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Assessing social protection adequacy in the Occupied Palestinian Territory

Transfer value determination mechanisms for national and humanitarian social assistance schemes

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Acronyms

CPI	consumer price index
CTP	Cash Transfer Programme
CWG	Cash Working Group
DG ECHO	Directorate-General for European Civil Protection and Civil Aid Operations
EUREP	European Union Representation in Palestine
FEB	food expenditure basket
FSNAU	Food Security and Nutrition Analysis Unit
GDP	gross domestic product
GPC	Gaza Protection Consortium
ILO	International Labour Organization
kcal	kilocalorie
MEB	minimum expenditure basket
MoF	Ministry of Finance
MoSD	Ministry of Social Development
NGOs	non-governmental organizations
NIS	new Israeli shekel (currency unit)
OPT	Occupied Palestinian Territory
PA	Palestinian Authority
PECS	Palestine Expenditure and Consumption Survey
PEGASE	EU Funding Mechanism to Support the Palestinian Reform and Development Plan
PMT-F	proxy means-test formula
PMU	Programme Management Unit
PwD	person with a disability
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
SDC	Swiss Development Cooperation
SDGs	Sustainable Development Goals
SMEB	survival minimum expenditure basket
SPCVA TWG	Social Protection, Cash and Voucher Assistance Thematic Working Group
SPF	social protection floor
SRSP	shock-responsive social protection
TV	transfer value
UNICEF	United Nations Children’s Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSDCF	United Nations Sustainable Development Cooperation Framework
WFP	United Nations World Food Programme

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Executive summary

This report examines the Palestinian National Cash Transfer Programme (CTP) in terms of the methods currently used to determine levels of benefit and their potential alternatives. It also assesses opportunities to align transfer value determination approaches by applying criteria derived from international labour standards. The CTP operates across the Occupied Palestinian Territory (OPT), and is being implemented by the Ministry of Social Development (MoSD).

The CTP's design is unique to other cash transfer programmes in the region in that it adopts a proxy means-test formula (PMT-F) for both eligibility and transfer value determination. For eligibility purposes, the PMT-F is used to select beneficiary househodls who fall below the deep poverty threshold. For tranfer determinaton purposes the PMT-F is used to estimate the deep poverty gap (i.e. the shortfall in mean income from the deep poverty line) of eligible beneficiaries. Based on this formula, the programme then determines a "transfer value" (TV) that meets 50 per cent of this gap, with beneficiaries receiving 250–600 new Israeli shekels (NIS) per month. Recent analysis by the International Labour Organization (ILO) has shown that the PMT-F significantly underestimates the actual level of "deep poverty",[1] particularly for those most in need and causes significant exclusion errors.[2] Given the unique design of the programme, the limitations of the PMT-F have repercussions on both targeting and transfer value detemination.

When considered with the upper and lower thresholds applied to the transfer value, current cash transfers amount to to 20 per cent (instead of 50 per cent) of the actual deep poverty gap for the poorest 10 per cent of the population. In addition to exclusion errors and other distortions in calculating the transfer value, the inappropriateness of the current formula also raises concerns in terms of transparency, predictability and robustness.

International agencies, particularly UNRWA, the WFP and UNICEF, maintain additional humanitarian-based social safety nets in collaboration with the Ministry of Social Development and the CTP.

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[1] In the Occupied Palestinian Territory, the term "deep poverty" is calculated as a proportion of the national poverty line to reflect a minimum acceptable budget for food, clothing and housing. Households are assumed to be in deep (i.e. extreme) poverty if their total expenditure (all food and non-food goods and services) is below the deep poverty line. The Palestinian Central Bureau of Statistics (PCBS) estimates the poverty line for a reference household of five individuals (two adults and three children) at 2,470 shekels per month, and the deep poverty line is deemed to be 1,974 shekels per month.

[2] Tareq Abuelhaj et al., *Targeting by Proxy: An Assessment of Targeting Efficiency of the Proxy Means Test in the Occupied Palestinian Territory* (ILO, 2022).

These and other humanitarian organizations use a disparate range of approaches to targeting, transfer modality and transfer value calculations. The lack of data-sharing and interoperability means that duplication is common and the strategic layering of assistance for the most vulnerable is difficult. From a transfer value determination perspective, Cash Working Groups (CWGs) in the Occupied Palestinian Territory have developed a minimum expenditure basket (MEB) reference, and many humanitarian actors have aligned with this standard. The resultant transfer value (either 1,081 or 1,240 shekels per month) is much higher than the transfer values calculated by the CTP.

Current funding and implementation models used by development and humanitarian donors have, in some cases, led to a misalignment in transfer values between programmes that are working towards similar goals. Potentially, both approaches could be supported in a more strategic way, with interoperable databases (or a unified social registry) – a key factor to improving efficiency and eventually aligning approaches and transfer values.

Development donors are somewhat at odds with humanitarian donors, who are seeking to maintain their role of funding exclusively humanitarian actions within a context of a highly complex political environment. In contrast, development actors would prefer to see longer-term funding that is better aligned with social protection. There is the potential to support both approaches in a more strategic way, with interoperable databases (or unified social registry) to improve efficiency, and clear pathways for people affected by shocks to navigate from short-term to longer-term support as required.

Coordination structures and the standards they set (i.e. the MEB and transfer values recommended by CWGs) are divided between humanitarian causes and development programmes, with the exception of the newly established Social Protection, Cash and Voucher Assistance Thematic Working Group (SPCVA TWG). The latter represents a welcome opportunity to bring operational agencies closer to donors and the Ministry of Social Development.

The report proposes a number of options to reform current transfer value determination mechanisms, with the aim of improving the adequacy of cash assistance in the Occupied Palestinian Territory and supporting the coordination, coherence and potential harmonization of such mechanisms. The impact of inflation is also considered, and recommendations are intended to improve shock-responsive social protection (SRSP) programmes in the future.

Disclaimer: This paper was prepared before 7 October 2023.

Guiding principles

Adequate social protection benefits are essential for achieving national development goals and meeting the Sustainable Development Goals (SDGs). The principles set out in the ILO Social Protection Floors Recommendation, 2012 (No. 202),[3] and the Social Security (Minimum Standards) Convention, 1952 (No. 102),[4] reflect an internationally accepted rights-based approach for ensuring the adequacy and predictability of benefits. Social protection floors set a basic benchmark for social protection systems. The level of benefits in Recommendation No. 202 can be considered adequate if it provides beneficiaries with sufficient means to a life of dignity. Long-term benefits can be considered adequate when they also protect against the erosion of purchasing power (see Convention No. 102, Articles 65 and 66). This means that the social protection systems should provide for periodical adjustments to benefits in line with changes in living costs.

Based on these principles, four dimensions have been derived from international labour standards against which to assess the effectiveness and impact of transfer value determination mechanisms with respect to programme objectives (poverty reduction in the case of the CTP, and meeting humanitarian needs in the case of humanitarian programmes), and their contribution towards social cohesion and social inclusion. The four dimensions include:

1. **Adequacy**. The extent to which the level of benefit is enough to enjoy minimum decent standards of living, including periodic adjustments in line with inflation.
2. **Equity**. The degree to which the benefit is distributed fairly and equitably among the target population and – if benefits are scaled depending on household characteristics – the degree to which the poorest and most vulnerable receive progressively higher levels of benefits in correspondence with higher needs.
3. **Transparency**. The degree to which the transfer value determination mechanism can be communicated, understood and accepted by the general population.
4. **Adaptability/robustness**. The extent to which the transfer value determination mechanism is robust and responsive to changing needs and circumstances, including the ability to adapt to dynamic structural changes.

Reform options for the CTP

The report considers three main options for determining the transfer value in the CTP:

1. **Current method: PMT-F score with upper and lower thresholds in place.** This method aims to pay 50 per cent of the deep poverty gap. The PMT-F score is used to estimate the recipient's poverty level, which, in turn, determines the transfer value.

[3] ILO, "R202 - Social Protection Floors Recommendation, 2012 (No. 202)", NORMLEX database, accessed 13 May 2023.
[4] ILO, "C102 - Social Security (Minimum Standards) Convention, 1952 (No. 102)", NORMLEX database, accessed 13 May 2023.

Upper and lower thresholds are applied to the resultant value, meaning that the total monthly transfer value ranges between 250 and 600 shekels.

2. **Current PMT-F without an upper threshold.** Same calculation method as (1) but without an upper threshold. The lower threshold is maintained, as its removal would have a limited impact on poverty but would result in high transaction costs for very small transfers. The monthly transfer value would range between 250 and 2,000 shekels.

3. **Alternative transfer value determination method based on life-cycle vulnerabilities (i.e. household composition and demographics).** This method aims to cover life-cycle vulnerabilities at the individual level (e.g. childhood, old age and disability), with transfer values determined in line with international experience and benchmarks. These individual transfers are then aggregated to the household level.

   At the individual level, monthly transfer values are calculated as 200 shekels for older persons, 250 shekels for persons with a disability (PWD) and 75 shekels per child (up to 18 years old). Monthly transfer values at the household level would range between 375 and 1,225 shekels.[5]

Other approaches based on household size and the per capita poverty gap were also considered.

Assessment of the current PMT-F transfer value determination method

Adequacy

The current CTP transfer value aims to meet 50 per cent of the deep poverty gap. This is generally considered inadequate in terms of meeting a household's basic needs, particularly for large families. PMT-F errors, together with the impact of upper and lower thresholds, produce an estimate that reflects only 20 per cent of the actual deep poverty gap among the poorest 10 per cent of the population, and just 24.5 per cent for the remaining population under the deep poverty line. Removal of the upper and lower thresholds would result in a slight improvement, with an average transfer value of 35 per cent of the deep poverty gap for the poorest 5 per cent. However, this level is still vastly inadequate for providing a minimum decent standard of living.

Periodic adjustments to the transfer value to meet changes in the cost of living are necessary for maintaining adequacy over time, but the current CTP does not account for inflation. Ideally, periodic adjustments should be integrated into the transfer value determination mechanism.

[5] This includes an additional payment to those few households eligible under the CTP, but which would not qualify for any transfer based on life-cycle vulnerabilities.

Equity

As a targeting tool, the PMT-F is neither efficient nor equitable; exclusion errors can be as high as 40 per cent. As a determination mechanism, the PMT-F tends to underestimate the transfer value for the poorest households but overestimate it for the least poor households, leading to inequities. Removing the upper threshold reduces inequity but does not improve the accuracy of poverty gap estimates. Previous ILO research has found that transfer determination errors were compounded by the application of upper limits on the transfer value, and most heavily penalized the poorest households.[6]

The PMT-F underestimates the deep poverty gap for the poorest 10 per cent. In addition to this, the PMT-F overestimates the poverty gap. Removal of the upper threshold increases the transfer value for the poorest (and often largest) households, but does not completely close the gap in terms of what families need. For the very poorest percentile, the transfer value amounts to approximately 30 per cent of the actual deep poverty gap, compared with 20 per cent when the upper threshold is applied. Removing the lower threshold does not make a significant difference.

Overall, the PMT-F is a poor estimate of the deep poverty gap and thus inadequate for determining transfer values for the poorest.

Transparency

To build social cohesion, transfer values (alongside other aspects of social protection) should be transparent in the way they are determined, so that benefits may be clearly communicated to beneficiaries. Transparent methods help maintain accountability as potential beneficiaries can understand and claim their entitlements.

The PMT-F is a highly complex instrument, and uses a formula composed of 58 weighted indicators to derive scores that determine the transfer value. This is very difficult to explain to beneficiaries and those excluded, leading to confusion among claimants.

Moreover, the final weightings and indicators are not shared openly with the population – or even with other social protection actors and organizations. Such difficulties in explaining the methods of an opaque "black box" means that issues with accountability may arise, since claimants are unable to understand their entitlements and civil society organizations are unable to assist them. Potential beneficiaries, therefore, struggle to articulate their eligibility for entitlements through grievance mechanisms.

Adaptability/robustness

The PMT-F approximates a household's level of poverty at a static moment in time. If data is sampled infrequently, this can limit the transfer value's ability to adapt to changes in household needs over time.

[6] Tareq Abuelhaj et al., *Targeting by Proxy* (ILO, 2022).

In particular, both the poverty line and beneficiary data are infrequently updated in the Occupied Palestinian Territory. The poverty line is revised according to the 5-yearly Palestine Expenditure and Consumption Survey (PECS) (last updated in 2017), and the most recent beneficiary data was collected via a comprehensive household survey in 2022, with the previous survey conducted in 2013. There is currently no mechanism in place that allows for adjustments to account for changes in needs within or between PECS cycles, or any way to validate the beneficiary database by (re)running the PMT-F. Measuring changes in poverty is a cumbersome process, but without such measurements the determined transfer values lose relevance over time.

Recent ILO research on income dynamics showed that 40 per cent of the nation's "poor" income group are transient, meaning that their poverty status fluctuates over time.[7] These fluctuations are based on structural changes in household circumstances, mainly demographic changes, labour market fluctuations and shocks.

Therefore, even if the PMT-F is the best measure of the poverty gap at any given moment in time, its accuracy may rapidly decline over subsequent years as households across all levels of the wealth spectrum move between income groups. This is not because of any specific indicator within the PMT-F but, rather, the complexity of the formula means that it is only infrequently updated.

Assessment of alternative transfer value determination based on life-cycle vulnerabilities

Adequacy

At the individual level, Convention 102 suggests 40 per cent of the minimum wage as a reference value for income replacement; in the Occupied Palestinian Territory this equates to 752 shekels per month.[8] This benchmark could be used to determine the adequacy of individual transfers (based on household composition). In view of fiscal consideration, the individual transfer values proposed in this paper for life-cycle vulnerabilities start at a lower value, in line with benefit levels applied in other countries, as a way of gradually introducing tax-financed life-cycle allowances. For instance, the transfer value of 200 shekels for persons aged 60 and over equates to 20 per cent of gross domestic product (GDP) per capita and is anchored in the Ministry of Social Development's policy discussions as the minimum amount being considered for a social pension.

At the household level, the total (aggregate) value of payments received under the lifecycle-based transfer determination approach provides results that would be, on average, similar to the current system.

[7] Tareq Abuelhaj et al., *Income Dynamics and their Implications for Social Protection in the Occupied Palestinian Territory* (ILO, 2023).
[8] The minimum wage in the Occupied Palestinian Territory was amended to 1,880 shekels for both Gaza Strip and West Bank in February 2022. Before this date, the minimum wage was 699 shekels in Gaza compared with 1,433 shekels in the West Bank. See: Palestine Central Bureau of Statistics (PCBS), *The Results of the Labour Force Survey 2022*, 2022.

However, the ultimate transfer values (at either individual or household level) will still not fully meet the needs of recipients – those facing the deepest levels of poverty would require still additional support to exit poverty/be above the poverty line in both scenarios.

Similar to the PMT-F, the resultant transfer values could build in a mechanism for periodic adjustment to reflect changes in the cost of living. This could be applied in a more simple and transparent manner than current arrangements, as the transfer values could simply be adjusted proportionately, without recalculating the poverty line or re-running the formula.

