuperasaun Uma Kain* program (Subsidy to Support Repair or Reconstruction Work on Damaged Homes and previously called the Natural Disaster and Social Conflict Recovery Program) provides a cash transfer based on the level of damage to the house structure. This program was previously administered by MSSI, however in 2021, the CPA assumed responsibility for distributing this benefit to respond TC Seroja. Since 2021, and as per a table of benefits defined in Decree-Law 7/2021, a household that experiences very high damage, receives a benefit of US\$850, while a household experiencing high damage receives US\$600, and a household with moderate damage received US\$450. Additionally, US\$150 is supplemented to each benefit amount for transport of materials. The benefits are provided following a damage assessment conducted by local authorities, CPA and public works.¹² Additionally, the Emergency Support to Individuals and Families in Vulnerability provides a cash transfer to individuals and families that are temporarily facing extreme vulnerability situations and who are not benefiting from other Social Protection programs. The program is managed by MSSI and this one-off benefit ranges from US\$200 to US\$500, based on the social worker's assessment. (World Bank, 2022).

In addition, recent shocks have led to the development of new social assistance cash programs. The *Uma Kain* COVID-19 cash-transfer was launched in 2020 as a quasi-universal emergency cash transfer to Timorese households in response to the effects of the COVID-19 pandemic. The benefit was available to households where no family member earned a regular monthly income of US\$500 or more. Following this, the Government also delivered an *Uma Kain* end-of-year subsidy in 2022 to ensure more social justice and equity in the distribution of social assistance, using the same eligibility criteria (that no household member earns US\$500 or more a month) and same benefit amount as the *Uma Kain* COVID-19 transfer (a US\$200 one-time transfer). Additionally, the Government introduced *Cesta Básica* (Basic Basket), an in-kind emergency support program implemented in 2020/2021 to mitigate the effects of an economic downturn, and which continued in 2022.

¹¹Law No. 1/2022, Article 21.

¹²Decree Law No. 7/2021 No. 4, Article 10

Although spending on Social Protection is concentrated in two ministries, MSSl and MACLN, other ministries also implement other social assistance programs. Some of these programs are the School Feeding Program by the Ministry of Education (MOE), the Cash for Work program funded by the European Union and the Roads for Development (R4D) funded by the Australian Government and managed by the Ministry of Public Works, Transport and Communications (MTPTC).

Table 3 Regular Social Assistance Programs in Timor-Leste¹³

Program	Description	Implementing Agency	Targeting	Benefit value	Coverage
<i>Bolsa da Mãe</i>	Conditional cash transfer to poor and vulnerable households, with conditionalities in education, health and community development.	MSSl	Poor and vulnerable households with children under 17	US\$5 per child per month for up to three children (Max US\$15 per month or US\$189/year)	88,682 households in 2022 ¹⁴
<i>Bolsa Mãe Jersaun Foun</i>	Cash transfer to all children under 6 and pregnant mothers (during pregnancy) Initiated in 2022 in 3 pilot municipalities: and expanded in 2023 to 4 additional municipalities. ¹⁵	MSSl	Universal child grant - categorically targeted to all children 0-6 and pregnant mothers in available municipalities.	Expecting mothers receive US\$15/month while children under 6 receive US\$20/month Children with disabilities receive additional US\$10	16,587 enrolled and eligible candidates in 2022
School Feeding Program	One hot meal per day at school	Ministry of Education	School-aged children between 3-15 years old	One hot meal per day at school (US\$0.25 per child for each school day for children 3-5 years old and US\$0.25 per child for each school day plus 75 grams of rice for children aged 6-15 years old)	329,403 children (2018) (9,820 children aged 3-5 years and 319,583 children aged 6-15 years)
Veterans Pension	Pensions, lump-sum cash grant and/or and scholarships for former combatants and families of martyrs of the National Liberation	Ministry of National Liberation and Combatants Affairs (MACLN)	Categorically targeted to former combatants, their families, and families of martyrs of the National Liberation.	Pension ranging from US\$230 to US\$1,200 depending on number of years of service. Lump sum cash transfer ranging from US\$1,380 – US\$3,450 for former combatants with 4 to 7 years of service Scholarships ranging from US\$300 to US\$2,000 for children of former combatants and martyrs (2022)	28,052 people (2022)

¹³The programs listed in Tables 2 and 3 are those considered most relevant to the current study. Additional social assistance programs, including support to prisoners and children in conflict with the law (among others) are not detailed here. However, information on these programs can be found in the World Bank Social Protection Review (2022).

¹⁴MSSl Annual Report 2022

¹⁵The municipalities now covered are Ainaro, Bobonaro, Oecussi, Manatuto, Viqueque, Covalima and Liquiça.

Program	Description	Implementing Agency	Targeting	Benefit value	Coverage
Elderly Social Pension	Non-contributory old-age social pension that aims to guarantee a minimum income	INSS (National Institute for Social Security)	Elderly (60+) who do not receive other pensions	\$57 per month (2023)	103,084 (July 2022)
Disability Social Pension	Disability allowance	INSS	People with severe disabilities and 18+ unable to work	US\$30 per month, paid in a lump sum on a six-month basis	8,272 Individuals (2019)
R4D	Cash for work	Ministry of Public Works (MPW)	Individuals in rural communities able to work	Cash transfer of \$5 per day for unskilled workers and \$10 for skilled workers	4,550 beneficiaries (2016)

Sources: Timor-Leste NSSP 2021-2030, World Bank Social Protection Review (2022), Informational interviews with Civil Protection Authority, MACLN and MSSSI, *Jornal da República*.

Table 4 Emergency Social Assistance Programs in Timor-Leste

Program	Description	Implementing Agency	Targeting	Benefit value	Coverage
Subsidy to support repair or reconstruction work on damaged homes (<i>“Rekuperasaun Uma Kain”</i> ¹⁶)	Cash transfer to support households affected by disasters	CPA (previously MSSSI)	Victims of disasters and calamities with houses damaged or destroyed.	Between US\$600 and US\$1000 per household depending on the damage level (Actual benefits range from US\$450-US\$850 with \$150 supplemented in 2022).	4,191 households – primarily in response to TS Seroja (2022) 1,961 households (2021)
Emergency Support to Individuals and Families in Vulnerability	Immediate emergency response to individuals and families that are temporarily facing extreme vulnerability situation and that are not benefiting from other Social Protection programs	MSSSI	Individuals and families facing temporary extreme vulnerability	One-time cash transfer from US\$200 to US\$500 based on the vulnerability assessment criteria conducted by a social worker	103 (2022)
Funeral Services ¹⁷	Provision of funeral transport services and coffins to citizens and Timorese vulnerable families with deceased.	MSSSI	Individual and deceased of vulnerable families	In-kind assistance for funeral transport services and coffins for deceased family members	1,123 coffins (2022)
Emergency Support to Victims of Gender-Based Violence and Domestic Violence	Cash and in-kind support for women and children affected by domestic violence.	MSSSI	Women and children victims of gender-based and domestic violence	Cash transfer ranging from US\$50 to US\$1,500 depending on length of legal case and abandonment etc. In-kind counselling and shelter also provided.	34 (2022)

¹⁶Decree-Law 7/2021, 22 June, *Jornal da Republica*. Previously called the Natural Disaster and Social Conflict Recovery Program and managed by MSSSI until 2021.

¹⁷Decree-Law No. 21/2009

Program	Description	Implementing Agency	Targeting	Benefit value	Coverage
<i>Uma Kain</i> - COVID-19 Emergency Cash Transfer	Cash transfer program launched in 2020 in response to COVID-19 to support Timorese households registered in the village administration books ¹⁸	MSSI and Ministry of State Administration (MSA)	Households where no family member earns a regular monthly income of US\$500 or more	US\$200 per household (one annual payment)	313,442 households (2020-2021)
<i>Uma Kain</i> End of year subsidy ¹⁹	Cash transfer to support Timorese households (<i>Uma Kain</i>) registered in the village administration books to ensure more social justice and equity in the distribution of social assistance	MSSI and MSA	Households where no family member earns a regular monthly income of US\$500 or more	US\$200 per household (one annual payment)	313,436 households (2022)
<i>Cesta Básica</i> ²⁰	Basket for families with food and personal care products – in response to the effects of COVID-19 and global price shock.	Ministry Coordination of Economic Activities (coordinator), Ministry of Tourism Commerce and Industry (MTCI), State Secretary for Cooperatives (SECOOP), MSA	Universal – all households	Food basket worth up to US\$ 50	1,503,563 individuals 2020-2021 (latest available data)

Sources: Timor-Leste NSSP 2021-2030, World Bank Social Protection Review (2022), Informational interviews with Civil Protection and MSSI, Jornal da República, MSSI 2022 Annual Report, MMSI-National Directorate for Inclusion and Community Reintegration 2022.

Social Security

The contributory Social Security System provides cash benefits that aim to replace reduced or lost income due to old-age, disability, and death, and provide maternity, paternity, and adoption benefits. The system includes both a mandatory scheme for the formally employed, and a voluntary scheme for workers not covered by the mandatory scheme. This system is relatively new and only came into effect one year after its official launch in 2017. Coverage compared to non-contributory social assistance is low, with the contributory social security scheme covering around 34 percent of the country’s labor force (approximately 10 percent of the working age population). Furthermore, in 2019, only 1,300 employers were registered in the system or barely 25 percent of the country’s total employers. The country has also outlined a contributory scheme which aims to provide supplementary contributory pension for those enrolled in the contributory scheme, but this scheme is yet to be fully defined. (World Bank, 2022).

The following sections of the report assesses the adaptiveness of Timor-Leste’s SP system. As noted previously, this assessment focuses primarily on non-contributory social assistance programs, their delivery mechanisms and performance. These are described with more detail as part of the analysis of Building Block 2: Program Design and Delivery.

¹⁸Ministerial Diploma 49/2017, Ministry of State Administration

¹⁹Decree Law 37/2022; and subsequently Decree-Law 82/2022.

²⁰*Cesta Básica* Program, Report of the Executive Secretariat, November 2021.

4 Assessment of Adaptive Social Protection in Timor-Leste

Leveraging Social Protection programs and delivery systems to respond to households and individuals affected by shocks has increased in relevance and urgency in recent years. This report uses the concept of Adaptive Social Protection (ASP) as the basis for assessing the capacity of Timor-Leste's SP system to address these challenges. The definition of ASP follows that *"ASP helps to build the resilience of households that are vulnerable to shocks through direct investments that support their capacity to prepare for, cope with, and adapt to shocks: protecting their wellbeing and ensuring that they do not fall into poverty or become trapped in poverty as a result of the impacts"* (Bowen et al, 2020). In using this framing, this analysis moves away from viewing only the shock-responsiveness the SP system, but its ability to support both preparatory and coping actions as well.

The assessment follows the ASP framework by Bowen et al. (2020) which outlined four building blocks essential for effective ASP. The assessment is oriented to these four building blocks and covers, when possible and depending on the information available, the following aspects:

- **Institutional arrangements and partnerships:** Do Social Protection strategies include ASP roles? Do Disaster Risk Management (DRM) strategies or policies include Social Protection roles? Do the Social Protection ministries/agencies have a formal role in disaster risk management? To what extent is there fragmentation in mandates regarding post-shock programming? Do formal coordination mechanisms (working groups, committees, etc.) exist? Do they include humanitarian actors, and what role do those actors play in the responding to shocks and supporting the government to do so?
- **Program design and delivery systems:** What government-led programs are available for households affected by shocks? Are Social Protection programs responsive, scaling up in response to shocks? If not, is assistance delivered through separate emergency programs, within or outside of Social Protection? Typically, are the responses timely and adequate - how many people are reached versus estimated needs? How are those persons targeted? Do any of the Social Protection programs explicitly address chronic vulnerability to climactic shocks and climate change over the long term? How are benefits delivered?
- **Data and information systems:** What is the current status of Social Protection Management Information Systems (MIS), beneficiary lists and social registries in the country? What is their coverage, especially in high-risk areas? What are the plans for their strengthening and expansion, if any? Are they used to facilitate the targeting and implementation of shock responsive programs? How is additional data collected / enrollment and registration conducted after a shock, to fill gaps information? Is early warning information available to inform early action and is it used by Social Protection / emergency programs? Are household vulnerability assessments/ living conditions surveys conducted regularly?
- **Finance:** How are resources mobilized to finance shock responsive Social Protection or emergency response programs? Are there contingency budgets linked to these programs, or are resources primarily gathered after a shock through humanitarian appeal and budget reallocations? To what extent has this contributed to slower responses?

A 'traffic light' scorecard is used to summarize the status of each building block and identify specific recommendations to strengthen that specific area. This methodology is based on the scorecards developed by the World Bank for ASP assessments in the Caribbean (Beazley and Williams 2021), in Southern Africa (Bowen et al, 2022), and the World Bank's [Stress Test Tool](#) (2021).

The conceptual framework defines three maturity levels dimensions across the four ASP building blocks. The assessment categorizes the overall Social Protection system, each building block, and each dimension, as

‘nascent’ (red), ‘emerging’ (yellow) or ‘established’ (green) (see [Annex 2](#)). This is intended to help practitioners identify the aspects of the country’s system that are performing well, and more importantly, identify areas to be prioritized. More important than rating the different dimensions, the tool provides a roadmap for ASP investments and reforms. For each dimension, governments and development partners can see the indicators for ‘nascent,’ ‘emerging,’ or ‘established’ ASP systems; and hence consider the aspects to be strengthened. Although there are no standard trajectories in the development of the different ASP capacities, the indicators included in the tool were developed based on global experience. Annex 2 presents the tool with all the dimensions and the indicators for associated with maturity levels - nascent, emerging, and established.

There are some important caveats and points to note regarding this assessment. Important to note, is that the scorecard is primarily a qualitative assessment tool. These dimensions are mostly rated based on descriptive metrics and varied data sources then used to vet each dimension’s level of maturity. Some ratings are supported by survey and administrative data where available; however, several of the ratings contained in this report are based on desk-based review and interviews with key stakeholders. Other data sources for the assessment included policies, strategies, regulations and laws, and analytical reports. The assessment exercise was an intensively consultative process, including informant interviews and ensuring that proposed scores were validated in a workshop with key multi-sector government stakeholders and development partners before finalizing this report.²¹ Additionally, ratings are based on existing regulations, policies, programs, and systems. While the assessment exercise acknowledges that there are plans and reforms underway in some cases, these do not impact scores unless they are already operational or enacted. Finally, some indicators and dimensions from other tools were not included in this assessment because of lack of data.

Building Block 1 Institutional Arrangements and Partnerships

Overview

Timor-Leste is at an “emerging” stage in the Institutional Arrangements and Partnerships building block. Social Protection and DRM policies and legislative frameworks exist, and some policy reforms are still underway, although not yet complete. Coordination bodies and mechanisms from both sectors are established by law, but they face important challenges in practice. An encouraging finding of the assessment is that Social Protection legislative frameworks provide clear mandates for ASP. Both Social Protection and DRM have strong partnerships with non-government actors, although there is an overreliance on such partnerships. The findings on this building block are summarized in the table below and described in more detail later in this chapter.

Table 5 Scoring Summary: Institutional Arrangements and Partnerships

Dimension	Definition	Score
SP and DRM Policy and legislative frameworks	The existence and relevance of national SP and DRM policies and strategies and their adequacy/appropriateness.	Emerging
SP and DRM Institutional Coordination	Examines SP and DRM institutional capacity coordination structures	Emerging
Clear mandate for ASP	The extent to which the use of SP in response / or in advance of shocks is explicitly supported by national SP and/or DRM policies and strategies	Emerging
Partnerships with non-government actors	The mechanisms and agreements in place for coordination with humanitarian actors, development partners and civil society, as well as recent partnership experiences	Emerging

Policy and Legislative Frameworks

Social Protection policies and legislative frameworks exist or are underway - and they are recent. Such policies represent a solid foundation for the sector. Importantly, Timor-Leste’s constitution establishes Social Protection is a right, with Article 56 stating that “Every citizen is entitled to social assistance and security in accordance

²¹Held on January 25, 2023.

with the law.” The recently finalized National Strategy for Social Protection (NSSP) 2021-2030 sets a vision to end poverty, promote peace, ensure access to healthcare, education and other essential services, ensure adequate care for children, the elderly and the disabled, and protect the population from social and economic risks, and ensure a decent living standard for all Timorese citizens. The Strategy prioritizes three strategic objectives, including reducing poverty; improving and expanding social security for workers; and institutional development. Other important policy frameworks include the Decree-Law 14/2018 under the 8th Constitutional Government, which established the current structure of the Ministry of Social Solidarity and Inclusion (MSSI); the Decree-Law of 9/2019, which further clarified MSSI’s that structure, including a new Office for Research, Planning and Institutional Development; and MSSI’s 2021-2025 Strategic Plan. However, other important policy frameworks are still underway, for example the Social Protection Basic Law which will “*serve as a basis for the Social Protection (sic) system to be formally and fully established and thus to support the development of all Social Protection policies in a consistent and sustained manner*” (National Strategy for Social Protection 2021-2030).

Disaster Risk Management (DRM) policies and legislative frameworks also provide solid basis for the sector, although some important policy frameworks are still being developed. In 2020, the Civil Protection Law was approved and established a long awaited and essential legal framework for civil protection. Furthermore, in 2022, the Organic Law of the Civil Protection Authority (CPA) was approved and established the new institutional mandate for the civil protection system, with CPA serving as the primary executive institution responsible for all civil protection activities. The existing frameworks also include the National Adaptation Plan (2021), the National DRM Policy (2008), and the National Strategic Development Plan (2011–2030). Moreover, legislation for climate information and multi-hazard early warning services is under development, as well as the Civil Protection Emergency Plan, which is pending approval. A National DRM Strategy is expected to be developed in 2023.

Efforts are underway to mainstream DRM across the different policies and frameworks. An institutional framework for DRM that outlines relevant DRM-related responsibilities and procedures across sectors and levels beyond the roles described in the Civil Protection Law is currently lacking, but under development. Such roles and procedures across sector and levels, including from national, to regional and municipal are outlined in the Integrated System of Operations (described in more detail in the subsequent section), has been already developed and is under high level discussions for final approval at the time of writing this report. Despite this, important policies like the National Strategic Development Plan do not prioritise mainstreaming DRM (World Bank and GFDRR, 2021) and the NSSP has noted that responsibilities of the various government players in the process of responding to covariate shocks are not always clearly defined and can easily lead to the duplication of efforts or failure in immediate response to an emergency situation.

Institutional Coordination

Social Protection coordination bodies and mechanisms exist, but there are challenges associated with the fragmentation of the sector. For example, the NSSP highlights the challenges in terms of coordination and foresees the establishment of a National Council for Social Protection and an Executive Secretariat for Social Protection to strengthen intersectoral coordination and ensure the implementation and monitoring of the Strategy.

DRM coordination bodies and mechanisms are established by law. The 2010 National Security Law established the Integrated Crisis Management Center (*Centro Integrado de Gestão de Crises - CIGC*) to act as the specialist advisory body for the technical and operational coordination. The CIGC coordinates strategic development for prevention, mitigation, and resolution of threats, conflicts, catastrophes, and calamities. In 2019, the GoTL passed Government Resolution 3/2019 to create the Inter-Ministerial Council for Civil Protection and Natural Disaster Management (*Conselho Interministerial de Proteção Civil e Gestão de Desastres Naturais - CIGD*). The CIGD is responsible for preventing and mitigating disaster risks and protecting and rescuing people and property when accidents or disasters occur. The CIGD is also responsible for developing National Civil

Protection Policy and other administrative regulations necessary for carrying out its work. The CIGD is inclusive and multi-sectoral. It includes the Vice Prime Minister as National Coordinator, as well as representatives of MSSSI, the Ministry of Foreign Affairs, the Ministry of Finance (MoF), the Ministry of Justice, the Ministry of Education (MoE); other ministries responsible for Infrastructure; Commerce, Industry, and Tourism; Economy and Development; Agriculture and Fisheries; State Public Works; other government representatives including the Commanders of Timor-Leste’s Defence Force, the Police; as well as representatives of civil society; and the United Nations. (Center for Excellence in Disaster Management and Humanitarian Assistance, 2022)

In 2019, operational responsibility for disaster response, which until then had been held jointly by the Ministry of Social Solidarity and Inclusion (MSSI) and the Ministry of Interior (Moi), was transferred fully to the Moi’s Civil Protection Authority (CPA). In 2020, Timor-Leste enacted the Civil Protection Law, which establishes the CPA and the structure of the National Civil Protection System at regional and municipal level. The law envisions the establishment of an Integrated Protection and Relief Operations System (*Sistema Integrado de Operações de Proteção e Socorro - SIOPS*) to ensure a single operational command for all civil protection agents and entities (CFE-DM, 2022).

Importantly, DRM coordination structures are established at the national and local levels. At the national level, the Prime Minister is the lead authority during an emergency and leads response efforts through the CIGC or, if the crisis is related to a natural disaster, the CIGD. The responsibility can also be delegated to the Deputy Prime Minister. At the District level, District Administrators are appointed as District Disaster Coordinators (DDC) and are responsible for disaster response decision-making within districts. District Disaster Management Committees (DDMC) comprising district representatives of key government and non-governmental agencies are also established. At the sub-national level, DDMCs are responsible for coordinating rapid assessment surveys of affected areas and analyzes such data; coordinates district financial resources to provide the most effective response to identified needs; and recommends requests for national support. These actions further filter down to the local level. At the sub-district level, Sub-District Administrators (SDAs) lead emergency activities. Furthermore, at the village level, Suco Chiefs and village leaders have an overseeing role in DRM. (Center for Excellence in Disaster Management and Humanitarian Assistance, 2022)

However, in practice, some of these coordination bodies are inactive or less effective than envisioned. For example, recent events like the TC (Tropical Cyclone) Seroja and the Easter Flood (2021) have shown “*need to improve institutional DRM capacities, risk knowledge and awareness, stakeholder coordination, and community preparedness among other areas*” (GoTL et al, 2021).

Clear Mandate for SP Response

Social Protection legislative frameworks provide clear mandates for ASP. MSSSI’s Organic Law states as one of the roles of the organisation to: “*Develop and implement social assistance programs in disaster risk management, namely in the emergency response and recovery after disasters.*” Strategic Objective 1.5 of the NSSP aims to strengthen disaster prevention and response under the poverty reduction strategic objective. The NSSP further emphasises that “*Social Protection may also have to respond to covariate shocks, such as those resulting from natural disasters, economic and pandemic crises, in addition to the traditional function of protecting against idiosyncratic shocks arising from the various socioeconomic risks throughout life.*” The priority actions outlined in the NSSP to strengthen disaster response are detailed in the table below.

Table 6 NSSP Priority Actions for Disaster Prevention and Response

No	Activity Description
1.5.1	Delineate the strategic and operational responsibilities of the different government institutions when responding to natural disasters, humanitarian crises and other covariate shocks.
1.5.2	Explore options for strengthening the capacity of social protection in preventing and responding to natural disasters, humanitarian crises and other covariate shocks, through flexibility and adaptability of programs and systems, including the integration of information systems.

Source: National Social Protection Policy 2021-2030

The NSSP recognises the importance of gender parity and equality. However, the actions to promote gender inclusion are limited. This is of paramount importance for ASP, as disasters disproportionately affect vulnerable populations such as women and people with disabilities. Female-headed households face greater challenges in accessing social services following a disaster, and displacement increases the risk of gender-based violence.

Partnerships with Non-Government Actors

Both MSSSI and CPA have long lasting partnerships with non-government actors to support shock responses. Such partnerships resulted in collaborations that included, for example, technical assistance in the development of the Early Warning (EW) system, provided by the governments of Indonesia and Australia, and support by United Nations (UN) agencies and NGOs to conduct assessments following TC Seroja and Easter Flood in 2021 (GoTL et al, 2021). Recurrently, in response to covariate shocks, government actors rely on development partners to provide in-kind support to victims, particularly to vulnerable groups such as children, women and the elderly. Both MSSSI and CPA have signed MoUs with development partners to respond to disasters. For instance, MSSSI has signed MoUs with UNICEF, the World Food Programme (WFP), and the Australia Government. In consultations for this report, Government stakeholders have flagged that there is overall the risk of an overreliance on partners for key ASP activities.

Building Block 2 Program Design and Delivery

Overview

Timor-Leste is transitioning from a nascent to an emerging level in the Program Design and Delivery building block. The country has some important strengths for ASP, like the wide offer of social assistance and emergency safety nets, which cover varied risks that span the life cycle and other vulnerabilities. Overall, there is relatively high coverage, and an ongoing shift towards electronic cash payments, which offer signs of promise for improvements in the system. However, the adequacy of regular social assistance benefits is low – except for the Veterans Pension, which does not target the poor and vulnerable. The flagship cash transfer program, *Bolsa da Mãe* (BdM), faces targeting issues leading to the exclusion errors, however, the recent launch of *Bolsa da Mãe Jerasaun Foun* (BdMJF) is helping to close such coverage gaps. Importantly, major social assistance programs have not been expanded vertically or horizontally in response to shocks and do not have emergency protocols nor contingency plans in place.

In the last few years there has been notable progress in improving the coverage and benefit adequacy of regular social assistance programs. For instance, following an assessment of the BdM conditional cash transfer, the GoTL launched a new iteration of the program in 2022, BdMJF - an unconditional universal child grant targeted to pregnant women and children 0-6 years, and with a higher benefit compared to BdM. During its implementation thus far, this new program has made progress, including in electronic payment delivery and in fostering coordination with critical sectors such as health and for civil registration. Beyond these programs, the elderly social pension benefit amount was recently increased to improve adequacy of the social pension. In 2022, the amount was increased from US\$30 to US\$50, and further increased in 2023 to US\$57.