Equity

PMT-F errors currently constitute a double burden on the CTP. Exclusion errors and inaccurate identification of the target population, compounded by inaccuracies in determining poverty levels (static and over time) have resulted in inadequate transfer values. Focusing more on categorical factors to determine transfer values would, at least, alleviate the latter of these errors.

Transfer values based on life-cycle categories would address individual vulnerabilities and risks over time. However, they are not directly targeted at income poverty. At a singular moment in time, other transfer value determination methods produce a better estimate of household poverty and provide a more efficient allocation of resources (in terms of targeting poverty), particularly for the poorest and largest households. However, initial accuracy declines rapidly in the face of income dynamics and transient poverty unless the PMT-F is updated at very frequent intervals, which can be administratively complex and costly.

Transparency

Transfer values determined on the basis of life-cycle vulnerabilities are more transparent and, therefore, easier to explain to the whole population. This improves accountability, as entitlements and their calculation are clearly defined. Social cohesion can be maintained where transfer values are transparent and easily understood by everyone, whereas tensions may arise when this is not the case. In addition, transfer values determined according to household composition enhance access to grievance mechanisms, as complaints are easier to address since calculation methods are transparent and simpler to understand.

Adaptability/robustness

The three main factors that contribute to downward mobility in the Occupied Palestinian Territory (demographic changes, labour market fluctuations and shocks) imply that there are key stages of the life cycle where individuals are more at risk of falling into poverty.

Thus, transfer values determined by household composition or demographic characteristics are more robust over time and do not require extensive updating.

From the perspective of adaptability, life-cycle events are generally predictable and changes in household demography can be tracked or reported relatively easily (e.g. a birth or an elderly member dying). Validation of household demographics would incur administrative costs but could also be proactively crosschecked and updated against other databases (e.g. the civil registry at the Ministry of Interior).

Impact of alternative transfer value determination options on fiscal space

In the Occupied Palestinian Territory, fiscal space is a key constraint on social protection programming. Unpredictable cuts are common because taxation revenues are controlled by Israel and donor funding for the CTP is often delayed. All three transfer value determination mechanisms discussed here are vulnerable to underfunding.

In comparison to the current CTP, removing the upper threshold would require an 18.5 per cent increase in budget or a concomitant decrease in coverage, demonstrating the inevitable trade-off between coverage and adequacy in such a fiscally constrained context. However, it would neither fully close the gap for the poorest households nor address concerns regarding adaptability/robustness and transparency.

To improve equity in the short term, removing the upper threshold would be the most effective measure, for an estimated additional cost of 90 million shekels to the current budget of 489 million shekels. In this scenario, the lower threshold would remain in place as it would have no impact on the poorest.

Basing transfer values on life-cycle vulnerabilities (for children, old age and disability) would have positive impacts on transparency and adaptability for a budget increase of 20.1 per cent. The costing for this option, though, depends on how each life-cycle vulnerability is defined. This option could be made budget-neutral by reducing transfers accordingly (e.g. lowering the transfer value for elderly CTP beneficiaries from 200 shekels to 160 shekels), even though this would compromise benchmarks anchored to international standards.

Recommendations for the Ministry of Social Development

1. **Consider removing the upper threshold of the transfer value.** In the short term, this could to help make payments more equitable for the poorest households (option 2), while maintaining the lower threshold in the current programme.

2. **Increase transparency and robustness of the transfer value mechanism by linking payments to household composition, based on international labour standards.** The Ministry could consider establishing a transfer value determination mechanism

based on household composition or categorical vulnerabilities (option 3). This would improve adaptability and responsiveness, and better adjust to changes in vulnerabilities over time, as well as be more robust in the face of dynamic or transient poverty. It would also be more transparent and explainable to claimants as entitlements and calculations would be clear. Given the current fiscal constraints, one option could be to base transfer values on life-cycle vulnerabilities in the first instance, but with a commitment to gradually move towards more adequate individual transfer values in the future.[9] This would require more research and consideration of the potential costs and implementation modalities.

3. **Explore mechanisms for linking transfer values to inflation.** This would require improving the adaptability, equity and adequacy of the current CTP in terms of maintaining the purchasing power of benefits. There would need to be agreed methods for monitoring inflation (e.g. the Consumer Price Index (CPI), recalculating the poverty line, or monitoring the MEB), reviewing the transfer value (typically including a threshold for magnitude of change and duration) and adjusting the transfer value in order to maintain purchasing power. This would entail forming of group of stakeholders, who should make decisions in a transparent manner and take fiscal sustainability into account.
4. **Adopt a social protection floors approach in the longer term.** The Ministry of Social Development is intending to transform the narrow poverty-focussed CTP into a full social protection floors approach (see annex), with the possibility of retaining a monetary poverty element to ensure that the poorest households can meet their basic needs. By covering categorical vulnerabilities as the primary step, concerns associated with the PMT-F would be alleviated, including concerns regarding exclusion errors and the lack of effective identification of the poorest group, which changes over time.

Recommendations for humanitarian actors

1. **Align transfer values for beneficiaries on the CTP waiting list.** Ideally, the waiting list will no longer exist once the new PMT-F verification process is in place. Currently, humanitarian transfer values are based on 60 per cent of the MEB, as calculated by the CWGs. This means that there is a discrepancy between payments to regular CTP beneficiaries (250–600 shekels per month) and those on the waiting list, who are supported by one or more humanitarian agencies (1,081–1,240 shekels per month).

[9] There is also the potential for donor and international agencies with the relevant mandates to fund life-cycle transfers or social allowances in the medium term, which could, in turn, reduce the current strain on the fiscal space available to the Palestinian Authority (PA) and the Ministry of Social Development. In line with international labour standards, social protection is the primary responsibility of the State. Thus responsibility for financing should ultimately be taken by the Palestinian Authority once fiscal space allows.

Aligning transfer values to CTP levels for programmes covering the waiting list would improve equity and would enable a clearer exit strategy.

2. **Harmonize the transfer value determination for top-ups.** The large social safety net programmes operated by UNRWA and the WFP act partly as an informal top-up system for the CTP, while also targeting non-CTP beneficiaries. This leads to inequities and differences in approaches. While there is a sound – and often similar – rationale for calculating transfer values, the disparity of outcomes is striking and approaches need to be harmonized.
3. **Develop a common approach to transfer values for SRSP programmes.** The nature of shocks considered within the remit of SRSP, as opposed to the humanitarian system, is a subject of some debate. Rapid inflation caused by external events, such as the Ukraine war, could be considered a transient shock, whereas more protracted shocks, such as forced displacement, impact people differently. In terms of transfer values, a common approach needs to be developed, based either on the poverty line or the MEB, as both aim to meet basic needs. Using the PECS poverty line can be justified by the richness of the PECS data and its detailed methodology of calculating poverty. In addition, there is a need for clear referral lines for shock-affected families moving from emergency assistance to longer-term support. This is an area for further research by sector stakeholders.
4. **Harmonize data management systems.** In common with many protracted crises, the lack of interoperable data management systems leads to systemic inefficiencies. In short, humanitarian and social protection operations tend not to co-evolve, but rather fragment. The single most effective way to defragment and avoid duplication lies in managing data more effectively and collaboratively. While households that receive more than one stream of assistance are more likely to have their basic needs met, the fact remains that nobody knows who is getting what. From a conceptual point of view, the ability to share beneficiary data between agencies would help reduce duplication, track assistance effectively and, perhaps most importantly, provide the means by which assistance can be layered to benefit those most vulnerable. Data protection should be treated as an important concern, but not as a reason for maintaining operational silos. The United Nations Office for the Coordination of Humanitarian Affairs (OCHA) is currently looking to develop a data warehouse. Similarly, the Ministry of Social Development will soon unveil its social registry, which could act as a unified registry to which all stakeholders could contribute, thereby alleviating the data management conundrum.

1 Background

The United Nations Sustainable Development Cooperation Framework 2023–2025 for the State of Palestine identified several strategic priorities and outcomes, including Outcome 2:

> *Palestinians, including the most vulnerable, have equal access to sustainable, inclusive, gender responsive and quality social services, social protection, and affordable utilities.*

Further, the Palestinian Decent Work Programme 2023–2025 prioritizes the extension of social protection to all (Priority II) through the establishment of a nationally defined social protection floor guided by the ILO Social Protection Floors Recommendation, 2012 (No. 202).

In 2017, poverty rates across the Occupied Palestinian Territory varied between 13.6 per cent in the West Bank and 53.4 per cent in Gaza, and 33.8 per cent of the total population were considered "extremely poor". It is expected that COVID-19 has since exacerbated poverty rates across the territory.

The national CTP is the Ministry of Social Development's (MoSD) flagship social protection initiative. Potential beneficiaries are evaluated using a formula – the PMT-F – which establishes a household's deprivation level (either "extreme poor", "poor", or "vulnerable") and determines the level of cash-based assistance available (750–1,800 shekels per quarter). The CTP is intended to halve the deep poverty gap of beneficiaries, although payments are often irregular, and a recent ILO report found that the PMT-F significantly underestimates the level of transfer required, particularly for the poorest recipients.[10,11] Other kinds of social assistance are provided by humanitarian actors.

[10] Tareq Abuelhaj et al., *Targeting by Proxy* (ILO, 2022).
[11] While not the focus of this report, it is important to note that the current PMT-F incurs exclusion errors of 47.6 per cent (Gaza and West Bank combined). The new formula may reduce this figure to around 38.2 per cent, but this is still unacceptably high. The new PMT-F has been used in the analysis throughout this paper.

In Gaza, for example, the CWG has determined regular payments at 1,081 shekels and emergency payments at 754 shekels per transfer round. These are based on the MEB, but in recent years attempts have been made to align humanitarian transfer value calculations with the methodology of the CTP.

The **poverty gap ratio** is used to indicate the intensity of poverty and measures the extent to which individuals, on average, fall below the poverty line, expressed as a percentage of the poverty line. While the national poverty gap ratio is 7.9 per cent,[12] the poverty gap ratio as estimated by the PMT-F is only 5.5 per cent.[13] In addition, the PMT-F estimate deviates the most from the actual poverty gap at the lowest end of the poverty distribution, where the PMT-F significantly underestimates the poverty gap. Therefore, the PMT-F's ranking of transfer values does not match the ranking of the true poverty gap across the whole distribution. While this is already problematic for targeting, it is even more so for value determination, as the differential between households in terms of transfer values is effectively distorted by an inaccurate methodology.

Applying a lower limit to the transfer value (i.e. a minimum level of benefit) has minimal positive impact on poverty, whereas an upper limit reduces payments only for the poorest. The PMT-F distribution errors, together with the cap on benefits, produces an estimated transfer value that reflects only 20 per cent of the actual deep poverty gap among the poorest 10 per cent of the population, though this rises to 24.5 per cent of the actual deep poverty gap among the remaining population under the deep poverty line.[14] Thus the PMT-F penalizes the poorest households the most.

The insufficiency of the PMT-F as a mechanism to determine transfer values is particularly pertinent in the context of rapid inflation, which is occurring in the Occupied Palestinian Territory as a result of supply shocks (particularly food and energy) caused by the war in Ukraine, among other factors. The CPI in the Occupied Palestinian Territory increased by 4.03 per cent in February 2023, compared with February 2022, while the average value of WFP food ration prices increased by 20.4 per cent in 2022 compared with 2021.[15,16]

In response to these concerns, this report proposes several options to reform transfer value determination mechanisms in line with international labour standards, building on recent willingness expressed by the Ministry of Social Development and key stakeholders to engage with this topic.

[12] Palestine Central Bureau of Statistics (PCBS), *Main Findings of Living Standards in Palestine (Expenditure, Consumption and Poverty), 2017*, 2018.
[13] Tareq Abuelhaj et al., *Targeting by Proxy* (ILO, 2022).
[14] Tareq Abuelhaj et al., *Targeting by Proxy* (ILO, 2022).
[15] Palestine Central Bureau of Statistics (PCBS), "Press Release on the Consumer Price Index", 2 February 2023.
[16] WFP, "Palestine Monthly Market Dashboard – December 2022".

The report also aims to support and inform future coordination, coherence and potential harmonization on transfer value determination

mechanisms for social assistance programming across humanitarian and development programming in the Occupied Palestinian Territory, with recommendations and opportunities for synergies presented for both the Ministry and humanitarian actors. The potential impact of inflation is considered against the effectiveness of social protection, and recommendations are provided in line with international guidance to improve SRSP in the future.

2 Context

Interviews were conducted with a wide range of stakeholders during this assignment, including Ministry of Social Development officials, development partners and humanitarian actors. A kick-off workshop was held on 12th October 2022 and two validation workshops were held on 7th December 2022 (one with the Ministry and one with wider stakeholders). This section presents findings from this phase.

Transfer value determination for national programmes

The Ministry of Social Development runs the CTP within the Social Development Sector Strategy. The World Bank funds approximately 4 per cent of the CTP and provides technical support to the Ministry in the form of the Programme Management Unit (PMU). The European Union Representation in Palestine (EUREP) funds up to 69 per cent of the programme through the PEGASE funding mechanism, which was established to facilitate the Palestinian Reform and Development Plan, with the remainder of funding allocated from the Palestinian Authority's national budget via the Ministry of Finance (MoF). Benefits are intended to be paid quarterly, but payments have been sporadic in recent years because of recurrent fiscal crises and delays in PEGASE approval.

The Ministry of Social Development, with the PMU, is currently running a newly devised PMT-F through the recertified database of existing beneficiaries to re-estimate the deep poverty gap and associated transfer values, together with potential maximum and minimum cut-offs. Until November 2022, this appeared to be a rather opaque process, with neither technical ministry staff nor partners such as EUREP having oversight of the process or outcome.

However, since then, ministry staff have been more engaged in the process and are expected to soon issue a report with findings and recommendations for adjusting the CTP within a multidimensional poverty approach.[17]

While the CTP is managed centrally from Ramallah, administration is made more complex by the division between the Palestinian Authority in the West Bank and the de facto authorities in Gaza. The Ministry of Social Development in Ramallah has operational representation and some oversight of ministry activities in Gaza, although many functions, including registration, are enacted at the regional level.

Nonetheless, fiscal space is the key constraint on increasing the adequacy and coverage of transfer values. The Palestinian Authority is fiscally dependent on Israel for collection and transfer of tax revenues, which are frequently withheld, especially during periods of political disagreement, escalating tensions or violence. Over recent years, the lack of fiscal space for expanding the programme has led to a waiting list of families who have applied for CTP support. There is also concern that the Palestinian Ministry of Finance considers social protection low on its ranking of priorities. Even so, it is not politically feasible for the Palestinian Authority to reduce coverage in order to raise the level of transfers.

At the same time, donor funding for the CTP is steadily declining. EUREP is the largest international donor to the CTP through the PEGASE mechanism (which is open for other donors to contribute), but PEGASE 2021 was blocked by Brussels for 18 months in 2021–22, resulting in no CTP payments for that period. Most recently, the December 2022 payment was delayed until April 2023 because of the PA's financial crisis. This indicates the fragility of relying on a single major donor. Meanwhile, World Bank funding was reallocated at the end of 2022, with no funds currently being channelled to support the CTP. The World Bank acknowledges the CTP transfer value is inadequate in terms of meeting household needs but argues that coverage is important and that a small transfer is better than none.

Currently, transfer values for the CTP are determined at 50 per cent of the deep poverty gap for each household, with the household's poverty level defined by the PMT-F. The current transfer value also varies according to household size, ranging between 750 and 1,800 shekels per quarter. The transfer value is not linked to inflation, so it has depreciated over time in terms of purchasing power.

Within this context, the Ministry of Social Development is open to alternative transfer value determination mechanisms and moving towards a more categorical life-cycle approach.

[17] The PMU was due to produce this report in 2022. As of May 2023, the report was still delayed.

While acknowledging that the current transfer value is inadequate for the poorest families to meet their basic needs, much less lift people out of poverty,[18] there is a willingness to make the best use of the resources available.

▶ Transfer value determination for humanitarian programmes

A significant proportion of social assistance in the Occupied Palestinian Territory is provided by humanitarian actors. While there are genuine humanitarian operations, especially in Gaza, the bulk of humanitarian programming is focussed on "humanitarian social safety nets" that operate in collaboration with the Ministry of Social Development and the CTP and which, therefore, fall into the broader category of social assistance. Several different transfer value determination mechanisms are used for humanitarian programmes (see table 1) – some necessary (e.g. because of geographical differences) and some unnecessary.

▶Table 1. Transfer value determination by programme

Basis	Value of transfer value determination mechanism	Transfer value determination	Final transfer value
MEB (Gaza) for regular programming	NIS 1,717 (family of 6)	60% MEB + 5% unmet needs	NIS 1,081 (family of 6)
Survival MEB (Gaza) for emergency programming	NIS 1,257 (family of 6)	SMEB minus average poor wage (NIS 503)	NIS 754 (family of 6)
MEB (West Bank) for regular programming	NIS 2,061.55 (family of 5)	60% MEB	NIS 1,240
MEB (West Bank) for emergency programming	NIS 2,061.55 (family of 5)	80% MEB	NIS 1,640
Food MEB (WFP)	2,100 kcals per person per day	60% FEB = US$10.30 per person per month	Approx. NIS 210 (family of 6)
Food MEB (UNRWA Gaza)	2,100 kcals per person per day	50% FEB	US$30 per person per quarter

[18] Katharina Hackstein, Candace Miller and Esam Mahdi, I*mpact Evaluation of the EU Contribution to the Palestinian Cash Transfer Programme (CTP) in the Framework of the PEGASE Programme of Support to "Vulnerable Palestinian Families" (VPF)* (AETS, 2013).

Basis	Value of transfer value determination mechanism	Transfer value determination	Final transfer value
Social safety net programme (UNRWA Gaza)	50% UNRWA abject poverty line at US$1.74 (when combined with in-kind transfer above)	50% abject poverty line (when combined with in-kind above)	US$50 per person per quarter
Child-sensitive (UNICEF)	NIS 1,717 (family of 6) MEB Gaza	60% of the MEB value per child	NIS 180–1,820 per family per month
CTP deep poverty line	NIS 1,974 (family of 5)*	50% of deep poverty gap (based on PMT-F)	NIS 250–600 per family per month

Note: * 1,974 shekels is the deep poverty line for a reference household of five individuals (two adults and three children). The deep poverty line varies by household size, and the poorest households tend to be larger.

The WFP's main operation provides food assistance, mainly in the form of electronic food vouchers with some in-kind food and multipurpose cash benefits, to a regular caseload of 260,000 non-refugee households in deep poverty.[19] This programme works in collaboration with the Ministry of Social Development, with approximately half the target population also receiving CTP cash transfers (representing around 25 per cent of the total CTP caseload). Food vouchers are valued at 60 per cent of the food expenditure basket (FEB), based on a standard daily energy consumption of 2,100 kilocalories (kcals). In 2022, this amounted to US$10.30 per person per month, but will increase to $12.40 in 2023 and be based on the food component of the consumption gap, averaged for West Bank and Gaza. The updated transfer value considers the most recent inflation figures and includes a buffer as a contingency for future price increases. The WFP provides the same transfer value to all beneficiaries, whether they receive the CTP or not. The justification is that CTP transfers are highly irregular and thus not guaranteed to be paid, in addition to the inadequacy of the PMT-F as a mechanism to bridge the poverty gap. The WFP have decided to treat both categories of beneficiary equally, knowing that they are still addressing unmet needs.

UNRWA provides refugees with in-kind food assistance and cash-based transfers under their Social Safety Net Programme. The programme aims to mitigate poverty for Palestinian refugees across the agency's field of operations, with priority given to those in extreme poverty. In Gaza, UNRWA provides a near-universal in-kind food basket to refugees, aiming to cover 50 per cent of 2,100 kcals, as well as $50 cash for the most vulnerable persons (e.g. older persons, people with disabilities, women heads of households). In the West Bank, the programme uses an outdated PMT-F, adapted from the Ministry of Social Development PMT-F, to target assistance, although UNRWA is keen to use the new formula once it is available.

[19] WFP, *Palestine Annual Country Report 2021*, 2021.

In 2016, UNRWA transitioned from in-kind food assistance to an e-card voucher in the West Bank (plus Jordan and Lebanon), allowing more flexibility through a menu of food items redeemable by using the voucher. Food remains the main modality of UNRWA assistance in Gaza, and transfer values and poverty lines are updated periodically using the CPI.

It is not entirely clear how large the overlap is between UNRWA's Social Safety Net Programme and the CTP, especially in Gaza, which has the largest proportion of Palestinian refugees (about 70 per cent of the population). While there may be an overlap, UNRWA also cited the infrequency of CTP payments as a reason for not being able to align their programming with it. Equally, it is politically difficult, if not impossible, for UNRWA to share the refugee caseload and effectively hand over their mandate to the Palestinian Authority. UNRWA is open to the prospect of targeting along categorical lines, particularly for the elderly and disabled, as an alternative to poverty-focussed targeting, and this might help resolve budgeting issues.

UNICEF initiated its child-sensitive cash assistance programme in Gaza at the end of 2021, benefitting 4,300 girls and boys from 1,160 poor and vulnerable households. UNICEF's cash programme is operated in collaboration with the Ministry of Social Development. Transfer values were updated in the most recent programming stage and adjusted to 60 per cent of the current MEB value. The transfer amount is 180 shekels for families with one child, 360 shekels for families with two children, 545 for three, 730 for four, and so on, up to a maximum of 1,820 shekels for families with ten or more children.

Humanitarian actors such as Oxfam and the Gaza Protection Consortium (GPC) provide multipurpose cash, in combination with protection case management and "cash plus" initiatives (e.g. services, livelihoods activities). Actors work with the Ministry of Social Development to target families in need of humanitarian assistance, including those on the CTP waiting list. Oxfam and the GPC use the CWG standards for determining transfer values, and these equate to 60 per cent of the MEB per family per month for a 5-month period. This amounts to a monthly flat rate (i.e. not adjusted for family size) of NIS 1,196 per family, considerably more than the CTP transfer value, highlighting the fact that humanitarian transfer values are much larger than social protection payments.

One key finding from an evaluation of the GPC's programming suggests that beneficiaries would prefer a smaller transfer value for a longer period of time, pointing to the need for longer-term social protection.[20] The evaluation also identified a lack of trust and lack of communications with the Ministry of Social Development in both Gaza and Ramallah, which led to a duplication in assistance when the CTP unexpectedly paid all beneficiaries, including those on the waiting list in September 2022. Humanitarian actors have also noted duplicate registrations with the CTP (e.g. where a husband and wife register separately).

[20] IMPACT, *Final Evaluation Report of the "My Choice" Multi-Purpose Cash Assistance program in Gaza*, 2022.

OCHA and the CWGs, although not direct implementers of cash assistance, are key standard-setting agencies for humanitarian programmes. In line with the recently adopted Inter-Agency Standing Committee cash coordination model, a national CWG has been established, covering all of the Occupied Palestinian Territory and co-chaired by OCHA. The West Bank and Gaza are served by sub-national CWGs. Previous to this change, the Gaza CWG was the only humanitarian cash coordination forum and was mainly preoccupied with developing standards for cash programming and coordination, such as the MEB and the 4Ws.[21] Now, the national CWG is expected to be active at a more strategic level in the humanitarian sphere. Predictably, the national CWG is keen to see enhanced coordination and harmonization of humanitarian cash tools, including the transfer value determination. The CWGs calculate the MEB according to the standards developed by the Cash Learning Partnership (CALP) and recommend that transfer values comprise a 60 per cent contribution to the MEB. As a side note, this figure was a slightly mistaken attempt at aligning with the CTP's transfer value of 50 per cent of the deep poverty line. A separate "survival" MEB (SMEB) is calculated at a lower value and is designed for rapid one-off multipurpose cash transfers to maximize coverage in an emergency, with the actual transfer value calculated as the SMEB minus the average poor wage (the latter assessed through household surveys). The MEB, SMEB and transfer values are all calculated separately for Gaza and the West Bank as the prices of necessities are significantly different. It is worth noting that, in line with humanitarian standards, both the MEB and SMEB transfer values are applied as a flat rate and do not take into account family size.

Humanitarian coordinators have identified the complexity of the operational context as a major barrier, in that the situation is effectively comprised of two (or three) areas, with significant political differences between the Palestinian Authority and the de facto authorities in Gaza. This extra layer of complexity means that additional sensitivity is required for programming, coordination and relations with local authorities on the ground.

The lack of a unified registry or interoperability between beneficiary databases (as well as between humanitarian agencies and the CTP) means that it is impossible to determine the inevitable overlaps across programmes. The exception is between UNRWA and the WFP, which separate their assistance on the basis of refugee status. This means that some households might receive multiple streams of assistance, and that it is difficult to strategically layer assistance for the most vulnerable families. A potential solution to the fragmentation is to either ensure that all agencies feed beneficiary data into the emerging social registry, or establish interoperability between registries with data-sharing agreements. However, organizations will likely resist sharing personal data with a Palestinian Authority-held social registry, while funding for such a venture would be uncertain.

[21] Who does What, Where and When?

Humanitarian donors are primarily interested in the harmonization of humanitarian cash tools and linkages to social protection, especially SRSP. The Directorate-General for European Civil Protection and Civil Aid Operations (DG ECHO) and the Foreign, Commonwealth & Development Office are concerned that a “red line” is maintained between humanitarian and development work. As a humanitarian donor, DG ECHO needs to ensure that humanitarian capacity is maintained for acute crises and is clearly moving towards supporting social protection in a limited way through SRSP. However, DG ECHO’s contribution towards SRSP would have to follow, and be clearly linked to, shocks, although the concept is not well-defined in the Palestinian context. The Swiss Development Cooperation (SDC) also supports linkages between longer-term cash programming and social protection, as beneficiaries can readily sink back into poverty after a programme stops.

▶ Guiding principles for determining transfer values and their adequacy

This section outlines the conceptual framework underpinning the discussion, and briefly explores social security standards and practice in other social protection systems in the region and beyond. This is not intended to be comprehensive, but rather to illustrate the different approaches in different contexts.

The principles set out in Recommendation No. 202 and Convention No. 102 reflect an internationally accepted rights-based approach to entitlements prescribed by national law, which ensures the adequacy and predictability of benefits. The guarantees provided in a social protection floor set a basic benchmark for the adequacy of social protection systems. Guaranteeing income security and access to healthcare requires a careful setting of benefit levels, so as to prevent hardship and enable people to live in dignity, both now and in the future, on the basis of a transparent and participatory process. More specifically, the minimum benefit levels in Recommendation No. 202 can be considered adequate if and when they provide beneficiaries with the means to a life in dignity. Depending on the national context, this may mean that the actual monetary levels correspond to a nationally determined set of necessary goods and services, poverty line or income threshold for social assistance.

Long-term benefits can be considered adequate when they are provided in a manner that also protects against the erosion of purchasing power (Convention No. 102, Articles 65 and 66). This means including provisions in law and in practice that secure the periodic adjustment of benefits in line with changes in living costs.

While these standards are clear and accepted, there is no hard and fast way of determining transfer values, and social protection systems have adopted a variety of approaches. According to the World Bank, there are *"no standard rules to set benefits levels, given that they need to be calibrated to fulfil programme objectives and meet budget constraints"*.[22] Others have argued that *"the setting of transfer values for social protection should be seen as a 'negotiation process', finely balancing government constraints, existing evidence and policy objectives so as to progressively protect people from life-cycle risks and other shocks: it is not a technological and technocratic decision"*.[23] In most cases, resources are insufficient for meeting the needs of the most vulnerable in society across the life cycle, and transfer values are influenced by the trade-off between coverage (often itself influenced by political considerations) and adequacy.

A number of UN agencies are working towards rights-based social protection, including coverage of categorical vulnerabilities across the life cycle. In the Occupied Palestinian Territory, a national social protection floors assessment recommended the establishment of social allowances for life-cycle stages as part of building a comprehensive social protection system.[24] In this case, transfer values are determined on the basis of an individual's needs and aligned to national or international standards of income security. For instance, social protection for children can be considered adequate when benefits are fixed at a level that ensures access to nutrition, education, care and other necessary goods and services (Recommendation No. 202, Paragraph 5b).[25]

Programmes aimed at improving food security set transfer values according to nutritional needs or food expenditure baskets. For example, the Hunger Safety Net Programme in Kenya sets transfer levels according to the 5-year average price of cereals, whereas the Social Cash Transfer Programme in Zambia sets monthly benefits close to the price of a 25 kg bag of maize, which allows a household to eat a second meal each day. The transfers provided through the Productive Safety Net Programme in Ethiopia – as cash, food or a mixture of both – make a significant contribution to meeting household food needs. Transfers are set at a level intended to smooth household consumption or fill the food gap during the annual lean period. Wage rates are reviewed annually, and adjustments are based on changes in market food prices.

However, when social protection programmes are aimed at poverty reduction, there is a strong argument for using either the national poverty line or other minimum income standard (e.g. minimum wage or pension) as a reference. Usually, the national poverty line reflects the cost of a basket of goods sufficient for a minimum standard of living, assessed in relation to the conditions of the country.

[22] World Bank, *The State of Social Safety Nets*, 2018.
[23] Calum McLean et al., "Transfer Values: How Much is Enough? Balancing Social Protection and Humanitarian Considerations", Social Protection Approaches to COVID-19 Expert Advice Service (SPACE) (DAI, 2021).
[24] ILO, *On the Road to Universal Social Protection: A Social Protection Floor Assessment in the Occupied Palestinian Territory*, 2021.
[25] See the social protection and human rights platform, "Adequacy of Benefits".

National poverty lines are calculated using principles and approaches that are not so different from those of the MEB. Different countries use different methodologies, driven either by household consumption surveys or expert opinions, and the transfer value is generally updated using consumer price indices.

Taking the poverty line, extreme poverty line or food poverty line as the reference value for social protection programmes does not necessarily mean that the amount of the transfer is set equal to such poverty line. Indeed, that is rarely the case. In most settings, the size of the transfer aims to cover the gap between the poverty line and the average income/consumption of beneficiaries, as calculated using national sample surveys. This is the model followed in the Occupied Palestinian Territory, using the deep poverty line as the reference value and aiming to meet half of the deep poverty gap as profiled by the PECS. This method is similar to humanitarian transfers, which operate as a “contribution” towards meeting the MEB.