Table 7 Scoring Summary: Program Design and Delivery

Dimension	Definition	Score
Social Protection coverage	The coverage of Social Protection and social assistance in particular	Emerging
Benefit adequacy – Regular SP	The extent to which current Social Protection assistance meets households’ consumption needs	Emerging
Benefit adequacy – Emergency SP	The extent to which emergency SP benefits help affected households maintain consumption and welfare and address post-shock household needs.	Emerging

Dimension	Definition	Score
Eligibility criteria and poverty targeting	The extent to which social assistance targeting processes are effective in identifying the populations that are eligible for programs	Nascent
Enrolment in Emergency SP programs in times of shock	The existence of mechanisms to identify and enrol affected households to emergency SP programs	Emerging
Social Protection benefit delivery modality	How transfers are delivered i.e., through manual or electronic payments	Emerging
Experience of scaling SP	The extent to which programs have previously provided additional temporary support during or after shock to existing beneficiaries (vertical expansion) or to non-beneficiaries (horizontal expansion) or launching emergency programs, which could reach beneficiaries and/or non-beneficiaries.	Emerging
Use of SP programs to facilitate resilience	The extent to which SP programs are risk informed and use direct (e.g., beneficiary education; cash-for-works projects) or indirect measures (complementary measures and linkages) to build resilience of beneficiaries to shocks.	Nascent
Protocols and Contingency Plans	The availability of protocols and plans for ASP, which establishes clearly how Social Protection should respond to shocks	Nascent

Coverage, benefit adequacy, and poverty targeting – select SP programs.

Select Regular Social Protection Programs

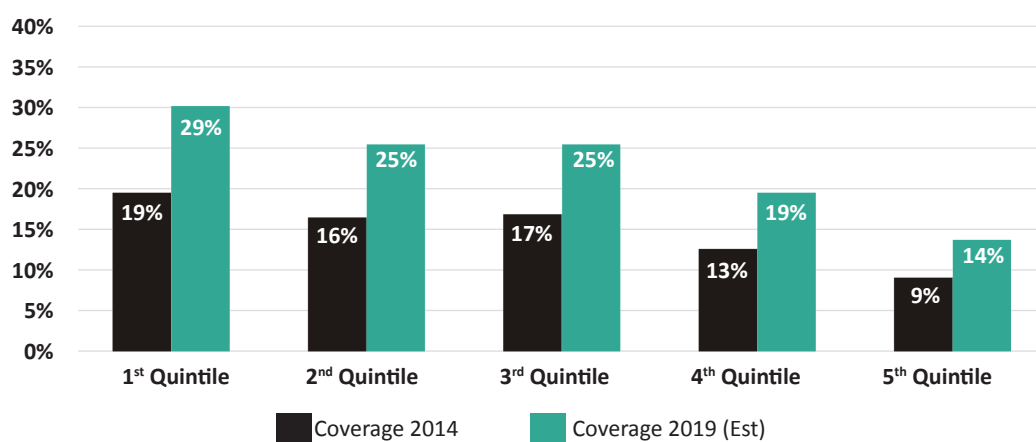
Bolsa da Mãe

The *Bolsa da Mãe* program is a CCT, the only program in Timor-Leste that targets poor and vulnerable households with children. *Bolsa da Mãe* aims to reduce poverty, promote school attendance and increase use of primary health care services. The program benefits are contingent upon meeting specified conditions in education and health. It offers US\$5 cash transfers per child per month for up to three children per household, such that US\$15 is the maximum amount a household may receive per month. *Bolsa da Mãe* has relatively high coverage: it reached close to 88,700 households in 2022 – approximately 35 percent²² of Timorese households.

***Bolsa da Mãe's* targeting mechanism faces important challenges leading to errors of inclusion and exclusion.**

The program leaves behind most of the poorest population in the country: it is estimated that 71 percent and 75 percent in the poorest two quintiles were not covered by the program in 2019 (World Bank, 2022).

Figure 3 2014 and 2019 Estimated Share of People Covered by *Bolsa da Mãe* Program by Expenditure Quintiles (Direct and Indirect Beneficiaries)



Source: World Bank 2022 estimates based on TL-SLS 2014

²²Calculated based on *Census 2022 Preliminary Results*, which indicates a total of 250,034 Households in Timor-Leste, Census 2022 Preliminary Results, Ministry of Finance, GoTL, 2022

The benefit level of *Bolsa da Mãe* is low for its objectives and for promoting household resilience. The benefit is only around 4 percent of the general population's household budget and only amount to about 6 percent of the average household budget of the poorest quintile. The value is also low compared to other CCT programs that vary from 17 to 29 percent of consumption among all beneficiaries (World Bank, 2022).

The new *Bolsa da Mãe Jersaun Foun* (BdMJF) universal child grant aims to address some of the adequacy and coverage challenges faced by the *Bolsa da Mãe* program. In response to deficiencies identified from previous BdM assessments, the GoTL launched BdMJF in 2022. The program provides cash transfers of US\$20 per month to children under 6 years and US\$15 per month pregnant mothers, with additional US\$10 allowance for children with disability. It was first piloted in three districts with the highest rates of poverty and malnutrition: Ainaro, Bobonaro and Oecussi; and later expanded to four more municipalities (Manatuto, Viqueque, Covalima and Liquiça). The BdMJF benefits are therefore higher than those of BdM. There are also efforts to improve health monitoring under BdMJF through requiring beneficiaries to present themselves at health centers to register for the program. Under the program, MSSl, MSA, and Ministry of Justice (MoJ) have also collaborated to improve children's access to their identification documents, such as birth certificates.

Veterans Pension

The Veteran's Pension is Timor-Leste's largest cash transfer program from a budget perspective and is more generous than other social assistance programs. The Veterans' Pension recognizes and compensates national former combatants for their past service. The program, implemented by the MACLN, targets former combatants, veterans as well as martyrs and their families. In 2019, the program accounted for 4.5 percent of non-oil GDP or 64 percent of the total Social Protection budget. This contrasts with 0.1 percent of non-oil GDP spent on *Bolsa da Mãe*. In contrast to other social assistance programs, the Veterans' Pension is a very generous benefit, and it represents a very large source of household income. It is estimated that the Veterans' Pension may have financed up to 60 percent of the average household expenditures of the bottom 20 percent or 47 percent of total household expenditures for all quintiles in 2019. This compared to *Bolsa da Mãe*, which only accounted for 6 percent of the average household expenditures of the bottom 20 percent in 2019. In 2022, the program covered 28,052 people.

Relative to its large budget, the Veteran's Pension has lower poverty reduction impact. The Veteran's Pension was not designed to reduce poverty. As a result, it was estimated that in 2019 the program had reached 41 percent of the richest 40 percent and only 20 percent of the poorest 40 percent (World Bank, 2022). The program's large budget, high adequacy and limited poverty reduction impact, have continued to highlight the importance of more efficient and adequate social assistance spending to support poverty reduction and human capital outcomes.

School Feeding

The school feeding program is one of the social assistance programs with highest coverage in the country. The program provides one hot meal per day at school and each school receives US\$0.25 per child and per school day. In 2018, there were 329,403 students benefiting from the program (9,820 at pre-school and 319,583 at basic education). Coverage of children aged 6-15 is high (basic education), but low for 3-5 (pre-school). This allocation, and hence the benefits that children receive, are below international standards (World Bank, 2022).

Subsidy to Support Repair or Reconstruction Work on Damaged Homes - "Rekuperasaun Uma Kain" (previously Natural Disaster and Social Conflict Recovery Program)

The Subsidy to Support Repair or Reconstruction Work on Damaged Homes - *Rekuperasaun Uma Kain* (previously referred to as the Natural Disaster and Social Conflict Recovery Program) is the main emergency safety net available to households affected by disasters. The program provides a cash transfer to households affected by disasters based on the level of damage to the house structure. This program was previously administered by MSSl, however in 2021, the CPA assumed responsibility for distributing this benefit. Benefits are provided following a damage assessment conducted by local authorities. In 2022, a household that experienced very high damage, received a benefit of US\$850, while a household experiencing high damage received US\$600,

and a household with moderate damage received US\$450²³. Additionally, US\$150 was supplemented to each benefit amount for transportation for materials. There were approximately 4,191 beneficiary households in 2022, largely in response to the impacts of Tropical Cyclone Seroja. By comparison, coverage in 2021 was 1,961 households.

Summary on Coverage of Regular Safety Net Programs

As the above analysis notes, there are critical coverage and targeting issues among existing regular safety net programs and their ability to provide adequate coverage, particularly among the poorest. A household survey carried out in 2021 reinforced this by noting that, *inter-alia*, 11.4 percent of the poorest households reported receiving income support from *Bolsa de Mãe*; 9.5 percent of the wealthiest quintile reported receiving income support from the Veterans Pension compared to 4.2 percent of households in the poorest quintile; while only four percent of households with persons with disabilities reported receiving disability benefits.²⁴

Emergency Safety Net Programs

Uma Kain COVID-19 and End-of-Year Subsidy Cash Transfers

The cash-transfer for Timorese households - *Uma Kain* was launched in 2020 as an emergency cash response to the effects of the COVID-19 pandemic. It took the form of a single cash transfer of US\$200 distributed to approximately 300,000 households in all 452 villages. Timorese households registered in the suku (village) administration book where no family member earned a regular monthly income of \$500 or more were eligible. *Uma Kain* is de facto, a quasi-universal program. Although it was conceived as an emergency safety net, the program was subsequently implemented in 2021 and 2022 as an end-of-year subsidy (GoTL, 2021b). The end-of-year subsidy used the same eligibility criteria and benefit amount of the COVID-19 *Uma Kain* cash transfer. At the time of writing this report, it is unclear if the program would be extended in 2023.

Cesta Básica

Cesta Básica is a universal in-kind emergency support program being implemented since 2020, as part of a package of measures to mitigate the effects of an economic downturn. It was created through Decree Law 48/2020 and extended and amended by Decree-Law 1/2021 and Decree-Law 10/2022. *Cesta Básica* was targeted to the entire population and transferred a food basket to 1,503,563 beneficiaries. The implementation of the program faced several operational challenges with its initial implementation during COVID-19 pandemic that led to delays in its execution. These were primarily related to restrictions of movement of people and other pandemic control measures. Moreover, the price of some products, such as rice, increased due to the high demand leading to a diploma from the Government to regulate prices of the commodities included in the basket. (GoTL, 2021b²⁵). In 2022, the legislation that extended this support program included the approval of “reinforcement measures to distribute the basic basket to the Timorese families that most needed and to support the local economic operators, and creates a special procurement regime, in the scope of the Economic Recovery Plan”. The financing of this program is ensured by a specific State Budget category allocated to the MTCI and SECOOP.

Payment delivery

There is an ongoing shift towards electronic payments for Social Protection programs in Timor-Leste. This shift could make benefit delivery more reliable, timely, transparent, and flexible for responding to shocks. *Bolsa da Mãe* benefits are transferred to the accounts of the beneficiaries via the *Banco Nacional de Comércio de Timor-Leste* (BNCTL) bank. *Bolsa da Mãe Jerasaun Foun* is also piloting mobile payments. In 2022, BdMJF used this payment method in the three pilot municipalities with promising results for a national roll out. Beneficiaries received a payment code monthly and a mobile money operator hired by MSSI executed the payment delivery to beneficiaries. In 2023, this payment was also being used in the additional four municipalities, and at that time, there were two operators hired by MSSI.²⁶

²³Data provided during informational meeting with CPA on January 24, 2023. US\$150 of the benefit amount is an added benefit for each level.

²⁴United Nations Development Program and United Nations Population Fund. 2021. Socio-Economic Impact Assessment of COVID-19 in Timor-Leste, Round 2, 2021.

²⁵Government of Timor-Leste. 2021. Report on *Cesta Básica* from the Technical Secretariat.

²⁶Source: MSSI

However, there are still many Social Protection programs delivering cash manually. *Uma Kain*, the elderly social pension, and importantly, the house recovery program for disaster victims, are delivered cash-in-hand through Suko (village) administration systems. Cash-in-hand requires an extensive mobilization of staff throughout the country and can be more difficult to scale up in times of crises.

The overall ecosystem for electronic cash is still evolving. There have been recent policy efforts to improve the overall ecosystem for electronic payments, including development of a financial sector master plan in 2014 which envisioned a modern payment system and completion of a National Strategy for Financial Inclusion (2017-2022), and launching of a Digital Village pilot to increase access points to those unbanked via the use of electronic payments (Madan and Isgut, 2022). The National Strategy for Financial Inclusion aims to inform increased access points to financial services via the modernization of the country's payment systems. Madan and Isgut (2022) noted that while the system currently integrates banks and fintech e-wallet providers, further work was needed to integrate bank wallets and non-bank financial institutions.