For example, the largest poverty-targeted social assistance programme in Jordan is the Recurring Financial Aid Program, operated by the National Aid Fund, which currently reaches approximately 240,000 individuals, providing average monthly cash transfers of approximately 28 Jordanian dinars per person.[26] In 2008, the poverty line stood at 323 dinars per month for an average household of 5.7 members.[27] The minimum wage for Jordanian workers is fixed at 190 dinars, well below the poverty line for the average family.[28] In summary, 28 dinars is approximately 50 per cent of the poverty line, or 15 per cent of the minimum wage and 11 per cent of average income, though falling short of the rough benchmark of 15 per cent of GDP per capita for sufficient income replacement.

Other considerations when determining transfer values for household-targeted programmes revolve around whether family size and number of dependents are taken into account, or whether a flat rate based on the average family size is applied. Flat benefits mean that the per capita transfer decreases with household size and programme impacts vary accordingly. Inflation is another factor that can erode the real value of the transfers over time, unless regular adjustment mechanisms are applied. In the Palestinian context, household composition and size are related to being poor. Poverty rates are higher among individuals living in larger households – often with many children and elderly relatives compared with the number of working-aged adults (i.e. households with a high dependency ratio).[29]

[26] Hashemite Kingdom of Jordan, *National Social Protection Strategy 2019–2025*, 2019.
[27] Katharina Lenner, “Poverty and Poverty Reduction Policies in Jordan”, 2013.
[28] Phenix Center for Economic and Informatics Studies, *Social Protection in Jordan*, 2015.
[29] Palestinian Central Bureau of Statistics (PCBS), *Poverty Profile in Palestine*, 2017.

▶ Conceptual framework

Ensuring adequate social protection benefits is essential for achieving the SDGs. Failing to attend properly to this imperative will jeopardize the poverty reduction goals of the 2030 Agenda. The World Social Protection Report notes:

> *"In addition to establishing the core principles that constitute the backbone of rights-based universal social protection systems, Recommendation No. 202 invites Member States to formulate, through inclusive social dialogue and broad-based consultation, a strategic approach in the form of national social protection policies and strategies aimed at closing coverage and adequacy gaps, ensuring policy coherence by enhancing coordination and avoiding overlaps, and developing synergies with other economic and social policies."*[30]

Four dimensions have been derived from international labour standards (table 2) to assess the effectiveness and impact of different transfer value determination mechanisms within two overarching goals:

(a) **programme objectives**, such as poverty reduction (the CTP) or meeting humanitarian needs (humanitarian programmes); and

(b) **contribution to social cohesion and inclusion**, serving the broader societal goals of ensuring rights and state-building.

▶Table 2. Dimensions for assessing transfer value determination mechanisms

Dimension	Definition
Adequacy	The extent to which the level of benefit is enough to enjoy minimum decent standards of living, including periodic adjustments in line with inflation.
Equity	The degree to which the benefit is distributed fairly and equitably among the target population and – if benefits are scaled depending on household characteristics – the degree to which the poorest and most vulnerable receive progressively higher levels of benefits in correspondence with higher needs.
Transparency	The degree to which the transfer value determination mechanism can be communicated, understood and accepted by the general population.
Adaptability/ robustness	The extent to which the transfer value determination mechanism is robust and responsive to changing needs and circumstances, including the ability to adapt to dynamic structural changes.

[30] ILO, *World Social Protection Report 2020–22: Social Protection at the Crossroads – In Pursuit of a Better Future*, 2021, p. 35.

Dimension 1: Adequacy

When comparing transfer value determination mechanisms, a central question is whether the resultant transfer value is adequate. This is the first and foremost requirement for any transfer value determination mechanism to deliver. Benefits should be set at a level that prevents or, at least, alleviates poverty, vulnerability and social exclusion, while allowing beneficiaries to live in dignity. This dimension assesses whether, by using a given transfer value determination mechanism, the resultant level of benefit meets an accepted minimum standard.

A minimum decent standard of living is defined here as above the poverty line, calculated at 2,470 shekels per month in 2017.[31] Recommendation No. 202 states that basic income security should allow for a life in dignity, which may correspond to the monetary value of a set of necessary goods and services, national poverty lines, income thresholds for social assistance or other comparable thresholds. Convention No. 102 states that, for periodical payments, the rate of the benefit (transfer value) shall be at least 40–50 per cent of earnings of a "standard"[32] beneficiary and shall be sufficient to maintain the family of the beneficiary in health and decency.

In practice, social assistance programmes often offer smaller amounts, at least as social assistance schemes are rolled out. For example, the Ministry of Social Development is considering a transfer value of 20 per cent GDP per capita for initial roll-out of a social pension in the Occupied Palestinian Territory, equivalent to approximately 200 shekels per person per month. In the case of the CTP, 15 per cent of GDP per capita could be considered, which equates to 1,059 shekels for a reference family of seven members. However, this is notably less than the deep poverty line of 1,974 shekels. The current objective of the CTP is to meet 50 per cent of the deep poverty gap, which varies between different families.

An adequate transfer value determination mechanism also needs to track changes to the cost of living over time in order to continue to meet a minimum standard. Recommendation No. 202 states that the levels of basic social security guarantees should be regularly reviewed through a transparent procedure established by national laws, regulations or practice, as appropriate. This requires periodic review of transfer values, either by automatically linking their revision to an inflation indicator or regularly reviewing changes in the cost of living.

[31] Palestinian Central Bureau of Statistics (PCBS), *Poverty Profile in Palestine*, 2017.
[32] Expressed as a percentage of the wage of a representative worker, defined in different ways for different contingencies, and generally in relation to an unskilled labourer.

Dimension 2: Equity

Fairness depends on reducing the inequality of outcomes. Equity and fairness promote social cohesion and public trust in a nation's social protection system. Transfer values should reflect the principle of "leave no one behind", but in a way that is widely perceived as equitable. Fairness and equity are measured by assessing the disparity in programme outcomes for different beneficiaries. With the objective of meeting 50 per cent of the deep poverty gap, the current CTP is inherently inequitable (as the poorest still remain the most poor after the transfer). Within this constraint, equity can be further interrogated by assessing how a programme addresses the needs of all beneficiaries, and to what extent.

Although beyond the scope of this paper, inequality cannot be assessed by looking at transfer values alone. Two additional key factors must be considered: (a) progressivity of revenue collection and financing; and (b) the extent to which the programme correctly identifies those most in need through eligibility criteria. In the CTP, targeting adjustments are made to ensure some categorical vulnerabilities are included in the programme (e.g. female-headed or elderly households), while the largest budgetary contribution comes from external financing. However, in terms of the transfer value received (once targeting selection is made), it is the largest and poorest households that receive the smallest proportion of their entitlements compared with the rest of the beneficiary population.

The transfer value determination mechanism should ensure that the transfer value does not result in "protection gaps" whereby some targeted households receive a different level of transfers to others even though they have the same level of need. Otherwise, if protection gaps exist, there is a risk of damaging the social cohesion of a community.

This dimension also assesses efficiency in terms of meeting programme objectives within severely constrained fiscal space.

Dimension 3: Transparency

For social protection systems to be accountable to the general population, recipients need to understand their entitlements and the rationale behind the benefit level. As such, transfer value determination mechanisms should be transparent and easily communicable. Beneficiaries have a right to know the reasoning behind the assignment of a particular transfer value. The determination mechanism should, as far as possible, be transparent, easily communicated and understood by the target population, as well as by programme administrators at the local level, civil society and the general population. Popular support for social protection programmes, alongside social cohesion at national and local levels, is strengthened when entitlements and allowances are well understood.

A clearly defined and understood transfer value determination mechanism facilitates impartial, transparent, effective, simple, rapid, accessible and inexpensive complaints and appeals procedures, as called for in Recommendation No. 202. It also partially fulfils the principle of transparent, accountable and sound financial management and administration.

This dimension could ultimately be measured through a household survey question that explores whether the transfer value determination mechanism is understood by beneficiaries and non-beneficiaries. However, the degree of complexity of the determination mechanism can be assessed together with efforts to communicate and explain the rationale behind the level of benefit.

Dimension 4: Adaptability/robustness

As outlined in international labour standards, periodic reassessment of transfer values is important to ensure that benefit levels are adequate over time. The transfer value determination mechanism should allow the programme to meet objectives over time, despite changes in welfare needs or household circumstances. Changes in needs and depth of poverty can be idiosyncratic (i.e. particular to an individual household), such as in cases of social mobility or changes to household composition. Changes may also be "covariate", following price movements or other shocks affecting whole communities.

For idiosyncratic changes, the transfer value determination mechanism needs to balance predictability and stability of benefits with responsiveness to household changes in needs over time, particularly for those at risk of falling deeper into poverty. Recent ILO analysis shows that income is dynamic at the household level in the Occupied Palestinian Territory, with 31 per cent of vulnerable households falling into income poverty between 2013 and 2018.[33] On the other hand, some 40 per cent of "poor" households in 2013 were no longer poor by 2018. Social protection systems need to provide predictable transfers over defined durations, but the transfer value determination mechanism should enable revisions so that the transfer continues to meet household needs over time. For covariate shocks, determination mechanisms need to be adaptive, but also, more broadly, adjustable to programming approaches.

Adaptability is assessed here by examining the relative ease with which the transfer value determination mechanism can reassess entitlements and adjust payments in response to idiosyncratic changes and covariate shocks. A robust transfer value determination mechanism should be able to respond to the main drivers of downward income mobility (e.g. demographic changes, labour market fluctuations and covariate shocks) in order to remain valid over time.

[33] Tareq Tareq Abuelhaj et al., *Income Dynamics and their Implications for Social Protection in the Occupied Palestinian Territory* (ILO, 2023).

▶ Reform options for the CTP

The purpose of this report is to assess the adequacy of the CTP; coverage and targeting effectiveness have been assessed through previous ILO reports.34 Taking the existing caseload of the CTP as a fixed group, the present report considers three options for determining the CTP transfer value (table 3).

▶Table 3. Reform options for the CTP

Current PMT-F with upper and lower thresholds in place	Aims to pay 50 per cent of the deep poverty gap, within upper and lower limits. The PMT-F estimates household consumption level, which is then compared with the deep poverty line to determine eligibility. This determines the transfer value (i.e. half the difference between the estimated consumption and the deep poverty line), which ranges between 250 and 600 shekels per month.
Current PMT-F without upper threshold	Same as above but without an upper threshold in order to better serve households with the highest poverty gaps. The lower threshold is maintained, as its removal would have limited impact on poverty, and transaction costs can be high for large numbers of very small transfers. The monthly transfer value ranges from 250 to 2,000 shekels.
Alternative method based on life-cycle vulnerabilities	Aims to cover life-cycle vulnerabilities at the individual level (for childhood, old age and disability), with transfer values determined in line with international experience and benchmarks. These individual transfers are then aggregated to a total household amount. Monthly transfer values are calculated as a flat rate according to the following: Persons aged over 60 years – 200 shekels per person per month, based on 20 per cent of GDP per capita. This is in line with the gradual introduction of similar programmes globally, and is in alignment with what the Ministry of Social Development is considering for a social pension. Persons with a disability – 250 shekels per person per month. A uniform transfer based on the increased cost of living with a disability at any income level, here fixed at 25 per cent above the transfer amount for older persons. The Ministry of Social Development may prefer to change to an individual approach as recommended by other joint UN analysis in the Occupied Palestinian Territory. Children – 75 shekels per child (aged under 18 years) per month. This amount is fixed at three eighths of the transfer amount for older persons. The transfer value for children is typically calculated to reduce nutritional gaps. Monthly transfer values at the household level would, therefore, range from 375 to 1,225 shekels.*

Note: * This includes an additional payment to the few households that are eligible under the CTP but which would not receive a transfer value based on life-cycle vulnerabilities.

[34] Tareq Abuelhaj et al., *Targeting by Proxy* (ILO, 2022).

Other approaches for redesigning the transfer value determination methodology were, for various reasons, not considered for inclusion, but are presented here for comparison:

- **Household size.** This is not based on poverty scores, but takes the total budget available to the CTP and splits it equally between individuals resulting in transfer values exactly correlated to household size. However, this option is not advised. Dividing 489 million shekels between 881,000 individuals produces a paltry 46 shekels per month (up to 874 shekels for a large household), thus failing the fairness test. In any case, the PMT-F already factors in household size (adult equivalents) as one of many variables.
- **Poverty gap ratio.** This aims to reduce random variation in transfer values resulting from the PMT-F by calculating transfer values per individual (adult equivalent). It is based upon the average deep poverty gap for five distinct groups: (1) the poorest 5 per cent; (2) the poorest 6–10 per cent; (3) the poorest 11–15 per cent; (4) the poorest 16–20 per cent; and (5) the poorest 21–30 per cent. Household monthly transfer values would range from 390 to 1,250 shekels. In comparison with the current PMT-F, it performs significantly better for the poorest households, and at least as well as when the upper threshold is removed. However, the main downside of this approach is the cost, with a required budget increase of 167 million shekels (34 per cent).
- **Transfer values equal to the deep poverty gap.** This would produce an individual transfer value of 180 shekels monthly and require a total budget of 1.9 billion shekels with household transfer values ranging from 180 to 3,420 shekels per capita (333–1,716 shekels on a per adult equivalent basis).

3 Assessment of alternative transfer value determination approaches based on the guiding principles of international labour standards

Adequacy

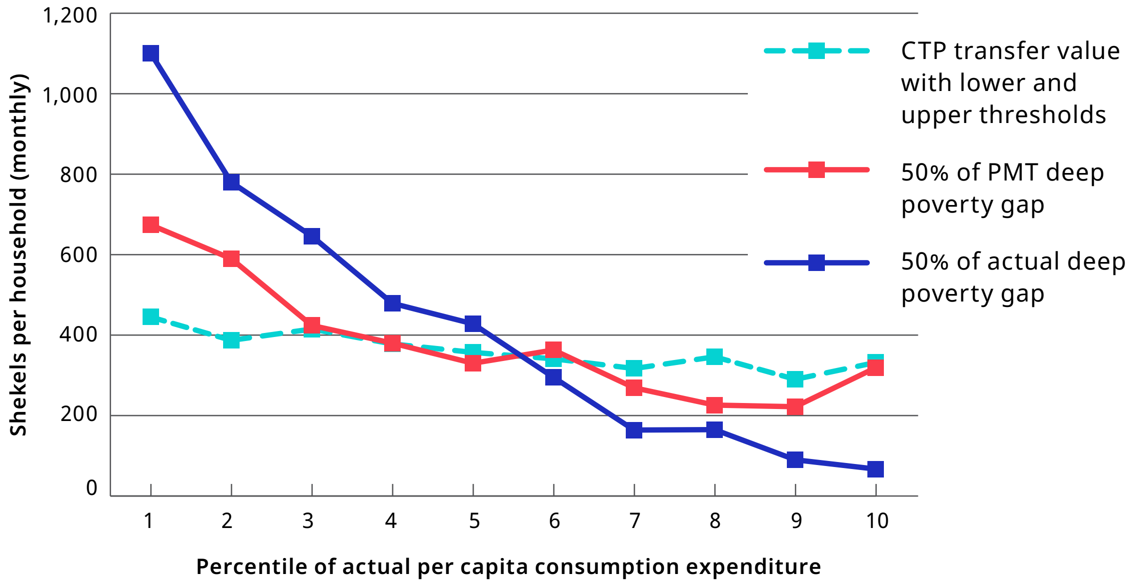
Current transfer value determination method

The current CTP transfer value aims to meet 50 per cent of the deep poverty line.[35] However, for the poorest families, the PMT-F underestimates the depth of household poverty. Figure 1 shows how the CTP transfer value differs from 50 per cent of the actual deep poverty gap (estimated from PECS data), particularly for the poorest households (percentiles 1–10), for whom it underestimates the amount of transfer required.