Experience in SP responses to shocks and to address resilience

Timor-Leste has a long tradition of emergency safety nets. The country has an offer of programs designed to support people affected by different types of shocks. This includes cash transfers to support house rebuilding expenses for households that are victims of natural disasters *Rekuperasaun Uma Kain* program; in-kind benefits for disaster victims; in-kind benefits and fee waivers for funeral costs; emergency cash transfers for victims of domestic and gender-based violence, and households in vulnerability based on social worker assessments (Emergency Support to Individuals and Families in Vulnerability). Overall, these programs provide an avenue for facilitating rapid response to households affected by crises, particularly for various types of idiosyncratic shocks.

Importantly, the country was also able to pivot quickly in response to the unique nature of the COVID-19 pandemic and subsequent economic and price shocks. By May 2020, the country had launched the *Uma Kain* COVID-19 cash transfer as well as a wage subsidy of 60 percent for formal sector workers, on the condition that employers do not terminate employment, to address the impacts of the COVID-19 pandemic (Gentilini et al, 2020). The *Uma Kain* end-of-year subsidy and *Cesta Básica* also demonstrated the country's ability to pivot in response to economic shocks.

Studies on the COVID-19 responses confirmed broad coverage of these transfers and their utility for smoothing consumption. A household survey in 2021²⁷ noted that 95 percent of all households reported that they received the *Uma Kain* COVID-19 cash transfer and *Cesta Básica* during the country's state of emergency. Only 2.3 percent of households reported not receiving either of these transfers, with half of these households noting that the reason for their exclusion was 'household not registered.' Close to 97 percent of households reported using the *Uma Kain* COVID-19 cash transfer for food and non-alcoholic beverages; 27.6 percent reported using the transfer for clothing and shoes; and 16.9 percent used the transfer for health and education-related expenses. Finally, overall satisfaction with the transfers was high, with 11.1 percent very satisfied and 65.8 percent satisfied. These findings were also evident in an earlier study by the Asia Foundation, which noted that most households reported spending their payment on food, thereby improving overall food security during the crisis.²⁸ Additionally, households already covered by existing social safety nets were better placed to meet basic needs during the state of emergency.²⁹

Despite high coverage and overall satisfaction, there were some challenges with the COVID-19 emergency transfers that flag future lessons for Adaptive Social Protection delivery. In particular, poor and vulnerable households lacked access to timely information and communication; local officials interpreted program parameters and determined eligibility, leading to ad-hoc or subjective decisions, and ultimately, targeting errors; while a lack of access to programs and SP systems ex-ante by vulnerable groups such as women, persons

²⁷United Nations Development Program and United Nations Population Fund. 2021. Socio-Economic Impact Assessment of COVID-19 in Timor-Leste, Round 2, 2021.

²⁸Asia Foundation. September, 2020. Timor-Leste COVID-19 Household Cash Transfer: Initial Socio-Economic Impacts and Effects on Gender Dynamics.

²⁹Ibid

with disabilities and excluded poor, signal limited ability to scale-up to these groups quickly in future crises. (UNDP and UNFPA, 2021). Among those excluded from the *Uma Kain* COVID-19 cash transfer, were women living in crisis accommodations and lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals, who reported being unable to register as households in order to receive the benefit.³⁰

While Timor-Leste’s recent deployment of emergency safety nets to respond to the COVID-19 pandemic and subsequent economic crisis had very broad coverage, coverage of emergency safety nets for disaster response is comparably lower. The *Uma Kain* COVID-19 and end-of-year cash transfers had near universal coverage, with the COVID-19 cash transfer covering 313,442 households in 2020-2021. *Rekuperasaun Uma Kain* and its MSSSI-administered predecessor, also had relatively fair coverage in response to disaster events, with 4,191 households covered by the former in 2022; and 4,865 individuals covered by the latter in 2015.³¹ However, *Rekuperasaun Uma Kain’s* coverage of 4,191 households in response to Tropical Cyclone Seroja, only accounts for close to 14 percent of affected households, where it is estimated that more than 30,000 households were affected (World Bank, 2021b). This is perhaps a reflection of the comparatively easier operating environment for delivering emergency safety nets in the pandemic and economic crisis contexts, versus a disaster context, where operations and post-disaster assessment and identification are much more complex.

Despite the experiences with smaller emergency safety nets and recent COVID-19 responses, Timor-Leste has not systematically leveraged its larger social assistance programs for disaster response. The main poverty-targeted safety net program, *Bolsa da Mãe*, has not been expanded vertically (increase in benefits) or horizontally (expansion of beneficiaries) in response to shocks. Despite the coverage of the program, its administrative capacity and the number of shocks that the country faced in recent years, *Bolsa da Mãe* has not been seen as a vehicle to provide support to affected households, not even for those already in the program. Furthermore, the Veterans Pension, which is the largest social assistance program in the country, is not fit for horizontal expansions (i.e., including non-veterans affected by a shock). Beyond that, its low beneficiary incidence among the poorest 40 percent, limits its ability to provide rapid support to enrolled poor beneficiaries through vertical expansion (i.e. an increase in benefit amounts to existing beneficiaries). Global experiences suggests that flagship cash transfer programs with good coverage of the poorest are more flexible for scaling up on temporary basis. For a program like the Veterans Pension, which is not meant to support the poor, expanding horizontally would imply going against its own design and purpose.

Timor-Leste can also leverage its Social Protection programs more effectively to build resilience of household to climate and other shocks. Although not designed as an emergency safety net, cash for work programs can also play an important role in enhancing household resilience. Such projects have been leveraged systematically in countries like Ethiopia, Ghana, and Mexico to provide income support to disaster affected households, while simultaneously contributing to recovery efforts. These programs have also helped facilitate improved resilience of community infrastructure, including through sub-projects such as mangrove planting, drainage projects for flood prevention etc. While Timor-Leste has had cash-for-work programs on offer in the past, these appear to be project-based (World Bank, 2022) and not an established fixture of the country’s SP system. The country could consider including this program type to systematically support improved adaptation and resilience, particularly in poor and hazard-prone communities. Social assistance programs also have strong potential to build adaptive capacity and resilience of beneficiary households, who are also often most vulnerable to the negative impacts of shocks.³² This can be facilitated through direct interventions such as beneficiary education sessions or indirect interventions, such as linkages to complementary benefits and services in sectors such as agriculture or housing. By design, *Bolsa da Mãe* does require beneficiaries to participate in community development sessions, however in practice, there is room to improve the systematic use of these sessions for behaviour change, particularly to improve human capital, disaster preparedness, and resilience of beneficiaries.

³⁰Ibid

³¹Last year for which data was available. World Bank, 2022. Social Protection Review.

³²For lessons on how such programs can support improved beneficiary resilience, please refer to “Williams, A.; Parihatin, A.; Syamsulhakim, E.; Sari, J.N.; Lubis, Habdy, R.; and Sen, S. (2022). “Integrating Information Education and Communication tools to Strengthen Disaster Preparedness and Resilience among Social Assistance Beneficiaries: Lessons for Indonesia and Beyond.” World Bank.”

The community development sessions are usually held during the payment to the beneficiaries and focuses primarily on information about the program, clarification of conditionalities etc. These sessions have not been leveraged to facilitate behavior change on disaster preparedness or other aspects of resilience.³³

Protocols and contingency plans for SP responses

Beyond the emergency safety nets, no social assistance program has protocols or contingency plans in place for shock responses, further limiting the flexibility of existing programs to respond.

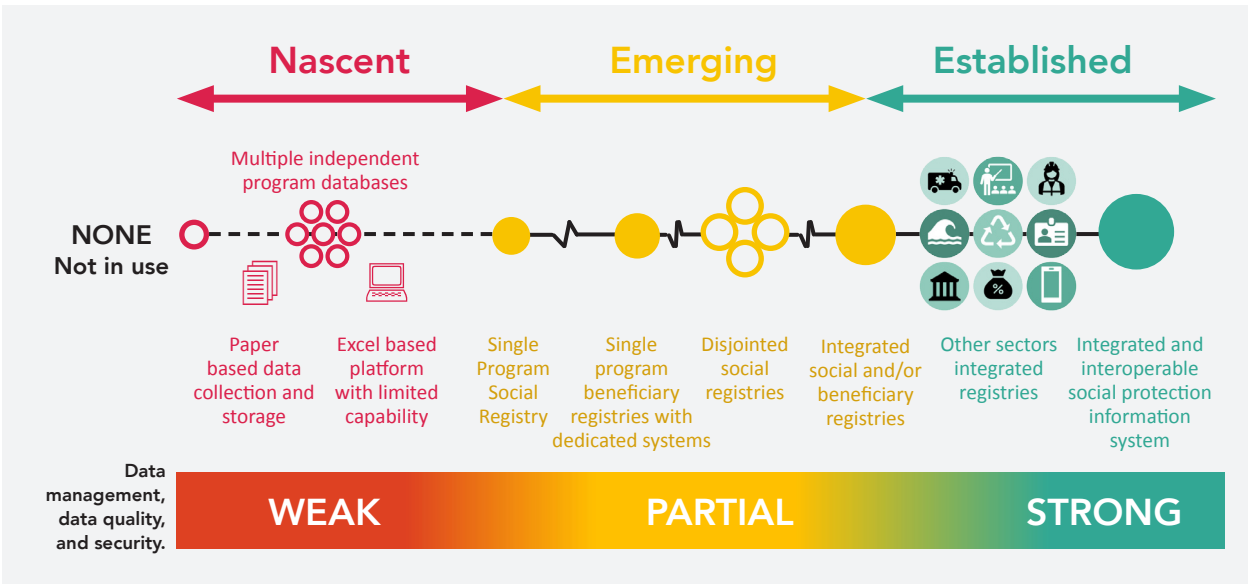
Building Block 3 Data and Information

Overview

The capacity to collect, manage, and share data across social assistance programs and beyond the Social Protection sector can be fundamental for responding to shocks. Nascent systems are typically characterized by being largely paper based; with few security protocols; few controls on data quality; no interoperability; and no social registry in place. At the other extreme of the spectrum, established information systems have digitalized and electronic registries; high confidence among the users and the public regarding the data quality; strong security mechanisms; and a high level of integration and interoperability. From an ASP perspective, the interoperability between Social Protection and DRM information systems can inform the preparedness and response actions of both sectors (Barca and Beazley, 2019).

Timor-Leste is mostly operating at a nascent level in the Data and Information building block. The development of the Management Information System for Social Assistance (SIGAS), an integrated beneficiary registry containing data of most MSSSI programs, which is shared with CPA, is an important foundation for ASP. Such data can be used for preparedness and response actions, such as vertical expansions. A useful feature of SIGAS is that it assigns a unique identification number to the individuals included in the system. However, SIGAS still faces technical issues. Furthermore, there is no social registry in the country and data on household vulnerability is scarce and largely outdated. There are also no experiences in the use of Social Protection data to inform shock responses and there are no established protocols for data sharing.

Figure 4 Typology for Assessing Maturity of Social Protection Information Systems



Source: Making Social Protection Information Systems Adaptive: Williams, A. and Moreira, V.; World Bank, 2020.

³³Based on informational interviews with program counterparts.

Table 8 Scoring Summary: Data and Information

Dimension	Definition	Score
National ID Coverage	The extent of Government-authorized ID coverage across the population	Emerging
Beneficiary registries	The availability of digital beneficiary registries to manage SP programs and the level of interoperability and integration among them.	Emerging
Social Registries	The availability of social registries to identify individuals and households eligible for SP programs, the quality of the data they contain (in terms of completeness, accuracy, accessibility, relevance, and currency), and the degree of interoperability and integration	Nascent
Data on disaster risk and household vulnerability	The extent to which data on household vulnerability is available and of good quality (highly disaggregated/ granular and up to date)	Nascent
Early warning data	The availability of timely and accessible early warning data and actionable warning to all users, including the poor and vulnerable, including established triggers	Nascent
Post-shock needs assessments	The capacity to conduct post-disaster household needs assessments to inform ASP actions and the utility of such data to inform ASP responses	Emerging
Use of pre-existing data to inform ASP shock response	The use of SP, DRM and early warning (EW) data to inform ASP responses	Nascent
Data sharing protocols with internal / external partners	The capacity, in terms of protocols, MoUs and technical solutions, to share data across government sectors and with external partners	Nascent

Social Registry and Beneficiary Registry

Global experiences show that social protection data can be used to inform preparedness, response, and resilience actions (Bowen et al). Beneficiary Registries contain data on beneficiaries to support benefit delivery, beneficiary monitoring, program management and implementation. They maintain information only on beneficiaries of a specific program(s). Social Registries support processes of outreach, intake and registration, and assessment of needs and conditions to determine potential eligibility for a social program(s). They contain information on all registrants, whether or not they are deemed eligible for, or enrolled in, a select social program (Barca, 2017 and Leite et al, 2017).