On the other hand, for the least poor households (percentiles 13–20) it overestimates the actual deep poverty gap. Note how the black dotted line crosses the blue line at the 10th percentile.

[35] Palestine Central Bureau of Statistics (PCBS), *Poverty Profile in Palestine*, 2017.

▶Figure 1. Current CTP transfer value and deep poverty gap estimates by household expenditure percentile



The dimension of adequacy requires that benefits are high enough to allow for a minimum decent standard of living, defined here as being above the poverty line (2,470 shekels in 2017). Even where 50 per cent of the PMT-F deep poverty gap is met, this is still inadequate for meeting basic needs. Often, not even 50 per cent of the deep poverty gap is met, particularly for poor, large families. PMT-F errors, together with the impact of upper and lower thresholds, produces an estimate that reflects only 20 per cent of the actual deep poverty gap among the poorest 10 per cent of the population, rising to 24.5 per cent of the actual deep poverty gap among the remaining population under the deep poverty line.

Removal of the upper and lower thresholds results in a slight improvement, with the transfer value meeting an average of 35 per cent of the deep poverty gap for the poorest 5 percentiles. However, this is still not adequate enough for beneficiaries to enjoy a life in dignity.

Alternative transfer value determination based on categorical vulnerabilities

At the individual level, Convention No. 102 suggests 40 per cent of the minimum wage as a reference value for income replacement; in the Occupied Palestinian Territory this equates to 752 shekels. This figure could be used as a benchmark for benefit adequacy of individual transfers based on household composition, although it would have significant fiscal implications. Instead, the individual transfer values proposed in this paper for life-cycle vulnerabilities start at a lower value, in line with benefits applied in other countries as a way of gradually introducing publicly financed life-cycle allowances.

However, at the household level, the total value of payments received under each approach would be, on average, similar to the current system. While the proposed transfer values are in line with other countries at the individual level, and fit within the extremely limited fiscal space available to the Palestinian Authority, ultimately such transfers – at individual or household level – are still not fully adequate. Those facing the deepest poverty would still require additional support in both alternative scenarios.

Maintaining adequacy over time

Inflation can lead to a loss of purchasing power for beneficiaries unless the transfer is linked in some way to changes in the cost of living. There are two ways to do this: (1) use the CPI as a baseline inflation indicator; or (2) apply the inflation rate to the poverty line. The latter is a simpler, more direct method where transfer values are based on the poverty gap as defined by the poverty line. In the humanitarian sector, agencies monitor inflationary changes to the MEB, which is similar to the poverty line formulation. In some countries, such as in Somalia, the MEB is calculated on a monthly basis in multiple locations.

It is possible to automatically link transfers to an inflation indicator like the CPI or an annual review. However, a more nuanced method would look to develop triggers based on the degree of inflation and the period of rising prices. These are important for understanding the impact on purchasing power, but also for differentiating between continuously rising prices and short (i.e. transient) periods of price increases followed by a return to normal prices (e.g. seasonal fluctuations). For example, in Somalia, the transfer value is recommended at 80 per cent of the cost of the total MEB. The cost of the MEB is published monthly by the Food Security and Nutrition Analysis Unit (FSNAU), and the CWG then uses the FSNAU MEB as the basis for recommending any revisions to the transfer value. When changes in basket prices exceed 10 per cent for a given region, an upward review of the transfer amount is recommended to maintain the purchasing power of beneficiaries.[36] Prices may settle after a certain duration, say 3 months, before the transfer value is reviewed again.

For the CTP, indexing transfer values to inflation would require the following actions:

- Establish which index to use for measuring inflation, preferably one oriented towards changes in purchasing power. The CPI or poverty line inflation would be obvious choices, although the MEB could also be used if this were reviewed by the CWG on a regular basis.

[36] Somalia Cash Working Group, 2019, cited in CALP Network, *Good Practice Review on Cash Assistance in Contexts of High Inflation and Depreciation*, 2022.

- Develop and agree on the triggers that would signal a review of the transfer value. This would require regular monitoring of the inflation index chosen and an agreed magnitude of increase over an agreed duration.
- Create a system for reviewing and recommending adjustments to the transfer value. This would entail forming of group of stakeholders to make decisions in a transparent manner, while also taking into account fiscal sustainability. Such a group could include the Ministry of Social Development, the Ministry of Finance, a UN agency and a key donor (e.g. EUREP).

Any budget revision to the CTP (change in coverage, number of beneficiaries, transfer value, etc.) must be approved by the Council of Ministers. Thus funding constraints would need to be considered by the Council before any indexation process could be initiated.

▶ Equity

As a targeting tool the current PMT-F is neither efficient nor equitable, and exclusion errors can be as high as 40 per cent. The PMT-F tends to underestimate the transfer value for the poorest households but overestimate the transfer value for the least poor households, leading to inequities. Removing the upper threshold reduces inequity but does not improve the accuracy of estimates of the poverty gap. Currently, PMT-F errors constitute a double burden on the CTP: exclusion errors in targeting are compounded by inaccurate poverty estimates (static and dynamic). Using categorical factors to determine transfer values at least alleviates the latter of these errors. Transfer values based on life-cycle vulnerabilities and household composition could address the issues of inequity and inefficiency by better tracking of individual vulnerabilities and risks over time. However, these would not directly address monetary poverty at a static moment in time; other transfer value determination methods are likely to produce a better estimate of household-level poverty.

Current transfer value determination method

Option 1: No change to the current CTP transfer value determination mechanism

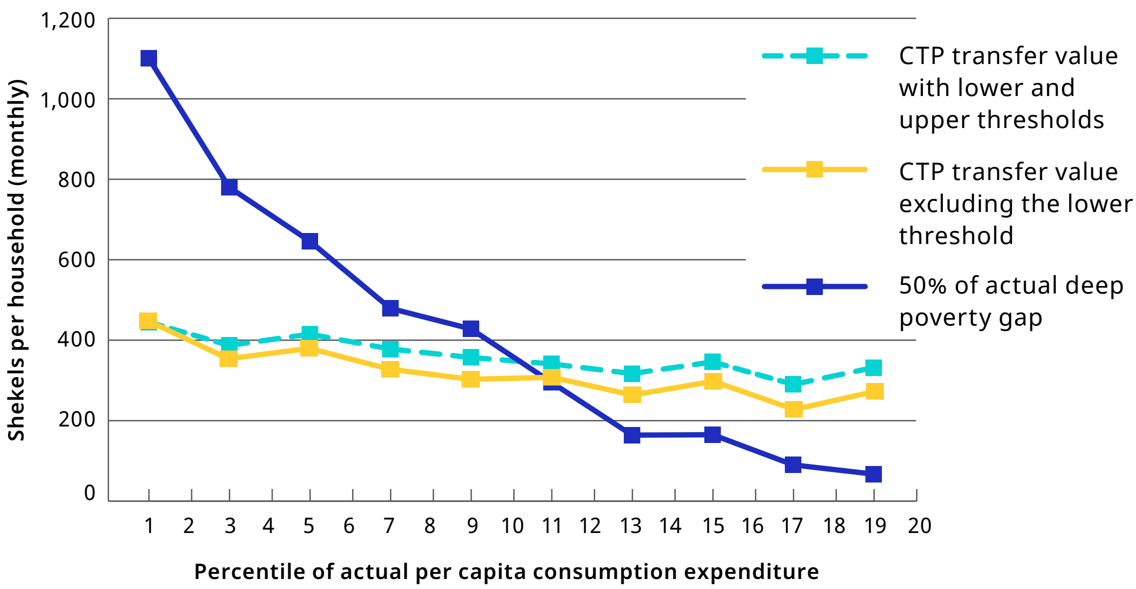
As figure 1 illustrates, the PMT-F tends to underestimate transfer values for the poorest, but overestimate transfer values for the least poor households when compared with the actual deep poverty gap.

With both upper and lower thresholds in place, this effect is further exaggerated. This option, therefore, cannot be considered equitable, either in terms of equal outcomes for beneficiaries (i.e. equalizing standards of living after the transfer) or in terms of treating all beneficiaries "fairly" in the delivery of the programme. Those most in need currently receive, comparatively, the least adequate transfer values.

Option 2: Removing the upper and lower thresholds

Figures 2 and 3 illustrate the impact of removing the lower (yellow) and upper (grey) thresholds, respectively, compared against the actual deep poverty gap (blue line). The current CTP transfer with both thresholds in place is shown as a dashed line.

▶Figure 2. Effect of removing the lower threshold



It is clear from figure 2 that removing the lower threshold while leaving the upper threshold in place has practically zero impact compared with the current transfer value. There is a small difference at the least poor end of the spectrum, but the poorest households continue to be under-compensated as shown by the distance of the yellow line from the blue line, which increases dramatically below the 10th percentile. Given this lack of impact, it would be pragmatic to leave the lower threshold in place to avoid high transaction costs by paying many small transfers.

▶Figure 3. Effect of removing the upper threshold

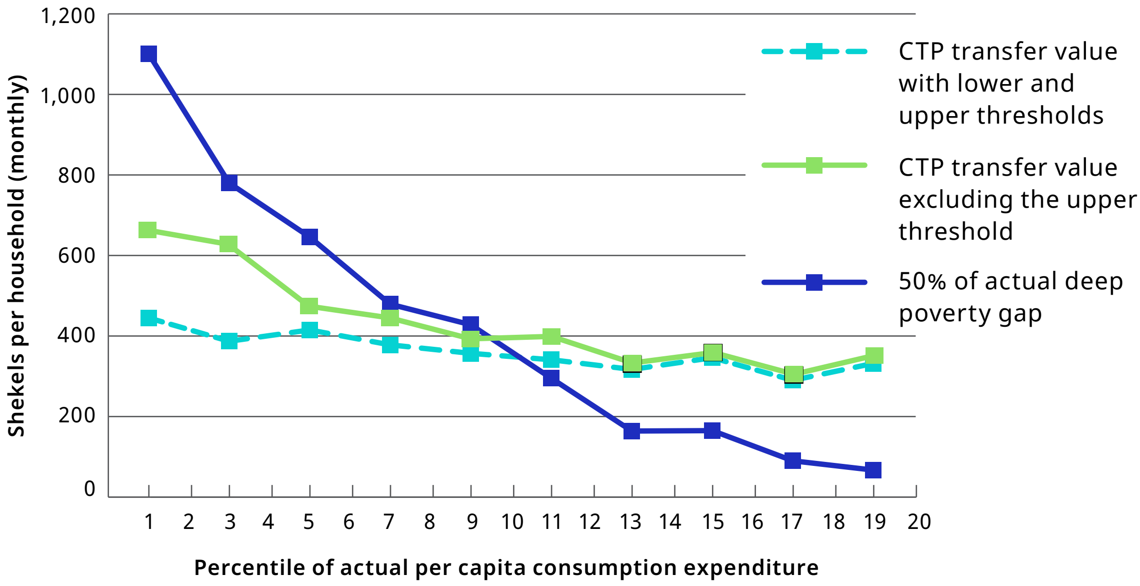
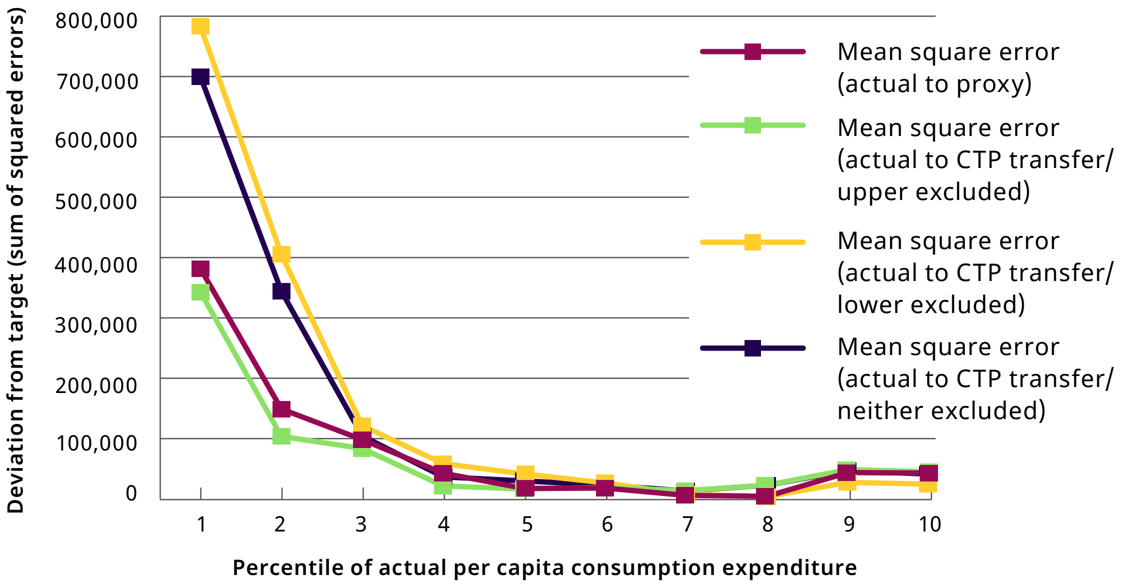


Figure 3 confirms that removing the upper threshold would have a positive impact for the poorest families as it would bring them closer to 50 per cent of the deep poverty gap. The grey line clearly shows a closer alignment with the actual deep poverty gap (blue line) up to the 3rd percentile, where it starts to fall off slightly. This option outperforms the current method, although it does not entirely close the gap. For the very poorest percentile the transfer value amounts to approximately 30 per cent of the deep poverty gap (average of 35 per cent for the first 5 percentiles), compared with 20 per cent of the deep poverty gap when the upper threshold is maintained. Equity is improved, but not completely attained.

It is worth noting that all options tend to deliver a transfer value to the least poor families that is higher than the objective of meeting 50 per cent of the deep poverty gap. However, it must be kept in mind that, even at the 20th percentile, these are still deeply poor households, and a slightly higher transfer value improves the adequacy of the transfer for these people at little cost. Another way of presenting this argument is to examine the deviation of transfer values from the actual deep poverty gap, such that, ideally, there would be zero deviation from the target (figure 4). For all options, deviation from the intended target increases significantly below the 5th percentile.[37] The biggest deviations are visible when the upper threshold (grey line) and both thresholds (yellow line) are applied, and the least deviation occurs when only the upper threshold is removed (orange line).

[37] Note that the 5th percentile refers to the poorest 5 per cent in the population as a whole, rather than the CTP target caseload. As a proportion of the target population, percentiles 1–5 actually comprise 25 per cent of the CTP caseload.