There is no social registry in Timor-Leste, but MSSI has an integrated beneficiary registry called SIGAS.³⁴ This registry contains information on *Bolsa da Mãe*, Emergency Support to Individuals and Families in Vulnerability, data from civil protection on beneficiaries of *Rekuperasaun Uma Kain* and others who received humanitarian assistance. The system is able to generate reports and facilitate integrated analysis of those receiving benefits included in the system. However, some important programs in MSSI have their own registries. These include *Bolsa da Mãe Jerasaun Foun* and *Uma Kain*, while the INSS has its own information system.

While the development of SIGAS in 2014 was an important step towards establishing standardized program administration practices and storing and sharing data; the system still faces important technical issues. Links between SIGAS and payment providers still need to be automated, the mechanism for grievance management has not been optimally utilized, and there are challenges with the storage and management functions, among others (World Bank 2022).

³⁴Integrated Beneficiary Registries operate as a data warehouse that collects information from different social programs and their benefits administration systems, allowing for monitoring and coordination of “who receives what benefits,” and for identifying intended or unintended duplications across programs (Barca, 2017 and Leite et al, 2017)

National ID coverage and interoperable systems

Timor-Leste is in the process of expanding its coverage of the national ID, which is fundamental for enhancing the interoperability of information systems. In 2004, the government decreed that all citizens would be provided a national ID, and in 2018 launched an initiative to issue national IDs to all citizens. At the time, slightly more than 20 percent of the population did not have a national ID. More recent figures are not available. The national ID is still not digital, although there is an initiative to launch a new digital ID (Box 1).

Box 1: Towards interoperable systems – the creation of a unique identification system

As Social Protection information systems evolve, they enhance their interoperability, this is, their ability to exchange and make use of data. This includes protocols and agreements, security and privacy measures, human and technological capacities, among others.

A unique identification system with high coverage is key to exchange data effectively and build a truly interoperable system. In Timor-Leste, currently several IDs are used to register beneficiaries in programs (e.g., passport, electoral card, citizenship card), limiting the capacity to exchange information.

On June 23rd, 2021, Timor-Leste's Council of Ministers approved the strategy for the implementation of a Unique Identity System. This system will establish a digital identity, based on a minimum set of data, including a unique random number, biographical data and biometric information. The objective is to allow nationals and residents to have more reliable access to a wide range of public and private services and to reduce identity fraud and cut transaction costs in identity verification. It is expected that by the end of 2025 one million people will be registered and will have their digital identity.

Previous experiences in the country with the exchange of data and the use of multiple registries shows how important interoperability can be for ASP. In 2018, during national elections, the country witnessed an increase in voter registration. This process provided an ID that was both ubiquitous and relatively robust. Using this as a base, the government performed checks for errors and duplicates to minimize errors and fraud cases. The voter ID registry was combined with village-level, digitized demographic data. Using the combined database along with tablet-based software into which the database was uploaded, the government was able to provide cash transfers. Results show that the digitized data, along with functioning grievance redressal systems and transparency, resulted in a relatively low error rate of 4 per cent out of over 300,000 transfers in the first round.

Source: GoTL (2021a) "Unique ID System Strategic Plan 2021-2025, Government of Timor-Leste; Madam and Isgut (2022)

Data on disaster risk and household vulnerability

There is limited available data on disaster risk and household vulnerability to inform preparedness, response, and resilience actions. Although SIGAS contains some information about the vulnerability of beneficiary households, and both MSSSI and CPA have access to such data, there is largely a lack of pre-shock comprehensive mapping of vulnerabilities in the country. This data is also limited to beneficiary households and excludes beneficiary data on some of the largest programs, including *Uma Kain* and the Veterans Pension. Furthermore, poverty and other data on socioeconomic vulnerability is largely outdated as the most recent living conditions household survey was conducted back in 2014. The MSSSI is currently conducting a mapping of vulnerable individuals and households, which will inform ex-ante preparedness.

Early warning data

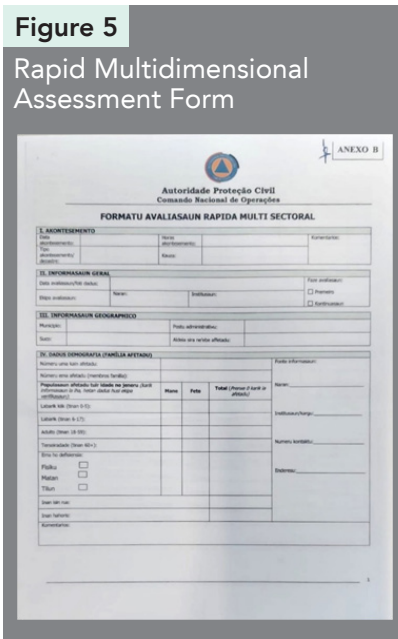
Although Timor-Leste has an Early Warning System (EWS) established by national policy, its implementation has faced many challenges (World Bank and GFDRR, 2021). The 2008 National Disaster Risk Management Policy establishes Timor-Leste's Early Warning System. The National Directorate of Meteorology and

Geophysics (DNMG), under the Ministry of Public Works (MPW), is responsible for providing meteorological, climatological, and seismological information. Moreover, there are ongoing efforts to strengthen the EWS, including partnerships with neighbouring countries like Indonesia and Australia. However, recent events, like TC Seroja, have demonstrated the need to strengthen the capacity to issue warnings: budget shortfalls, communications network limitations, transportation difficulties, and human resource shortages are some of the factors that constrain implementation of effective early warning (World Bank and GFDRR, 2021). Furthermore, stakeholders have flagged the need to improve the availability of multi-hazard EWS, as it currently focuses on some geographical areas and is mostly available for floods but not other hazards.³⁵

Post-disaster household needs assessments

Damage assessments are established in national policy and have been conducted after recent events, although with strong reliance on partners. The National Disaster Risk Management Policy from 2008 establishes that: “District Administrators are responsible for preparing a full report on the impact of the disaster to the National Disaster Coordinator (NDC) within two weeks of the end of major response operations.” For *Rekuperasaun Uma Kain*, an existing Damage Assessment Form collects information on disaster type, household members, level of damage to the house, housing tenure, emergency support the household already received (food or non-food), recovery support already received (yes/no), as well as death or injury to household members. Previous reports have noted that the government’s capacity to conduct large scale household assessments is limited and, as a consequence, the needs assessments conducted following TC Seroja and Easter Flood in 2021 were heavily supported by UN agencies, international and national NGOs, Red Cross and Red Crescent Movement and others (GoTL et al, 2021).

Efforts are currently underway to improve the comprehensiveness and relevance of post-disaster assessments, but could also benefit from further adjustments. A series of additional post-disaster assessment forms were approved in 2023 to improve post-disaster assessment and standardize data collection, including at the household level. These include a Rapid Multidimensional Assessment Form which will be applied by multi-sector teams including CPA following disasters. This form includes data on the geographic location of the disaster; disaster type; demographic data on the affected family, including age, gender and disability; disaster impact (including death and injury, infrastructure damage (including public infrastructure and vital infrastructure such as telecommunications), damages to the house, agriculture impacts and livestock losses, education/schooling impacts); security level and persons in need of protection; and support needs (including materials, food, water and sanitation, education-related needs, health-related needs, and logistic needs such as communications and transport). Finally, the form requests that the three most urgent needs be identified. There is also an additional form developed to specifically evaluate housing damage. The current forms will be applied following disasters by the CPA at the municipal level, following which, the data that is collected would be sent to the national level. The forms are currently paper-based, and Government is exploring how to quickly transmit the data collected at the municipal level to the national level, and mechanisms to share the data with other institutions. At the time of writing this report, the CPA was planning to socialize the new forms with other institutions.³⁶ Collectively, these forms facilitate collection of detailed information on households affected by disasters. Some potential areas for improving their relevance to ASP, include adding additional variables relevant to Social Protection responses, including if households already receive SP benefits and which; and questions on broader income and livelihood impacts resulting from the disaster. It would also be imperative to transition from paper-based data collection, to digitized format (with offline capability) and a dedicated information system to facilitate rapid use of the collected data and data sharing across agencies.



³⁵Based on discussions with CPA, January, 2023.

³⁶Based on discussions with CPA, June, 2023.

Use of pre-existing SP data for response

There is no experience in Timor-Leste in the use of pre-existing Social Protection data for shock responses. Social and beneficiary registries can be used to inform preparedness actions and shock responses by other sectors. In addition, beneficiary registries can be used for vertical expansions and social registries for both vertical and horizontal expansions. The data already contained in these registries has the potential to improve the timely identification of individuals for assistance. For instance, instead of collecting new data – or while new data is collected – using pre-existing data can allow timely responses to shocks. However, in Timor-Leste’s case, SIGAS nor other beneficiary data systems have been systematically used and the absence of a social registry is a major gap in this regard.

Data sharing protocols with internal / external partners

There are no protocols in place for sharing Social Protection data. The capacity to exchange data securely and effectively can contribute to improving shock responses and resilience actions. Although MSSSI and CPA share SIGAS data, there are no protocols that establish rules and standards for such information sharing.

Building Block 4 Finance

Overview

Timor-Leste is assessed as transitioning from ‘nascent’ to ‘emerging’ in the Finance building block. As noted previously in this report, Timor-Leste’s spending on Social Protection is relatively high, even excluding the Veteran’s Pension. On Disaster Risk Financing, the GoTL benefits from a Contingency Fund which is used to finance emergency spending with approximately US\$20 million allocated to the Fund yearly on average.³⁷ In response to the experience with Tropical Cyclone Seroja, the Government increased the allocation to the Contingency Fund to 4 percent of non-oil GDP in 2021.³⁸ Although GoTL allocates funds to the Contingency Fund on annual basis, the country lacks a risk layering approach that combines financing instruments to match needs arising from different types of disasters. In addition, no quantification of future ASP needs has been conducted and there is also a lack of financial commitments to fund the scale-up of Social Protection. Furthermore, sector stakeholders have lamented the lengthy process to access financing from the Contingency Fund.³⁹ Beyond this, oil revenue has also been a crucial source of budgetary financing, with the country managing a sovereign wealth fund called the Petroleum Fund, which aims to contribute to the wise management of Timor-Leste’s petroleum resources for the benefit of both current and future generations.⁴⁰ While the Petroleum Fund primarily finances the State Budget, it was also leveraged for COVID-19 responses, with an extraordinary withdrawal of US\$536.3 million withdrawn in two tranches in 2020.⁴¹

Table 9 Scoring Summary: Finance

Dimension	Definition	Score
SP spending	The proportion of GDP spent on SP and social assistance, as a good indication of levels of government commitment to SP and the maturity of the system	Emerging
DRF policy and strategy	Whether the government is proactively managing disaster risk by putting in place disaster risk financing (DRF) policy and legislation. This would include legal provisions and frameworks for DRF policy and instruments in place across ministries and at different levels of government	Emerging

³⁷<https://thediplomat.com/2021/02/how-timor-leste-financed-its-covid-19-efforts/>

³⁸<https://www.elibrary.imf.org/view/journals/002/2021/152/article-A001-en.xml>

³⁹Based on discussions with MSSSI and CPA, January 2023.

⁴⁰<https://www.ifswf.org/members/timor-leste>

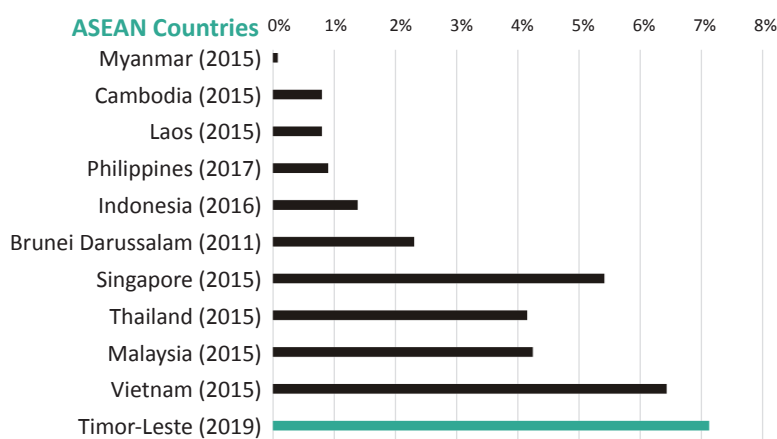
⁴¹<https://thediplomat.com/2021/02/how-timor-leste-financed-its-covid-19-efforts/>

Dimension	Definition	Score
Quantification of Post-Shock ASP Costs	Whether the government has made efforts or put in place systems/ models to calculate the costs of providing (or not) a minimum SP response during / in response to disasters	Nascent
Disaster Risk financing mechanisms for Social Protection	The extent to which a government has DRF mechanisms in place to pre-finance Social Protection responses via multiple instruments, covering a range of shock scenarios	Nascent

Social Protection Spending

Timor-Leste's spending on Social Protection is relatively high. The country has one of the highest spending rates in the developing world due to its generous budget allocation for Veterans' Pension. In 2019, its total Social Protection expenditure was seven percent of non-oil GDP which is far above the three percent GDP average across ASEAN countries. Excluding veterans, the spending corresponds to ASEAN regional average (World Bank, 2022).

Figure 6 Social Protection Spending in Select ASEAN Countries



Source: World Bank, 2022.

Disaster Risk Management Financing Policies and Strategy

Timor-Leste's main instruments for funding shock responses are the Contingency Fund and drawdowns from the Petroleum Fund. The Contingency Fund is used to finance emergency spending with approximately US\$20 million allocated yearly on average, although in 2021 it was increased to 4 percent of non-oil GDP in response to Tropical Cyclone Seroja.⁴² Moreover, in recent crises, resources from the Petroleum Fund were used to create new funds: for example, the COVID-19 Emergency Fund was capitalized with US\$219.5 million (CFE-DM, 2022). Despite this, stakeholders from both MSSSI and CPA have lamented that the process to access to the Contingency Fund is lengthy, which challenges their ability to respond quickly in times of crises. For MSSSI, they noted that these delays have resulted in increased reliance on donors and partners to provide timely response and in-kind contributions to vulnerable groups.⁴³ Another gap noted by stakeholders was the lack of financing mechanisms for ex-ante prevention and preparedness actions.

A disaster risk management financing policy would be an opportunity to guide the government on the financing of ex-ante resilience building and post-disaster response and recovery. Timor-Leste lacks a risk layering approach that combines financing instruments to match needs arising from different types of disasters.

⁴²<https://thediomat.com/2021/02/how-timor-leste-financed-its-covid-19-efforts/>

⁴³Based on informational meetings with MSSSI and CPA, January 2023.

Quantification of ex-post ASP costs

No quantification of future ASP needs has been conducted. This is because ASP is as its infancy in the country and developing such quantification requires a clear understanding of the response strategies as well as relatively rich information about previous shocks, household vulnerabilities and other factors. In addition, the amount of the Contingency Fund is based on historical needs rather than on an assessment of future needs. Quantification of ASP needs is critically important to estimate the budgetary needs in future crises. When done appropriately, countries should develop realistic estimations of the scale and range of required funding using existing data sources from the DRM, Social Protection and humanitarian sectors.

Disaster Risk Financing Instruments linked to Social Protection

There are limited financial commitments to fund the scale-up of Social Protection when needs arise. Programs can request funding from the Contingency Fund, but there is no specific instrument for ASP needs and no established triggers for financing ASP responses in times of crises. As such, financing responses in large scale disasters have been largely addressed on a case-by-case basis.

5 Conclusions and Policy Recommendations

In addition to the structural inequalities and the high level of poverty, Timor-Leste is highly vulnerable to climate change impacts and other shocks. These vulnerabilities highlight the importance and urgency of strengthening ASP to improve coping, preparedness and adaptive capacities of the poorest and most vulnerable in the country.

Timor-Leste possesses some solid foundations for a strong Adaptive Social Protection System. The country's SP spending is high; Government provides a range of social assistance programs to cover varied risks and vulnerabilities across the life cycle, including a suite of emergency safety nets; a social security system is in place to provide protections for workers; and there are clear policy and regulations establishing clear roles in both Social Protection and DRM.

Timor-Leste is in the processes of strengthening the foundations of its Social Protection system, while also making it more adaptive to shocks. For this reason, the GoTL is committed to investing in the expansion and strengthening of Social Protection – and the social assistance in particular – while also making programs and their administrative capacity flexible to support responses to shocks and promote household resilience.

Overall, this ASP assessment has found that Timor-Leste is operating at a maturity level classified as transitioning from nascent to emerging when assessed across the four Adaptive Social Protection building blocks of (i) Institutional Arrangements and Partnerships; (ii) Program Design and Delivery; (iii) Data and Information and (iv) Finance.

Among the four ASP building blocks, the Institutional Arrangements and Partnerships block is the most developed. This block is at an “emerging” stage because Social Protection and DRM policies and legislative frameworks exist, coordination bodies and mechanisms from both sectors are established by law, although they face important challenges in practice. The most promising aspect of this building block is that Social Protection legislative frameworks provide clear mandates for ASP. However, there is room to improve the clarity of Adaptive Social Protection responsibilities and actions in DRM coordination frameworks and policy. Both Social Protection and DRM have strong partnerships with non-government actors, although there is a risk of overreliance on such partnerships.

Regarding the Program Design and Delivery building block, the country is transitioning from nascent to emerging, with some important strengths for ASP, like the wide offer of social assistance and emergency safety nets, relatively high coverage, the ongoing improvement of some delivery mechanisms, benefit adequacy for select programs, and a shift towards electronic cash payments. Emergency safety nets are well established and with benefit amounts more adequate than regular social assistance programs. Recent experiences with COVID-19 have demonstrated the Government's ability to roll-out emergency programming in times of pandemics and in responses to economic crises. However, these programs have not been tested for expansion at scale during disasters caused by natural hazards. Programs like *Bolsa da Mãe*, which transfer cash to the poor and vulnerable in the country, and the delivery systems for the *Uma Kain* end of the year subsidy, a quasi-universal safety net, can be vehicles for delivering emergency support at large scale. However, the adequacy of some social assistance benefits is low, regular social protection programs have not been expanded vertically or horizontally in response to shocks, do not have protocols or contingency plans in place, nor have links to resilience building. Emergency safety nets in response to COVID-19 also faced issues with registration of non-conventional households and individuals. While recent increases in social assistance benefit amounts and service delivery improvements have addressed some of these challenges, they will need to be further built upon, particularly among flagship programs.

The Data and Information building block is mostly operating on a nascent level, with the existence of an integrated beneficiary registry, SIGAS, but the absence of a social registry and of current data on household vulnerability limits effective use of data and information for ASP purposes. Perhaps most challenging, is the outdated nature of household survey data, which hinders the ability to have an accurate understanding of current poverty and vulnerability. The absence of a social registry is also a missed opportunity for reaching non-beneficiary households affected by disasters. The country has also not systematically leveraged poverty and risk data for ex-ante planning and preparedness actions. There are also no experiences in the use of Social Protection data to inform shocks responses and there are no protocols for data sharing.

Finance presents a mixed picture from an ASP perspective, with the country transitioning from nascent to emerging. Timor-Leste has both a Contingency Fund and sovereign wealth Petroleum Fund in place, which are important instruments that can be leveraged for risk financing. However, Timor-Leste lacks a risk layering approach that combines financing instruments to match needs arising from different types of disasters. Furthermore, no quantification of future ASP needs has been conducted and there is also a lack of financial commitments to fund the scale-up of Social Protection. Finally, critical stakeholders have lamented that the process for accessing the Contingency Fund is slow, indicating that there is room to improve the speed of the Fund's use for ASP and DRM actions.

Policy Recommendations

Based on the Adaptive Social Protection assessment, this report outlines a list of policy recommendations for Government to consider in order to improve the system's ability to support effective preparedness, coping, and adaptive capacities among households. The list of policy recommendations is ordered by ASP building block; however, the assessment recognizes that ASP cannot be strengthened without addressing the performance of regular/foundational Social Protection. The recommendations to address the building block metrics that are most nascent are deemed most urgent and thus appear first among the list of policy recommendations. This report acknowledges that Government may need to prioritize what ASP actions need to be addressed given human and financial resource capabilities.

To begin with, it is crucial to continue strengthening the foundations of the regular Social Protection system. ASP actions depend largely on the overall Social Protection capacity in terms of the programs offered, their coverage, their administrative capacity, operational flexibility, etc. Stronger foundations will therefore lead to more effective ASP. The World Bank's review of Timor-Leste's Social Protection system proposes several recommendations to strengthen the country's Social Protection systems, which remain relevant today (World Bank, 2022). Such recommendations include increasing the efficiency of Social Protection spending, strengthening delivery systems, and implementing the NSSP, among others. The recommendations presented in this report are therefore intended to complement the overall recommendations for improving regular SP delivery, noted in the World Bank's Social Protection review (World Bank, 2022).

Institutional Arrangements and Partnerships

- 1. Ensure that DRM policies and legislative frameworks include ASP provisions.** The ongoing development of the Civil Protection emergency plan and other frameworks is an opportunity to clearly define the role of MSSI and other Social Protection actors in terms of both preparedness and response actions. See Box 2 below about how the Philippines embedded Social Protection in DRM legislation.
- 2. Mainstream DRM across sectors.** Ensure that policies and frameworks from different sectors and government levels mainstream DRM, that is, that they outline the responsibilities, procedures, and objectives in terms of DRM, particularly considering the needs of poor and vulnerable groups.
- 3. Improve the effectiveness of both Social Protection and DRM coordination mechanisms.** Both sectors are – by design – fragmented and require strong coordination mechanisms. Although frameworks and policies do establish coordination bodies, in practice their effectiveness is very limited. It would be therefore important to introduce measures to make these coordination mechanisms more enforceable in practice, including perhaps by introducing Standard Operating Procedures and Key Performance Indicators. There is

also room to improve the clarity of MSSl's role in DRM coordination frameworks at the national and sub-national levels. Finally, while the NSSP notes that a National Council for Social Protection and an Executive Secretariat for Social Protection will be established by 2030, there is no clear deadline for its establishment. It would therefore be important for Government to prioritize the establishment of the National Council and Executive Secretariat in the short term.

- 4. Include gender and social inclusion considerations in ASP-related policy and legislative frameworks.** Disasters disproportionately affect vulnerable populations such as women, children, the elderly, and people with disabilities. Female-headed households face greater challenges in accessing social services following a disaster, and displacement increases the risk of gender-based violence.
- 5. Develop an ASP strategy.** The strategy should align different programs and actors towards common goals. Given the wide range of emergency safety nets and social assistance programs in the country, it is important to develop a strategy that ensure a comprehensive and integral approach to ASP, clearly outlining institutional roles as well individual program responses in shock times. This will further build on the NSSP to provide more clarity on ASP actions and strategies for the sector.

Box 2: The Philippines: Social Protection embedded in disaster risk management (DRM) frameworks

The Philippines has a well-developed Social Protection system and a comprehensive legislative and institutional arrangement governing DRM. The respective policies of each sector explicitly recognize the role of Social Protection in disaster response. The DRM sector has a well-established and strong institutional framework articulated through the Disaster Risk Reduction and Management Act of 2010. The National Disaster Risk Reduction and Management Framework of 2011 and the National Disaster Response Plan, developed in 2015 based on the lessons learned from Typhoon Haiyan, elaborate the structures, roles, and responsibilities at different levels of government and across different departments. Within this framework, the Department of Social Welfare and Development (DSWD) is the lead on disaster response. The social welfare and development officers at the regional, provincial, and municipal levels are part of the action teams responsible for supporting disaster response. Beyond immediate response, DSWD also plays an important role during the rehabilitation and recovery phases following a disaster, with interventions and services that contribute to longer-term recovery. At the same time, the DSWD is the co-lead of the international humanitarian cluster system designed to coordinate government and humanitarian actors, and is the government's lead agency for the protection, food, and shelter clusters.

Source: Bowen et al (2022) based on Bowen 2015; Smith et al. 2017.

Program Design and Delivery

- 1. Conduct a thorough review of the emergency safety nets.** There is currently limited data and knowledge about these programs, particularly the subsidy to support repair or reconstruction work on damaged homes (*Rekuperasaun Uma Kain*). Such information would be key to develop a more integrated approach to ASP. Particularly, it would be important to fully assess each program's scalability, protocols for enrollment and eligibility, and delivery mechanisms. Improving any service delivery challenges that may delay delivery of emergency safety nets, or limit their scalability to a large number of affected households, should optimally be addressed ex-ante.
- 2. Continue the shift towards electronic payments mechanisms and expand choice across payment mechanisms.** It is crucial to evaluate new electronic methods and ensure that they are cost-effective, inclusive, and transparent, and in that case to scale them up. Such methods should also be designed to be flexible and scalable during crises - to select the most appropriate delivery mechanism depending on the post-shock operating environment and provide choice to the beneficiaries, so that they can access the benefits in the way that suits them best.