▶Figure 4. Effect of transfer value thresholds in terms of deviation from the actual deep poverty gap



In summary:

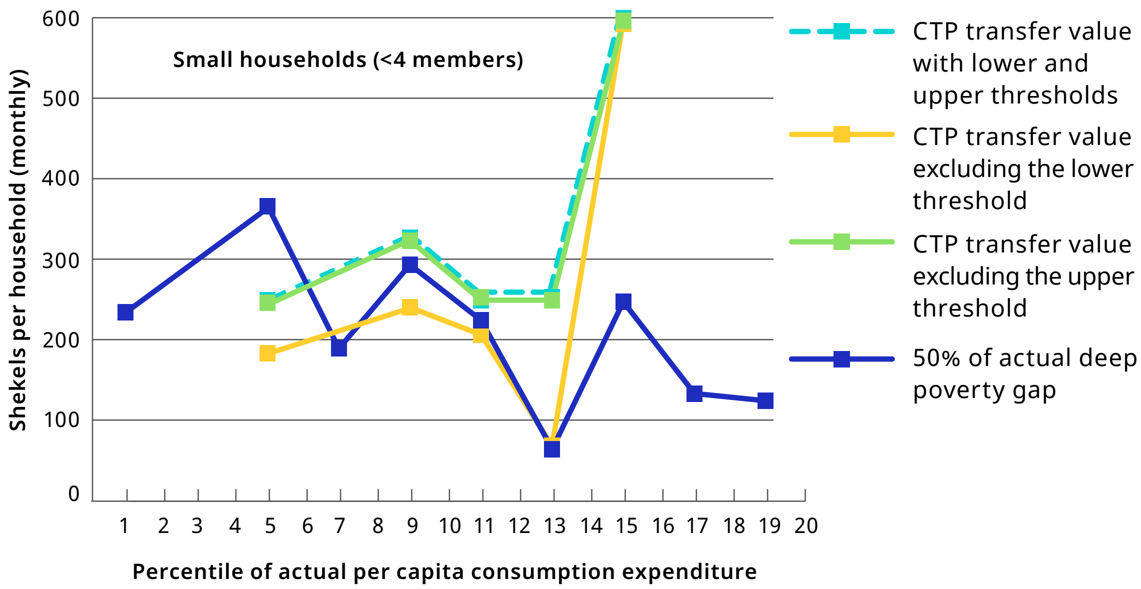
- The PMT-F underestimates the deep poverty gap for the poorest 10 per cent of the population, especially for the very poorest households in the first 7 percentiles. Above the 10th percentile, the PMT-F overestimates the deep poverty gap.
- Removal of the upper threshold (option 2) improves the transfer value for the poorest households, but does not completely meet 50 per cent of the actual deep poverty gap. For the very poorest percentile, the transfer value meets just 30 per cent of the deep poverty gap (an average of 35 per cent for the first 5 percentiles), compared with 20 per cent of the deep poverty gap when the upper threshold is applied.
- Removing the lower threshold makes no significant difference. If removed, it would result in increased transaction costs with little impact.

Option 2(a): Removing both upper and lower thresholds for different household sizes

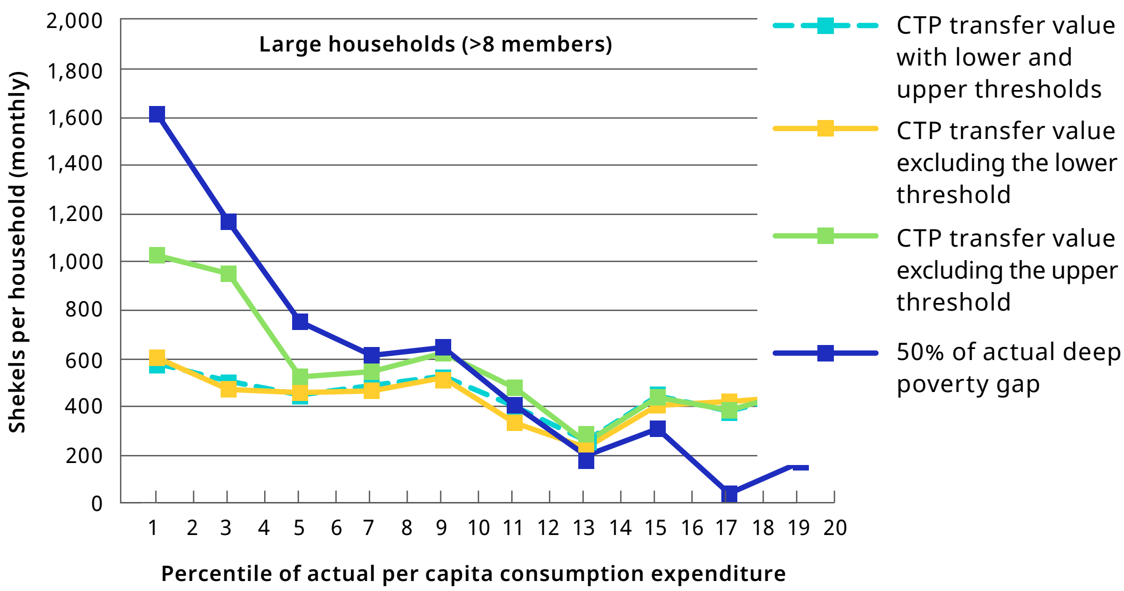
Figure 5 shows smaller families are positively affected by the retention of the lower threshold and are not affected by the upper threshold (the grey and dashed lines follow each other exactly). Conversely, for large families, removing the upper threshold (grey line shown in figure 6) significantly benefits the poorest families when compared with either the lower or both thresholds being maintained (yellow and dashed lines).

The impact of the thresholds (upper and lower) is negligible for medium-sized families (i.e. for the majority of the CTP caseload, thresholds do not affect their benefit as it is within – not above/below – these limits).

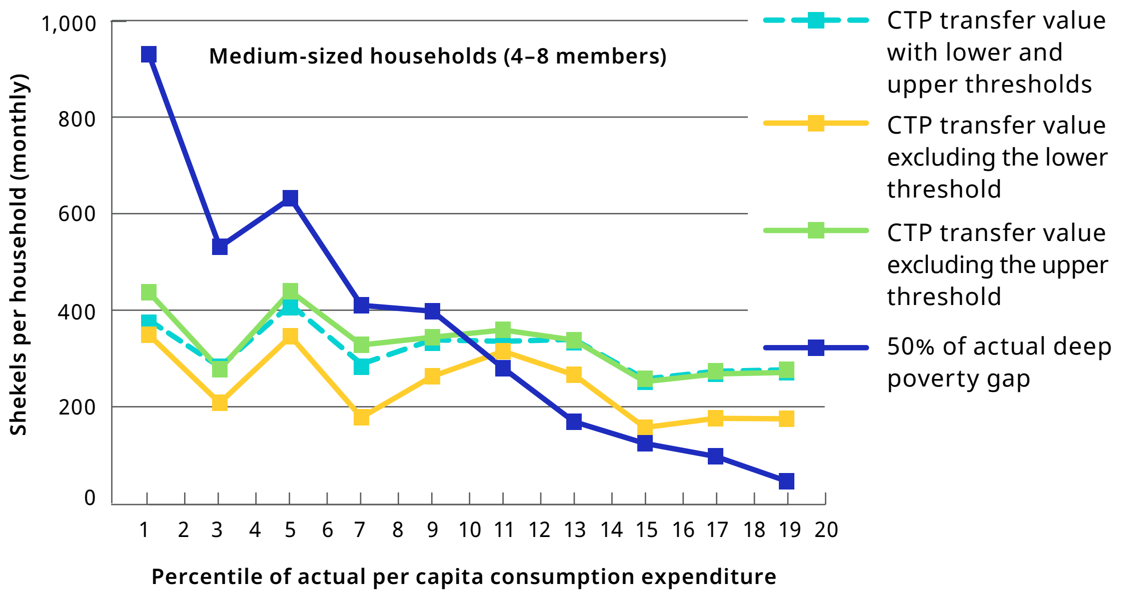
▶Figure 5. Effect of transfer value thresholds on small households



▶Figure 6. Effect of transfer value thresholds on large households



▶ **Figure 7. Effect of transfer value thresholds on medium-sized households**



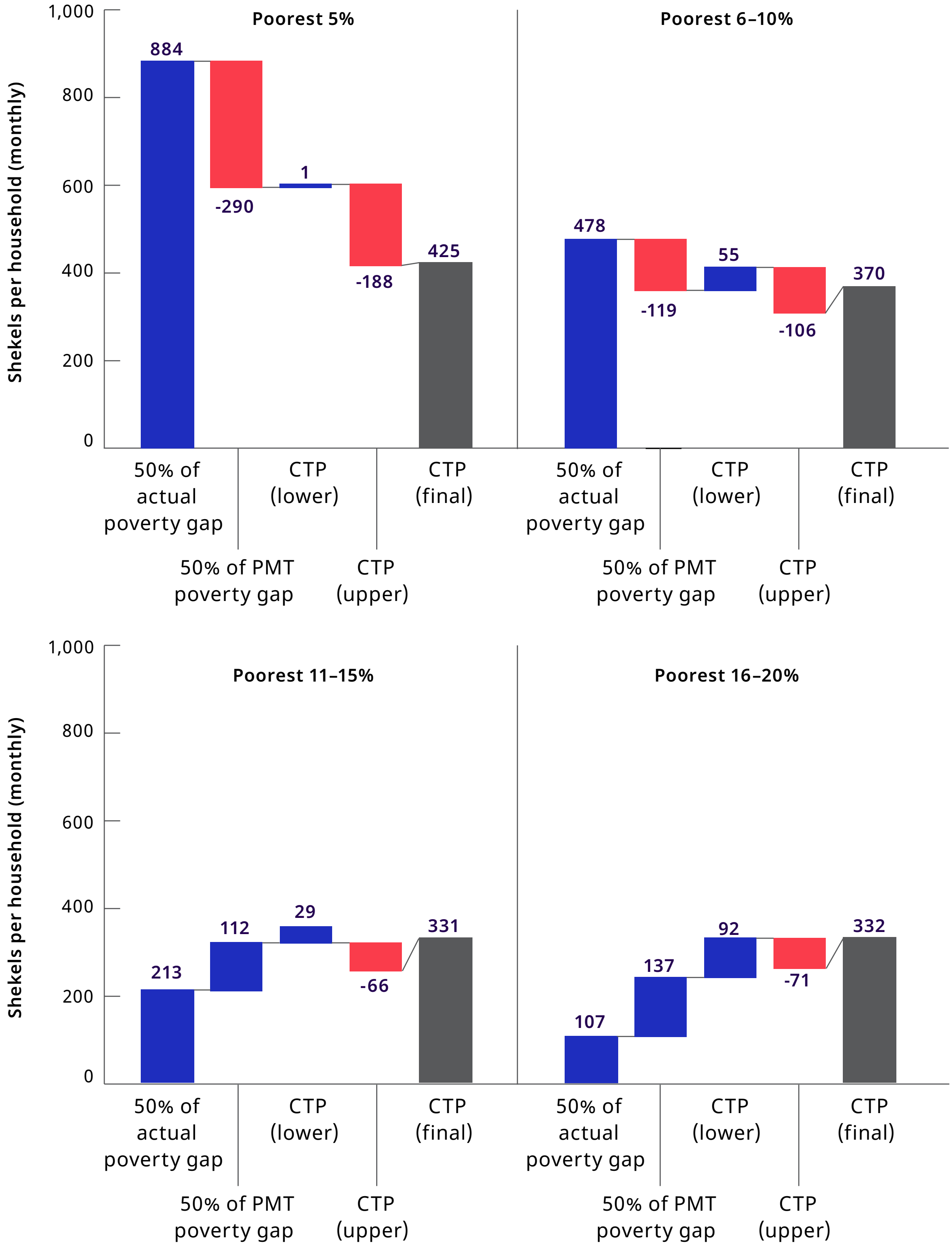
In summary:

- Large families are negatively affected by the upper threshold, as family size is correlated with poverty as defined by the PECS. Removal of the upper threshold improves the transfer value for the poorest and largest families, but does not close the gap entirely when compared with the actual deep poverty gap.
- Smaller families are positively affected by the retention of the lower threshold and are not affected by the upper threshold. Again, this suggests that smaller households are less poor and are being favoured by the existing determination mechanism.
- The thresholds do not significantly impact transfer values for the majority of the caseload (i.e. medium-sized families).

Option 2(b): Removing the upper and lower thresholds for different poverty groups

The “waterfall” charts in figure 8 show the effects of increasing or decreasing the transfer value for the poorest 20 per cent of the population. They compare the final CTP transfer value with (a) the actual 50 per cent deep poverty gap; (b) the 50 per cent deep poverty gap as estimated by the PMT-F; (c) the transfer value if the upper threshold is removed; and (d) the transfer value if the lower threshold is removed.

▶Figure 8. Effects of upper and lower thresholds on transfer values by poverty group



For the poorest 5 percentiles, the figure shows that the PMT-F estimate of the deep poverty gap is much smaller than the actual deep poverty gap; the upper threshold reduces the transfer value even more. Looking at the least poor (16–20th percentiles), the opposite is the case, with the PMT-F estimate of the deep poverty gap resulting in a higher transfer value compared with the actual deep poverty gap. There is a small increase when the lower threshold is removed, and a small decrease when the upper threshold is maintained.

In summary:

- The PMT-F is a poor estimate of the deep poverty gap, especially for the poorest households. Such errors result in a regressive transfer of income from those in deepest poverty to the least poor beneficiaries.
- The poorest households are most affected by the upper threshold compared with the other poverty groups, in part because of their larger family sizes and associated poverty levels. This group would benefit the most from removing the upper threshold.

Alternative transfer value determination based on categorical vulnerabilities

If we consider recalculating transfer values based on life-cycle vulnerabilities, instead of poverty-focused payments, we need to consider different household compositions. Some families would be excluded from benefiting from certain transfers (e.g. those below the deep poverty line but with no children, disabled or elderly members). Other families would lose out because their life-cycle benefit would be lower compared with the existing poverty-focussed transfer. In the former case, a continuation of the existing CTP transfer is assumed; for the latter, a top-up payment to the level of the existing CTP transfer value would be required. In this scenario, the CTP budget would need to be increased by 20.1 per cent. Otherwise, the transfer amounts for each life-cycle category would need to be reduced by 20.1 per cent to remain budget-neutral.

Compared to the deep poverty gap, the life-cycle transfer values tend to be flatter across the poverty spectrum. This reflects the different objective of addressing life-cycle vulnerabilities. Thus, comparing life-cycle transfers with those designed to address monetary poverty is not particularly helpful as the objectives are different.

Predictably, very few households would not qualify for at least one of the life-cycle payments. However, many households (HHs) across the poverty spectrum would receive a lower transfer value with life-cycle transfer values than with the existing poverty-focussed payments and would thus require a top-up to avoid reducing their overall transfer value. Tables 4–6 explore this in more detail.

▶Table 4. Average transfer value transfer values – life-cycle risks only

Household size	Households with the following members:			
	Children	Persons with disabilities	Elderly	Other households
1		250	200	
2		250	223	
3	107	434	335	
4	224	434	393	
5	249	478	322	
6	360	573	514	
7	342	450	403	
8	440	623	567	
9	443	617	562	
10	676	852	741	

▶Table 5. Life-cycle transfers with CTP transfer value for other households

Household size	Households with the following members:			
	Children	Persons with disability	Elderly	Other households
1		250	200	250
2		250	223	
3	107	434	335	250
4	224	434	393	278
5	249	478	322	431
6	360	573	514	313
7	342	450	403	421
8	440	623	567	
9	443	617	562	
10	676	852	741	

▶Table 6. Life-cycle transfers with CTP top-up and CTP transfer value for other households

Household size	Households with the following members:			
	Children	Persons with disabilities	Elderly	Other households
1		250	250	250
2		250	250	
3	263	434	351	250
4	319	453	430	278
5	331	489	364	431
6	419	617	581	313
7	415	482	493	421
8	529	628	602	
9	508	644	578	
10	722	858	771	

Table 6 represents the “fairest” option with top-ups ensuring that no household loses out if the poverty-focussed transfers were transformed into a life-cycle approach. However, given the budgetary implications, this could be designed as a temporary measure to help transition between programme objectives, rather than a long-term option.

In terms of equity, it is challenging to make comparisons between this model of transfer value determination with the poverty-focussed models as the objectives are different. Reducing risks associated with specific life-cycle events (e.g. having children, developing a disability, reaching old age) is a different objective from simply alleviating monetary poverty. For the aggregate transfers suggested, life-cycle transfers reach similar levels to those of the current CTP, and would require a 20.1 per cent increase in the current budget. This would also include continuing to provide the current transfer to the very few families who would not be eligible for any life-cycle transfers.

In summary:

- The life-cycle approach provides higher transfer values across the spectrum, thereby improving adequacy. However, it does not address the poverty gap for the poorest of households (i.e. it performs worse in terms of equity). It is not designed to do so, thus monetary poverty is still an issue if life-cycle transfer values are implemented alone. Ultimately, a combination of life-cycle and poverty-focussed transfers may be preferable.

- Very few families would not receive any life-cycle transfer; these families could instead receive the current CTP transfer at little additional cost.
- Some households would lose, while others would gain. The poorest households that do not benefit from any life-cycle transfer could be provided with a poverty-targeted safety net.
- The exclusion errors inherent in the PMT-F will remain, at least until a more universal allowance programme is put in place. However, the PMT-F would not be used as the transfer value determination method. Rather, life-cycle transfer values are based on categorical factors. If the social protection floors approach (see annex) is chosen as the way forward for social protection in the Occupied Palestinian Territory, this would be a positive move.

▶ Transparency

To build social cohesion, transfer values (alongside other aspects of social protection programming) should be transparent in the way they are determined, so that it is simple to communicate to beneficiaries about why they receive a certain amount while others receive other amounts. Social tensions between households may be exacerbated when transfer values and targeting methods are not widely understood. Transparency thus improves accountability.

Current transfer value determination method

The PMT-F – especially the new formula – is a highly complex instrument composed of 58 indicators, which are then weighted separately, to derive scores that determine the final payment. This is very difficult to explain to beneficiaries and those who are excluded. Moreover, the final weightings and indicators are not shared openly with the population – or even other social protection actors. Difficulties in explaining the methods of an opaque “black box” means that issues with accountability may arise, since claimants are unable to understand their entitlements and civil society organizations are unable to assist them. Potential beneficiaries, therefore, struggle to articulate their eligibility for entitlements through grievance mechanisms.

Alternative transfer value determination based on categorical vulnerabilities

Transfer values based on household composition are more transparent and easier to explain to the whole population, including beneficiaries and non-beneficiaries alike. In turn, this increases the accountability of the transfer value determination method, as entitlements and their calculation are clearly defined. Additionally, transfer values based on household composition can enhance access to complaints mechanisms, and such complaints are easier to address since calculations are more transparent and simpler to understand.

▶ Adaptability/robustness

Current transfer value determination

The PMT-F approximates a household's level of poverty at a static moment in time. If the database is infrequently updated, this can limit the transfer values adaptability to structural changes in household needs over time. The PMT-F relies upon PECS data, which are collected every 5 years via a comprehensive household questionnaire. In 2022, the Ministry of Social Development updated beneficiary data using this questionnaire to recertify CTP beneficiaries.[38] However, this process of updating beneficiary data and recertification is not performed regularly, and beneficiaries have not been systematically recertified since 2013. There is currently no mechanism in place that allows for adjustments for changes in needs within or between PECS cycles, or any way to validate the beneficiary database by (re)running the PMT-F. Measuring changes in poverty is a cumbersome process, but without such measurements the determined transfer values lose relevance over time.

Recent ILO research on income dynamics showed that 40 per cent of the nation's "poor" income group are transient, meaning that their poverty status fluctuates over time.[39] These fluctuations are based on structural changes in household circumstances, mainly demographic changes, labour market fluctuations and shocks. Therefore, even if the PMT-F is the best measure of the poverty gap at any given moment in time, its accuracy may rapidly decline over subsequent years as households across all levels of the wealth spectrum move between income groups.

[38] The new PMT-F is based on 2017 data and is being rolled in 2023. The ILO estimates that, within 5 years, about 40 per cent of poor people will no longer be identified through the PMT-F. This percentage is expected to increase over time.
[39] Tareq Abuelhaj et al., *Income Dynamics and their Implications for Social Protection in the Occupied Palestinian Territory* (ILO, 2023).

Because fiscal space is extremely vulnerable in the Occupied Palestinian Territory, social protection is prone to unpredictable cuts. The fiscal control of tax revenues by Israel and EU funding delays for the PEGASE both conspire to erode predictability.

Alternative transfer value determination based on categorical vulnerabilities

There are key stages of the life-cycle where individuals are structurally more at risk of falling into poverty, including those who are elderly, have a disability or families with children. Therefore, transfer values determined by household composition or based on demographic characteristics are more robust over time and do not need to change according to approximated levels of household welfare. An alternative transfer value determination mechanism based on life-cycle vulnerabilities would include a component for households ineligible for any transfer based on life-cycle vulnerabilities.

From the perspective of adaptability, life-cycle events are generally predictable in nature and changes in household demography can be tracked or reported relatively easily (e.g. births or an elderly member dying). Validation of household demographics would incur administrative costs but could also be proactively crosschecked and updated against other databases (e.g. the civil registry at the Ministry of Interior).

4 Cost of alternative reform options

Each determination model has its "best bet" version in terms of performance, but fiscal constraints apply to all of them. Table 7 summarizes the costs of each model and their sub-options. Assessing costs in terms of benefits is somewhat subjective, especially when comparing poverty-focussed programmes with household composition approaches with their different, though overlapping, objectives.

▶Table 7. Cost implications for each transfer value determination model

Transfer valuedetermination model	Aggregate cost (million shekels)	Additional requirement	Percentage increase of current budget
Current PMT-F with upper and lower thresholds in place*	489.0	–	–
Current PMT-F without upper threshold*	579.7	90.7	18.5
Life cycle only	582.9	93.9	19.2
Life cycle and CTP*	587.1	98.1	20.1
Life cycle and CTP top-up	674.0	185.0	37.8

Note: * = best option for each of the three main models.

5 Application and relevance to humanitarian programmes

Humanitarian transfer value determination mechanisms

Humanitarian actors use a range of different parameters and methods for determining their transfer amounts. The CWG is tasked with calculating the MEB as a way of estimating the amount of cash required for beneficiaries to meet their basic needs. This calculation follows a standard methodology adapted to the context, and includes local market factors; in this case the situation in the West Bank is different from that in Gaza. The transfer value is conceived as a proportion or contribution to the MEB, rather than the total amount required, and takes into account the capacity of recipients to meet some needs from their own resources. This is complicated by the addition of a "survival" MEB, which is a reduced form of the full MEB, but primarily used only as a rapid-response mechanism where speed and coverage is important.

On the other hand, the WFP and UNRWA use a food MEB based on a standard daily food ration of 2,100 kcals. The WFP then provides 60 per cent of this, while UNRWA transfers 50 per cent. UNICEF uses a different method based on family size or number of children (the other determinations are provided at a flat rate), and the transfer value is designed to ensure the wellbeing of children. However, setting the transfer value at 60 per cent of the MEB has little basis in evidence, and does not take into account the differences in vulnerability between different households or, for example, between those living in Gaza and the West Bank (though the MEB may be calculated differently for different locations).

Programmes are normally designed to meet immediate humanitarian needs and do not necessarily align with international labour standards, which are applied for

State-led, long-term social protection systems. However, in the Palestinian context, several humanitarian programmes that use the MEB are at least partially targeting poverty alleviation, and can be understood as quasi safety nets running over the long term. In this case, it is useful to consider the extent to which the MEB, as a transfer value determination mechanism, aligns with international labour standards, in terms of meeting similar objectives.

▶Table 8. Humanitarian transfer value determinations derived from international labour standards

Dimension	MEB applied to humanitarian programmes
Adequacy	The transfer value is calculated at 60 per cent of the MEB, which provides a higher transfer value for most families compared with the CTP, and is generally adequate. TVs based on the food basket (the WFP and UNRWA) are less adequate for meeting a minimum standard of living as they are designed to meet a proportion of food needs only. The transfer value is based on the household's needs rather than a certain level of individual income or consumption. The MEB and poverty lines/minimum income levels share the same basic logic. Humanitarian actors monitor prices and purchasing power to update the MEB periodically in line with inflation.* The WFP also tracks household consumption patterns and coping strategies to measure, among other indicators, the impact of price increases.
Equity and efficiency	Flat rate for all households – not equitable as smaller households are favoured, even though larger households are generally poorer. Humanitarian transfer efficiency depends on the transaction costs of the financial service provider and the volume of transfers – smaller operations are less efficient than large-scale payments.
Transparency, simplicity, accountability and social cohesion	Humanitarian cash transfers are simple and easily understood by recipients, and targeting is based on simple vulnerability criteria. If clearly communicated, transfer values are transparent and easily understood. Humanitarian agencies generally invest in "accountability to affected populations", including complaints and feedback mechanisms. Cash transfers effected through financial service providers can be tracked and reported effectively.
Adaptability, stability and predictability vs responsiveness to changes in welfare needs	Humanitarian cash transfers tend to be "unstable" in the sense that they are often short-term, except for the large social safety nets operated by the WFP and UNRWA, which are considered stable and predictable. Short-term humanitarian cash transfers are "unpredictable", even though agencies communicate recipients' entitlements. Humanitarian transfers are generally highly adaptable to changes in needs and context.

Dimension	MEB applied to humanitarian programmes
(continued)	Changes in household composition are not adjusted for where a flat rate per household is provided.

Note: *See regional guidance from CALP on CVA in contexts of high inflation: https://www.calpnetwork.org/resources/collections/cva-in-contexts-of-high-inflation-and-depreciation-collection/.

Shock-responsive social protection

An unpublished study commissioned by UNICEF offered a series of options for establishing an SRSP system.40 What was not included in the study was the issue of transfer values for a shock-responsive system, either as a top-up or as a vertical scale-up in which additional recipients would be temporarily included. The nature of shocks to be included within the SRSP (as opposed to the humanitarian system) is also a subject of some debate. For example, rapid inflation following an external event such as the Ukraine war could be considered an incremental shock, whereas covariate shocks such as forced displacement, say as a result of conflict, are more acute. Clearly, the impacts from these different shocks will vary, requiring a variable approach to determining any transfer value.

While not yet formally decided, it is likely that a shock-responsive mechanism will be operated in parallel to the CTP, rather than being embedded in it – at least for the foreseeable future. This pragmatic solution considers the fiscal challenges and capacity limitations faced by the Ministry of Social Development but, as far as possible, close collaboration needs to be established from the beginning. Given the political situation in the Occupied Palestinian Territory, this should be considered a priority.

Interoperable data management systems

In common with many protracted crises, the lack of interoperable data management systems leads to systemic inefficiencies. In short, the proliferation of humanitarian and social protection operations tend not to co-evolve, but rather fragment as incentives for competitive behaviour far outweigh those for collaboration. The single most effective way to consolidate databases lies in managing data effectively and collaboratively. Most humanitarian agencies have, to some extent, worked with the Ministry of Social Development and have taken on some of the CTP caseload (regular or waiting list) while also operating independently. Many families erroneously excluded by the PMT-F may be captured by the social safety nets operated by the WFP, UNRWA and other stakeholders.

[40] Gabrielle Smith. *Assessing System Readiness for Shock Responsive Social Protection in Palestine: Report of Findings and Options Analysis* (UNICEF, 2022).

Equally, the inadequacy of the CTP transfer value means that households that manage to receive more than one stream of assistance have a greater chance of meeting their basic needs.

However, the fact remains that nobody knows who is getting what. Without a single social registry or an effective mechanism to make agency databases interoperable this will not improve and overlaps in assistance will continue without any purposive strategy. Given the fiscal constraints of the Palestinian Authority and the Ministry of Social Development, this state of affairs amounts to a wasted opportunity in terms of making the most of scarce resources for the most vulnerable households.

The ability to share beneficiary data between agencies also offers the opportunity to integrate beneficiary lists for the sake of efficiency, while tracking assistance effectively and, perhaps most importantly, providing the means by which assistance can be layered to benefit the most vulnerable. The barriers to achieving this lie not only in the technical domain of making databases interoperable while maintaining data protection protocols, but more generally in the political domain of inter-agency competition for funding.

The first barrier is relatively easily overcome through harmonizing registration fields, assigning unique identifiers and defining the parameters whereby beneficiary data can be processed without revealing personal identities. For instance, a data warehouse operated by an independent non-operational agency, such as OCHA or a private-sector company, could be feasible, given the right technical competencies.

What seems far more complex is gaining the political will of key agencies to cooperate on interoperability (difficult) or engaging with a single social registry held by the Palestinian Authority (very difficult). To be fair, there are real data protection issues at stake – UNRWA, for example, holds sensitive personal information on certain refugee families that should not be transferred to another data processor without informed consent. But data can be anonymized and transferred in ways that safeguards identities while enabling a coherent data environment to emerge. Data protection should be treated as an important concern, but not used as an excuse for maintaining operational silos.

More work needs to be done on this difficult issue. Technical solutions to the safe interoperability of databases go hand-in-hand with building confidence among agencies to share data with the common aim of serving vulnerable Palestinians.

OCHA is currently looking to develop a data warehouse in Gaza and the Ministry of Social Development will soon unveil its social registry, which could conceivably act as a unified registry to which all stakeholders could contribute, thus solving the data management conundrum.

6 Key findings and recommendations

In terms of adequacy and the inequities associated with the PMT-F, it is clear that the CTP is not operating optimally. During the consultation phase, all stakeholders indicated that the low level of CTP transfers implies the need for additional support to key vulnerable families/individuals, either through the Ministry of Social Development or international agencies. Further, the complexity of the PMT-F does not provide any clear anchoring for beneficiaries, which can fuel mistrust and a lack of understanding of entitlements, with consequent accountability issues.

Fiscal space is the key limiting factor with respect to improving the adequacy of the transfer value without reducing coverage. The Ministry of Finance appears to rank social protection as a lower priority than other concerns, with little optimism for change given the ongoing fiscal challenges affecting the Palestinian Authority. Given the volatile political situation, the establishment of a shock-responsive system for social protection ought to be a priority, building on work that the Ministry of Social Development and UNICEF have already commenced.