- 3. Improve benefit adequacy of social assistance programs.** Adequate benefit levels are an important ASP mechanism for ensuring coping capacity of poor households. When Social Protection benefits are adequate, beneficiaries are better able to smooth consumption and meet basic needs before shocks strike. In short, they are in a better position to cope with shocks than if the benefits were not adequate. It would therefore be important for Government to consider increasing social assistance benefits where too low to meet basic needs and updating annually to address changes in consumer prices.
- 4. Improve poverty-targeting and close lingering coverage gaps.** The new *Bolsa da Mãe* is piloting universal child grants. However, if the flagship *Bolsa da Mãe* continues to target poor households, then it will be important to improve the targeting accuracy and reduce errors of inclusion and exclusion, which affect not only core Social Protection goals but also ASP actions. Ensuring that still excluded poor households receive needed social assistance, will be critical to building resilience of the country's poor.
- 5. Develop protocols and a scalability framework for Social Protection program responses to shocks.** Attached to the Institutional Arrangements and Partnerships recommendation #5 about the development of an ASP strategy, those Social Protection programs that are meant to play roles in shock responses should develop protocols, plans and capacities to perform such duties. Countries like Ethiopia, Dominican Republic, Kenya, Lesotho, and Uganda have developed scalability frameworks, which serve as an example for Timor-Leste. In addition to developing a scalability framework, program protocols can be improved: for example, the *Rekuperasaun Uma Kain* Program, which is the main disaster response program, uses only housing damage as its metric for providing a cash transfer to households affected by disasters. It would be useful for this program to include considerations for livelihood losses and other basic needs to determine benefit levels and their purpose.
- 6. Beyond responses to shocks, ensure that programs promote household resilience.** Timor-Leste should better leverage Social Protection programs to improve household resilience through direct and indirect interventions. Cash-for-work programs can play an important role in immediate shock response actions, promoting adaptation to climate change and overall household resilience. In addition, MSI should better leverage *Bolsa da Mãe's* community development sessions to facilitate behavior change among beneficiaries among key resilience topics, such as disaster preparedness, livelihoods diversification and sustainable livelihoods etc. Countries such as the Philippines have leveraged these sessions effectively to improve resilience of beneficiaries (Williams et al, 2022). Additionally, such beneficiary education initiatives can be expanded to other programs and coupled with complementary measures to achieve such objectives.

Box 3: Scalability frameworks for ASP

Scalability frameworks include rules and parameters for the expansion of one or multiple programs simultaneously in response to different shock scenarios. These frameworks are typically designed to respond to recurrent shocks and use historical data to estimate future ASP needs. The objective is to frontload key decisions as much as possible, so that when a shock hits, protocols are activated and there is no need to design new interventions. Ideally, these frameworks are supported by financial commitments, but that is not always the case. The core parameters that the framework aims to address are:

- ✓ **When to respond?** – It is recommended to establish objective triggers, based on early warning data, if possible, to activate the deployment of the program/s. Alternatively, the declaration of emergency or a ministerial resolution has been used in some cases.
- ✓ **Where to respond?** – Responses should be geographically targeted.
- ✓ **Which households?** – Households benefitting from an existing program (vertical expansion), poor or vulnerable households not in an existing program (horizontal expansion), everyone in the catchment area except for those better off (affluence test), or all households in an affected area (universality)? Any combination of these?
- ✓ **How much?** – Although the amount may depend on the magnitude of the shock, it can be agreed beforehand based on estimates with historical data.
- ✓ **How often?** – The frequency is going to depend largely on the nature and scale of the shock but also on the capacity of programs to deploy responses.

Bolsa de Mãe and the *Uma Kain* end of year subsidy are currently the main programs that could be prepared and used as platforms to respond to shocks, particularly for vertical expansion. *Bolsa de Mãe* is the main cash transfer program reaching the poor and vulnerable, with fairly robust – and evolving – delivery systems, and it is established as a key component of the social assistance system in Timor-Leste. *Uma Kain*, on the other hand, is more recent and it was designed as a nation-wide emergency support program. It has universal coverage, what makes it a good vehicle for reaching those who are not beneficiaries of Social Protection, but decisions and concrete actions must be taken if the program is to be fully integrated into the Social Protection system, e.g. improvement of delivery mechanisms etc. Even if *Uma Kain* is discontinued at some point, its registry can be used to inform other responses (horizontal expansions of other programs, the development of new emergency programs), and efforts should be made to ensure its dynamic update over time.

Importantly, international experiences show that a program does not need to be fully developed, this is, mature, to be used to provide support after a shock: it has to be strong enough, and both *Bolsa de Mãe* and *Uma Kain* are. Beyond this, the *Rekuperasaun Uma Kain* (previously Natural Disaster and Social Conflict Recovery Program) is an established emergency safety net for households affected by disasters with clear response protocols and benefit amounts, linked to household assessment. The delivery mechanisms and operational processes for this program can be strengthened, particularly to embed strengthened processes for horizontal expansion following disaster events.

Finally, Timor-Leste has in place various emergency safety net programs that can support people affected by most frequent but smaller scale disasters.

Data and information

- 1. Update poverty data and collect data on household vulnerabilities.** To ensure that Social Protection and ASP actions are responsive to current needs, it would be critical for the GoTL to establish a systematic process to routinely collect poverty data. Currently household survey poverty data dates back to 2014. Efforts are underway to collect a new nationally representative poverty survey, but Government should also ensure financing for routine collection of such data in the future, to better inform policy decisions. Given the country's size and recent advancements in survey technologies, such costs are not likely to be burdensome. It would also be important to complete the vulnerability mapping being conducted by MSSSI and develop mechanisms for continuing to collect such data regularly and frequently.
- 2. Improve SIGAS, prepare it for shocks responses, and ensure that it becomes the integrated beneficiary of all MSSSI programs and possibly of other programs too.** Currently there are some MSSSI programs that have separate management information systems operating independently from SIGAS. The system also doesn't include beneficiary information on some of the largest programs, such as the Veteran's Pension. SIGAS will become a stronger tool as more programs are included or if interoperability mechanisms with other beneficiary systems are developed. Moreover, it is important to develop the capacity and protocols for SIGAS data to be used to inform both preparedness and response actions, including vertical expansions. This can be done by ensuring that beneficiary payment information is up-to-date, so rapid vertical expansion across SIGAS programs can be made quickly following shocks. Beneficiary data can also be leveraged for information and education campaigns to improve beneficiary preparedness and resilience, and to facilitate provision of complementary benefits to improve resilience.
- 3. Consider developing a dynamic and wide-coverage social registry to serve as an eligibility gateway for Social Protection and other programs.** The development of such a registry may depend on the eligibility criteria of the main programs: social registries are typically designed to support poverty targeting, but can be used to support intake for a range of programs, included for Education, Skills and Jobs, Health etc. For instance, Chile has leveraged their registry to serve as the intake gateway over 80 Government programs in a variety of sectors (Leite et al, 2017). If the Government opts to develop a social registry, it would be important to ensure that it can facilitate dynamic intake and updates, so households wishing to be included can access it easily and data can be updated routinely. For the purpose of ASP, the social registry should also ensure that at a minimum, the poorest households and those most at risk to shocks are included in the system. However, if programs like *Bolsa da Mãe* will become universal, then developing such registry may not be the best policy option. If a social registry is developed, it can be used to inform ASP actions, including horizontal expansions in times of crisis.
- 4. Strengthen the mechanisms and capacity for conducting post-disaster needs assessments and their links to ASP actions.** Government has taken recent steps to improve the integrated collection of post-disaster data to inform multi-sector responses. Some potential areas for further improving their relevance to ASP, include adding additional variables relevant to Social Protection responses, including if households already receive SP benefits and which; and questions on broader income and livelihood impacts resulting from the disaster. It would also be imperative to transition from paper-based data collection, to digitized format (with offline capability) and a dedicated information system to facilitate rapid use of the collected data and data sharing across agencies. Ideally such a system could be linked to other information systems such as SIGAS for pre-populating data ex-ante and/or verifying data ex-post. Countries such as Chile and Jamaica provide good examples of using such instruments for coordinated ASP responses. The role of partners in conducting such assessments is important, but mechanisms and funding should be designed to ensure government ownership.
- 5. Enhance interoperability across SP and DRM systems and develop protocols for data sharing.** Making SIGAS and other systems interoperable so that data can be exchanged frequently, rapidly, and securely, can allow improve ASP actions. Some actions to consider include using interoperability across SP and DRM related systems, for instance cross referencing hazard and poverty maps to identify areas that need to be

prioritized for ex-ante and ex-post actions. For instance, using risk information and poverty data, Kenya registered close to all households (nearly 300,000) in four participating high-risk counties and pre-enrolled them for post-shock safety net support, giving them bank accounts into which post-shock payments could be deposited (World Bank, 2020). This demonstrates one of the ways in which interoperability can be leveraged for ex-ante actions. For this purpose, the development of a unique identification system is key (Box 1). It would also be important for a central ministry or agency with sufficient oversight to establish data sharing protocols and rules that can be adopted and adhered to.

- 6. Strengthen the EWS and link it to ASP actions.** Establish protocols to use EWS data to inform ASP actions. Specifically, EWS data can be leveraged to define triggers for ASP responses. For instance, Kenya's National Drought Management Agency monitors drought conditions and cash transfers are paid from the subsequent month if the triggered drought conditions are met. The duration of the scaled-up payment is directly linked to the data provided in Kenya's Vegetation Condition Index (World Bank, 2020). Timor-Leste can consider establishing such triggers to facilitate immediate scale-up of either benefits, or beneficiaries, or both, once a relevant shock occurs. To do this, it would be important to improve multi-hazard EWS infrastructure and instrumentation to have broader geographic coverage and to better provide early warning data for hazards other than floods.

Finance

- 1. Quantify ASP future needs based on different risk scenarios.** It is key to estimate future ASP needs based on the ASP strategy developed as per the recommendation #5 under Institutional Arrangements and Partnerships to ensure that the financial resources are going to be in place when needed. This quantification should take into account the major shocks that are likely to affect the target population and how frequently they occur; the areas of the country or segments of the population that are most likely to be affected; the optimal responses needed to help the identified populations to cope with or recover from the immediate impacts and how long the assistance be required (World Bank, 2020). If done for Timor-Leste, this quantification can provide the Ministry of Finance with a clearer idea of the optimal resource allocation for ASP responses to be included in the Contingency Fund. The development of scalability frameworks in Ethiopia, Kenya and Uganda included quantifying some future ASP needs.
- 2. Improve the speed and efficiency of processes to access the Contingency Fund.** Both CPA and MSSSI noted that there were lengthy processes to access the Contingency Fund. Given the emergency nature of their operations, it would be crucial to streamline the processes to access the Contingency Fund to avoid delays in ASP and DRM responses as well as to reduce the reliance on external partners to fill such gaps while awaiting access to the Contingency Fund. A process evaluation would be a good start to assess exactly where the institutional and bureaucratic bottlenecks causing the delays are. This can then be followed-up by concrete procedural reforms to address stress points in the process.
- 3. Establish clear links between disaster risk financing instruments and ASP funding during crises.** It would be important for the GoTL to establish systematic links between risk financing instruments and ASP funding. A disaster risk management financing policy could highlight the government's direction for ASP development, such as institutional coordination mechanisms, ASP program options and costings and enhancing management information systems. This could include using ASP quantification, ASP strategy and emergency program protocols (all recommended previously in this report), to define triggered financing for ASP actions from existing risk financing instruments, particularly the Contingency Fund and/or Petroleum Fund. Optimally, these processes and protocols should be developed prior to the shock. If done, this will create a shift from ad-hoc reactionary budget requests for ASP actions, to one where financing for ASP responses is automatically triggered when established criteria are met. A comprehensive disaster risk management financing policy should define these links clearly.

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GLOSSARY⁴⁴

Adaptive Social Protection (ASP) helps to build the resilience of households that are vulnerable to shocks through direct investments that support their capacity to prepare for, cope with, and adapt to shocks: protecting their wellbeing and ensuring that they do not fall into poverty or become trapped in poverty as a result of the impacts.

Adequacy refers to if a benefit is sufficient and provided for an appropriate duration to cover needs.

Beneficiary registry is a database containing data on beneficiaries and benefits to support beneficiary monitoring, program management and implementation.

Conditional Cash Transfers provide money to poor families contingent on them making investments in human capital, such as keeping their children in school or taking them to health centers on a regular basis.

Conditionalities (or Co-responsibilities) are the set of obligations that each beneficiary household must comply with in order to continue receiving cash benefits. Common examples include school attendance, health visits, labor / work efforts.

Disaster Risk Management refers to processes for designing, implementing, and evaluating strategies, policies, and measures to improve the understanding of disaster risk, foster risk reduction and transfer, and promote continuous improvement in disaster preparedness, response, and recovery practices, with the explicit purpose of increasing human security, wellbeing, quality of life, and sustainable development.

Early Warning System refers to the set of capacities needed to generate and disseminate timely and meaningful warning information to enable individuals, communities, and organizations threatened by a hazard to prepare and to act appropriately and in sufficient time to reduce the possibility of harm or loss.

Eligibility refers to a state in which individuals, families, or households are entitled or qualified to receive a benefit or service because they satisfy certain criteria.

Eligibility Criteria are the factors used to determine whether an individual, family, or household is eligible (inclusion criteria) or not eligible (exclusion criteria) to participate in a program.

Interoperability refers to the ability to exchange and make use of data. It includes protocols and agreements, security and privacy measures, human and technological capacities, among others.

Integration refers to the consolidation of delivery processes by two or more programs, like for example, the processes of data collection or needs assessments.

Management Information Systems – a system that transforms retrieved data from a program’s database/register (or, in some cases, different databases linked to different modules) into information that can be used for efficient and effective program management.

Preparedness (in the context of DRM) is the knowledge and capacities developed by governments, professional response and recovery organizations, communities and individuals to effectively anticipate, respond to, and recover from, the impacts of likely, imminent or current hazard events or conditions.

⁴⁴The terms in this glossary are referenced from: Grosh, Margaret; del Ninno, Carlo; Tesliuc, Emil; Ouerghi, Azedine. 2008. *For Protection and Promotion: The Design and Implementation of Effective Safety Nets* (World Bank); Lindert, K. George, T. et al. 2020. *Sourcebook on the Foundations of Social Protection Delivery Systems* (World Bank); Bowen, T., del Ninno, C. et al. 2020. *Adaptive Social Protection: Building Household Resilience to Shocks*. (World Bank); World Bank, GFDRR, and Government of Japan, 2012. *The Sendai Report: Managing Disaster Risks for a Resilient Future*; United Nations Office of Disaster Risk Reduction. *Terminology*; and World Bank. 2014. *Financial Protection Against Natural Disasters: An Operational Framework for Disaster Risk Financing and Insurance*.

Prevention (in the context of DRM) refers to activities and measures to avoid existing and new disaster risks.

Resilience (in the context of DRM) refers to the ability of a system, community or society exposed to hazards to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management.

Social assistance (or social safety nets) are non-contributory transfers in cash or in-kind and are usually targeted at the poor and vulnerable or at disadvantaged populations like children of the elderly.

Social Protection refers to a set of public interventions aimed at helping individuals, families, households and communities especially the poor and vulnerable, cope with crises, manage risk, find jobs, invest in the health and education of their children, and protect the aging population. Social protection includes safety nets (social assistance), social insurance, labor market policies, and social services.

Social registry support processes of outreach, intake and registration, and assessment of needs and conditions to determine potential eligibility for a social program(s). They contain information on all registrants, whether or not they are deemed eligible for, or enrolled in, a select social program.

Social security / insurance are contributory transfers in cash to protect of the individual against economic hazards such as unemployment, old age, or disability.

Traffic-Light Assessment Tool

Dimension	Definition	Nascent	Emerging	Established
Institutional Arrangements and Partnerships				
SP and DRM Policy and legislative frameworks	The existence and relevance of national SP and DRM policies and strategies and their adequacy/ appropriateness.	There are no SP or DRM national policies or strategies.	National policies or strategies are in place, but they are either outdated, have no legal basis, or are only partially operationalized.	Policies and strategies are up-to-date, have legal foundations and are fully operationalized.
SP and DRM institutional capacity and coordination	Examines SP and DRM institutional capacity coordination structures.	Capacity is very weak (i.e. inadequate staffing) and SP/DRM are delivered in silos, with no/limited coordination among agencies.	Capacity is constrained and there is some coordination among SP/DRM agencies on the basis of quasi-legal structures.	Capacity is adequate and delivery is well-coordinated with limited overlap and effective information sharing, and governed by formal legal structures.
Clear mandate for ASP	The extent to which the use of SP in response / or in advance of shocks is explicitly supported by national SP and/or DRM policies and strategies	No mention of ASP in SP or DRM policies, legislation or strategy documents.	Some mention of ASP in SP and / or DRM policy documents. However, references are not clear or specific regarding roles and responsibilities / implementation arrangements. Role of subnational actors not articulated / ASP is absent in subnational policies.	ASP is a clear element of SP and /or DRM policy and strategy at the national and local levels.
Partnerships with non-government actors	The mechanisms and agreements in place for coordination with humanitarian actors, development partners and civil society, as well as recent partnership experiences.	Non-government and government SP interventions are delivered in parallel after a shock with little or no coordination.	Some partnerships with non-government actors when responding to shocks, on an ad-hoc basis.	Role of non-government actors (financial, technical, capacity) in response defined ex-ante in protocols and MoUs.
Program design and delivery				
Social protection coverage	Examines the coverage of social protection and social assistance programs, and in particular of programs that provide support to poor households.	Coverage of the main poverty reduction SP programs among the poor is low.	There is reasonable coverage of the main poverty reduction SP program among the poorest.	There is broad coverage of the main poverty reduction SP program among the poor.
Benefit adequacy – regular SP	The extent to which current social protection assistance meets households’ consumption needs.	Benefits for regular SP are not adequate and do not facilitate effective consumption smoothing.	Benefits for regular SP are fairly adequate for consumption smoothing.	Benefits for regular SP are adequate, facilitate consumption smoothing and improved nutrition and resilience (where applicable).
Benefit adequacy – Emergency SP	The extent to which Emergency SP benefits help affected households maintain consumption and welfare and address post-shock household needs.	Emergency SP benefit levels do not enable households to maintain pre-shock consumption.	Emergency SP benefits help households cover a significant portion of pre-shock consumption but does not fully address all post-shock needs.	Emergency SP benefits fully covers pre-shock consumption and helps address most or all post-shock needs.

Dimension	Definition	Nascent	Emerging	Established
Eligibility criteria and poverty targeting	The extent to which social assistance targeting processes are effective in identifying the populations that are eligible for programs.	Targeting methods rely on subjective assessments and/or on undocumented processes.	Some programs rely on objective and transparent methods while others still rely on subjective assessments or undocumented processes.	Targeting for all programs is based on objective, transparent and timely methods.
Enrolment in Emergency SP programs in times of shock	The existence of mechanisms to enrol affected households to Emergency SP programs	No mechanisms designed or prepared to enrol new beneficiaries in times of shock.	Mechanism for in person self-enrollment in times of crisis is in place. No other mechanisms have been designed or prepared.	There are multiple mechanisms for enrollment in times of crisis, including: self-enrollment in person and by phone or internet, automatic enrollment.
Social protection benefit delivery modality	How transfers are delivered i.e. through manual or electronic payments.	Most transfers are delivered through manual or rudimentary mechanisms.	Most cash transfers are delivered electronically, but limited to a single delivery mechanism. In-kind transfers are delivered at large scale but not efficiently.	All cash transfers are delivered electronically and there are options for benefit delivery to provide beneficiary choice. In-kind transfers are delivered at large scale and efficiently.
Experience of scaling SP	The extent to which programs have previously provided additional temporary support during or after shock to existing beneficiaries (vertical expansion) or to non-beneficiaries (horizontal expansion) or launching emergency programs, which could reach beneficiaries and/or non-beneficiaries.	Never implemented.	Some experience though with limited effectiveness (timeliness, coverage and adequacy) or limited to certain shock types.	Done on a large scale / several times effectively (timeliness, coverage, adequacy) for varied shock types.
Use of SP programs to enhance resilience	The extent to which SP programs are risk informed and use direct (e.g. beneficiary education; cash-for-works projects) or indirect measures (complementary measures and linkages) to build resilience of beneficiaries to shocks.	SP benefits are not risk informed nor do they provide any direct or indirect activities to help improve beneficiary resilience to shocks.	SP benefits are somewhat risk informed and/or provide direct or indirect activities to help improve beneficiary resilience to shocks – but activities are ad-hoc or have low coverage.	SP benefits are risk informed and provide direct and/or indirect activities to help improve resilience to shocks among most or all beneficiaries and these mechanisms are institutionalized in delivery.
Protocols and Contingency Plans	The availability of protocols and plans for ASP, which establishes clearly how social protection should respond to shocks.	No contingency protocols for business continuity and / or for scaling up after a shock.	SP delivery agencies have developed some protocols for continued operation post shock based on past experience. Few programs have protocols and contingency plans in place for scaling up, although they have not yet been tested / operationalized.	Protocols and plans are in place for most programs, have been tested / operationalized and are regularly updated.

Dimension	Definition	Nascent	Emerging	Established
Data and information systems				
Beneficiary registries	The availability of digital beneficiary registries to manage SP programs and the level of interoperability and integration among them.	No beneficiary registry, or if in place, it is paper or excel-based.	Main programs have digital beneficiary registries, but these are independent single program registries with limited integration.	All SP beneficiary registries are digital and integrated and interoperable with other systems.
Social Registries	The availability of social registries to identify individuals and households eligible for SP programs, the quality of the data they contain (in terms of completeness, accuracy, accessibility, relevance, and currency), and the degree of interoperability and integration.	No social registry or very old.	Social registry in place, but supports a single program, is static, or has very small coverage of the population or those most at risk.	Social registries are in place, current, dynamic, and cover a large share of the population and those most at risk from shocks. Have also a good degree of integration and interoperability.
Data on disaster risk and household vulnerability	The extent to which data on household vulnerability is available and of good quality (highly disaggregated/granular and up to date) and used for ASP actions.	Limited household risk and vulnerability data collection systems (not developed, out-date or rudimentary).	Some household risk and vulnerability data and analysis in place although with some limitations in terms of quality, timeliness and not well used to inform shock responses / as an input into contingency planning.	High quality and comprehensive household risk and vulnerability data and analysis in place and used to inform planning and implementation of ASP actions.
Early warning (EW) data	The availability of timely and accessible early warning data and actionable warning to all users, including the poor and vulnerable, and inform ASP actions, including established triggers.	Limited EW capacity: alerts and data are produced but do not lead to actionable warnings.	EW alerts and data are produced and lead to actionable warnings, although they do not inform ASP actions.	EW alerts and data are timely and accessible and lead to actionable warnings, and inform ASP actions, including set triggers to SP scale-up.
Post-shock needs assessments	The capacity to conduct post-disaster household needs assessments to inform ASP actions and the utility of such data to inform ASP responses.	No post-disaster needs assessment process in place at large scale is very low (i.e. serious delays in conducting the assessments, over-reliance on humanitarian actors).	Needs assessments are conducted, but with limited capacities, and have informed social protection shock responses on ad hoc basis (not based on protocols, standardized questionnaires, etc.).	Needs assessments are conducted at large scale, relying electronic data collection methods, and databases are linked to SP information systems. There are protocols and mechanisms in place for post-shock needs assessments to inform social protection responses.
Use of pre-existing data to inform ASP shock response	The use of SP, DRM and EW data already available to inform ASP responses.	Pre-existing EWS, HH risk and vulnerability data is not used to inform ASP responses.	Some data is used to inform ASP responses, but on ad-hoc basis and responses are not leveraging all relevant information sources.	All relevant data sources are leveraged for ASP responses systematically.

Dimension	Definition	Nascent	Emerging	Established
Data sharing protocols with internal / external partners	The capacity, in terms of protocols, MoUs and technical solutions, to share data across government sectors and with external partners.	There are no protocols or MoU in place. Data is either not shared or shared without proper legal and technical backing.	There are some protocols or MoU in place, however, data is still shared without adequacy legal and technical backing.	Data is shared with proper legal and technical backing through MoU, protocols, etc.
Share of the population has a Government-authorized ID	The extent of ID coverage across the population.	0-40%	41-80%	Over 80%
Finance				
SP spending	The proportion of GDP spent on SP and social assistance, as a good indication of levels of government commitment to SP and the maturity of the system.	SP spending is lower than other comparable regions and countries and relies heavily on external financing and is unpredictable.	SP spending is similar to other comparable regions and countries and SP spending is mostly reliable and domestically funded.	SP spending compares favorably with comparable regions and countries and SP is domestically funded, consistent, reliable and sustainable.
DRF policy and strategy	Whether the government is proactively managing disaster risk by putting in place disaster risk financing (DRF) policy and legislation. This would include legal provisions and frameworks for DRF policy and instruments in place across ministries and at different levels of government.	No DRF strategy or policy documents exists.	Some DRF policies or strategies exists but are not backed by legislation or aligned financial instruments.	Comprehensive (risk layered) DRF strategy exists for range of shocks with supporting legal / financial instruments in place.
Quantification of Post-Shock ASP Costs	Whether the government has made efforts or put in place systems/models to calculate the costs of providing (or not) a minimum SP response during / in response to disasters	The estimated costs of responding to shocks with social protection have not been quantified.	A basic costing has been undertaken for using social protection to respond to the primary shock faced by the country, but it is not used to inform financing strategies for ASP.	Analyses have been undertaken for a range of possible shock types and estimated costs are used to define the financing strategy for ASP
Disaster Risk financing mechanisms for social protection	The extent to which a government has DRF mechanisms in place to pre-finance social protection responses via multiple instruments, covering a range of shock scenarios	No specific financing instruments earmarked for social protection, social protection response fully dependent upon budget reallocation and appeals / external aid.	Some financing instruments have been identified and earmarked for social protection response, but they are normally inadequate / expected to be inadequate based on quantification of post-shock costs	A range of pre-agreed instruments are in place to quickly cover the anticipated cost of responding to shocks of different types and severities with social protection