In addition to the large UN-supported safety nets, international NGOs (including consortia such as the GPC) operate cash programmes in parallel with the CTP, including supporting families on the CTP waiting list. Again, the lack of interoperability makes it difficult to avoid duplication, and transfer values based on humanitarian calculations are generally higher than CTP transfers. This introduces inequities that are particularly visible between recipients on the waiting list and regular CTP beneficiaries.

Summary of reform options

Potential improvements to the existing CTP system could be considered by the Ministry of Social Development, alongside proposals expected from the World Bank's PMU in the near future. This paper argued that the CTP transfer value could be made more equitable by removing the upper threshold (option 2). However, this would not completely close the gap between the transfer value and 50 per cent of the deep poverty gap. Removing the lower threshold would make little difference and should probably remain.

The cost for this change would amount to a budget increase of about 86.9 million shekels (18.5 per cent), but fiscal space is heavily constrained by Israeli policy and international donor receipts. The thresholds were initially put in place to allow for the current breadth of coverage but, given the obvious fiscal limitations, either coverage would need to be reduced (which has political implications) or additional funding would need to be secured.

Humanitarian agencies could, with better data management and harmonization of standards, fill some of the funding gap. This does not necessarily mean directly funding the CTP, but rather supporting the poorest families being penalized by the current transfer value determination method and upper threshold.

In addition, the frequency of payments could be increased from the current quarterly practice to, for example, every two months. International labour standards advocate for the regular payment of benefits in order to provide a reliable income support or replacement for eligible individuals. While there may be valid arguments for paying larger sums less frequently (e.g. making debt repayments or investments in businesses easier), more frequent payments can allow beneficiaries (including the poorest and most vulnerable) to budget more effectively.

The current CTP transfer value determination mechanism also falls short on the adequacy dimension; it fails to meet basic needs, particularly for the poorest households. In terms of equity and efficiency, the PMT-F is an inefficient targeting instrument with exclusion errors greater than 40 per cent. It also exacerbates inequality by underestimating the deep poverty gap for the poorest households while overestimating it for the least poor households. That said, it is arguably still the best method available for estimating the poverty gap (the equity dimension) at the point of data collection.

Transparency is problematic and even more so for the new formula. The PMT-F is complex and it is difficult to communicate to beneficiaries how it works. This raises accountability issues and has the potential to stoke social tensions. In addition, the PMT-F and PECS cycles are relatively static with no mechanism to update or adjust transfer values or poverty lines.

Alternatively, basing transfer values on household composition (option 3) addresses life-cycle vulnerabilities but does not address monetary poverty. In terms of coverage, very few families would not receive one or more of the life-cycle transfers, so that coverage would effectively be the same as the current CTP caseload. The few households that would not receive a life-cycle transfer could instead receive the current CTP transfer; this option would require a 20.1 per cent increase to the current budget.

Transfer values based on life-cycle categories would improve adequacy at the individual level, but may not be fully able to alleviate poverty for the poorest households. In terms of monetary poverty, some households would receive more than others such that the poverty gap would not be equally filled. While this option may appear less efficient in a static environment, it can be more robust in terms of the drivers of poverty, such as changes in household composition or acquiring a disability. However, while a combination of life-cycle and poverty-focussed payments may be more equitable, it may not be fiscally feasible.

A determination mechanism based on life-cycle events and vulnerabilities is transparent and easy to explain to beneficiaries and non-beneficiaries alike. Assessments of functional disability (rather than using a medical definition) may introduce additional complexity and be more difficult to explain than the other life-cycle events but, in general, this approach makes accountability simpler as the entitlement is clearly defined, and can be adjusted relatively easily. Life-cycle events are generally predictable and households could report changes in household composition relatively easily without high administrative costs.

Overshadowing both approaches, though, is the vulnerability of the programme to unpredictable cuts. Fiscal space is dependent on the receipt of tax revenues controlled by Israel, as well as EU funding. Any delays erode the programme’s effectiveness and its ability to make regular, predictable payments.

▶ Recommendations for the Ministry of Social Development

1. **Consider removing the upper threshold on the transfer value.** The Ministry could consider removing the upper cap on the current transfer value to help make payments more equitable for the poorest households (option 2), while maintaining the lower cap. This would mean an 18.5 per cent increase to the current budget but would improve the equitability of the transfer to some extent.

However, it would neither fully close the gap for the poorest households nor address concerns regarding adaptability/robustness and transparency.

2. **Increase transparency and robustness of the transfer value mechanism by linking payments to household composition, based on international labour standards.** The Ministry could consider establishing a transfer value determination mechanism based on household composition or categorical vulnerabilities (option 3). This would improve adaptability and responsiveness, and better adjust to changes in vulnerabilities over time, as well as be more robust in the face of dynamic transient poverty. It would also be more transparent and explainable to claimants as entitlements and calculations would be clear. The CTP budget would need to increase by 20.1 per cent if all current beneficiaries continued to receive a transfer, but this could be made budget-neutral by scaling down the transfer values, even though this would compromise benchmarks anchored to international standards. Given the current fiscal constraints, one option could be to base transfer values on life-cycle vulnerabilities in the first instance, but with a commitment to gradually move towards more adequate individual transfer values in the future. This option requires more research and greater consideration of potential costs and implementation modalities.

3. **Explore ways of linking transfer values to inflation.** This would require some systemic changes to improve the adaptability, equity and adequacy of the current CTP in the face of inflationary pressures, which erode the purchasing power of benefits. Actions should include the following:

   (a) Establish which index to use to measure inflation, preferably one that relates to the purchasing power of recipients. The CPI or changes in the poverty line would be obvious choices, although the MEB could also be used if this were regularly reviewed by the CWG.

   (b) Develop and agree on the triggers that would signal a review of the transfer value. This would require regular monitoring of the inflation index chosen, and an agreed magnitude of increase for an agreed duration.

   (c) Establish a system for reviewing and recommending adjustments to the transfer value in order to maintain purchasing power over time. This would entail forming of group of stakeholders, who should make decisions in a transparent manner and take fiscal sustainability into account. Such a group could include the Ministry of Social Development, the Ministry of Finance, a UN agency and a key donor such as EUREP.

4. **Adopt a social protection floors approach in the longer term.** The Ministry is intending to transform the narrow poverty-focussed CTP into a full social protection floors approach (see annex), with the possibility of retaining a monetary poverty element to ensure that the poorest households can meet their basic needs.

By covering categorical vulnerabilities as the primary step, concerns associated with the PMT-F would be alleviated, including concerns regarding exclusion errors and the lack of effective identification of the poorest group, which changes over time.

▶ Recommendations for humanitarian actors

Humanitarian actors can harmonize cash programming and better align their transfer calculations with the principles of social protection and the CTP. The process could be part of the work plan of the SPCVA TWG and include key stakeholders from the Palestinian Authority, humanitarian and development communities and donors. Accordingly, the following actions are recommended:

1. **Align transfer values for beneficiaries on the CTP waiting list.** Ideally, the waiting list will no longer exist once the new PMT-F verification process is in place. Currently, humanitarian transfer values are based on 60 per cent of the MEB, as calculated by the CWGs. This means that there is a discrepancy between payments to regular CTP beneficiaries (250–600 shekels per month) and those on the waiting list, who are supported by one or more humanitarian agencies (1,081–1,240 shekels per month). Aligning transfer values with CTP levels for programmes that cover the waiting list would improve equity and enable a clearer exit strategy for moving recipients onto longer-term assistance programmes. In the event that the CTP stalls and humanitarian actors are asked to step in, transfer values should be aligned with the existing system. The development of a shared exit strategy for those beneficiaries on the CTP waiting list enrolled in humanitarian programmes should be pursued through the SPCVA TWG.
2. **Harmonize the transfer value determination for top-ups.** The large social safety net programmes operated by UNRWA and the WFP act partly as an informal top-up system for the CTP, while also targeting non-CTP beneficiaries. This leads to inequities and differences in approaches. While there is a sound – and often similar – rationale for calculating transfer values, the disparity of outcomes is striking and needs to be harmonized. Different transfer values make little sense from the recipient’s perspective. Harmonizing the approach to determining the transfer value would improve cohesion without necessarily setting a single transfer value for all. Note that harmonization does not mean homogenization. There may be good grounds for differences in transfer values depending on the objectives of the programme, but a common approach is recommended.

This should also include harmonizing transfers on the basis of household composition rather than using a flat rate – currently, humanitarian transfer values are more generous, but unfair to larger households. A standard way of calculating family size could be used across the board, say using adult equivalents and agreed transfer values for each family, taking into account that larger families pool some expenditures.

3. **Develop a common approach to transfer values for SRSP.** The nature of shocks to be responded to within the SRSP, as opposed to the humanitarian system, is a subject of some debate. Rapid inflation due to an external event such as the Ukraine war could be considered a transient shock, whereas more protracted shocks, such as forced displacement, impact people differently. In terms of transfer values, a common approach needs to be developed, based either on the poverty line or the MEB, as both aim to meet basic needs. Using the poverty line can be justified by the richness of the PECS data and its detailed methodology of calculating poverty. In addition, there is a need for clear referral lines for shock-affected families moving from emergency assistance to longer-term support. Other aspects should consider horizontal and vertical scale-ups and, therefore, some aspect of alignment with current transfer values. Once the shock has passed, scale-downs need to ensure that a reduction in support does not cause an additional shock to beneficiaries. Linkages with conventional humanitarian transfer values should also be taken into account where there are more acute or widespread emergencies than the SRSP system can cope with. This is an area for further research by sector stakeholders.
4. **Harmonize data management systems.** In common with many protracted crises, the lack of interoperable data management systems leads to systemic inefficiencies. In short, humanitarian and social protection operations tend not to co-evolve, but rather fragment. The single most effective way to defragment and consolidate assistance lies in managing data more effectively and collaboratively. While households receiving more than one stream of assistance are more likely to have their basic needs met, the fact remains that nobody knows who is getting what. The ability to share beneficiary data between agencies would help reduce duplication, track assistance effectively and, perhaps most importantly, provide the means by which assistance can be layered to benefit those most vulnerable.

Annex: Social protection floors explained

The social protection floor concept is vested in the notion that social protection is a human right, as enshrined in Articles 22 and 25 of the Universal Declaration of Human Rights (1948), Article 9 of the International Covenant on Economic, Social and Cultural Rights (1966), and other major United Nations human rights instruments. The Social Protection Floor Initiative (SPF-I), launched in 2009 as a broad UN crisis initiative, is grounded in a rights-based framework and based on shared principles of social justice. It reflects the call of the Declaration of Human rights for adequate living standards, access to health, education, food, housing and social security and focuses on both the supply side (ensuring that good quality healthcare, clean water, food, social services, and so on are available and accessible) and the demand side (providing cash and in-kind transfers to those in need). The SPF-I was further strengthened with the adoption of the ILO Social Protection Floors Recommendation, 2012 (No. 202).

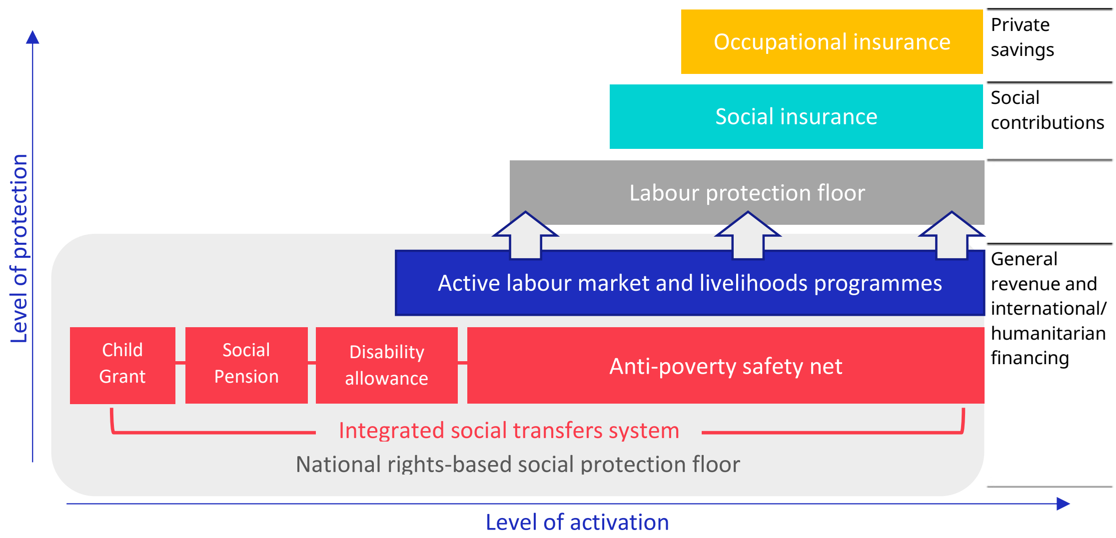
Recommendation No. 202 calls upon Member States to establish a social protection floor and to build a coherent social protection system. Recommendation No. 202 defines a national social protection floor as a nationally defined set of basic social security guarantees that secure protection aimed at preventing or alleviating ill health, poverty, vulnerability and social exclusion. These guarantees should ensure that, over the life cycle, all in need have access to at least essential healthcare and basic income security. Together, these guarantees ensure effective access to essential goods and services.

Based on a detailed review of the CTP, the ILO conducted an assessment with respect to social protection floors and recommended that a reimagined Palestinian social protection system should include the CTP as one of many purpose-specific programmes, with diversified and integrated funding sources, and which promote economic potential among beneficiaries (see Figure 9).[41] Such a system in the Occupied Palestinian Territory should be built upon the foundation of a rights-based social protection floor with an integrated system of social transfers, financed by general Palestinian Authority revenues, as well as through humanitarian initiatives via improved nexus coordination.

[41] ILO, *On the Road to Universal Social Protection*. 2021.

The transfer system is designed to holistically manage priority life-cycle risks (e.g. old age, disability) and provide support to those facing economic hardship, while linking beneficiaries to economic activation programmes where appropriate. For those who (re)enter the labour market, applicable labour law and statutory social insurance would then provide higher levels of protection, financed from social contributions based on wages and, additionally, through private insurance arrangements.

▶Figure 9. Increasing levels of protection through a rights-based social protection floor and multi-pillar social protection system



Source: ILO, *On the Road to Universal Social Protection: A Social Protection Floor Assessment in the Occupied Palestinian Territory*, 2021.

Assessing social protection adequacy in the Occupied Palestinian Territory: Transfer value determination mechanisms for national and humanitarian social assistance schemes

This report examines the Palestinian National Cash Transfer Programme (CTP) in terms of the methods currently used to determine levels of benefit and their potential alternatives. It also assesses opportunities to align humanitarian cash and in-kind programming with the CTP by applying criteria derived from international labour standards. The CTP operates across the Occupied Palestinian Territory (OPT), and is being implemented by the Ministry of Social Development (MoSD). The report proposes a number of options to reform current transfer value determination mechanisms, with the aim of improving the adequacy of cash assistance in the Occupied Palestinian Territory and supporting the coordination, coherence and potential harmonization of such mechanisms. The impact of inflation is also considered, and recommendations are intended to improve shock-responsive social protection (SRSP) programmes in the future.

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