

## About REBA Case Study Briefs

### What is RHVP?

The Regional Hunger and Vulnerability Programme (RHVP) supports improvements in policy and programme approaches to hunger and vulnerability in southern Africa with particular emphasis on the role of social protection.

### The Regional Evidence Building Agenda (REBA)

Evidence-building, together with capacity-building and policy change, is one of RHVP's three interlinked activities. The Regional Evidence Building Agenda (REBA) is a cohesive framework that has guided the Programme's cross-country evidence-related activities between April 2006 and September 2007. The REBA consists of individual case studies of 20 ongoing social transfer programmes together with thematic studies covering cross-cutting design and implementation issues. The studies were carried out by locally commissioned researchers, mostly working through national research and consultancy institutions, in the six southern African countries covered by RHVP (Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe). All the case studies involved close collaboration with the agencies – government departments and government-appointed bodies, local and international NGOs, UN agencies and communities – that were implementing the social protection schemes under review. The research was supported and guided by a core team of international mentors which included Stephen Devereux (IDS, Sussex), Frank Ellis (ODG, University of East Anglia) and Lionel Cliffe (University of Leeds) and was coordinated and managed by Philip White (ODG).

### REBA Aims

The REBA aims to support RHVP's efforts to promote improved policy and programme approaches to social transfers as a means of addressing hunger and vulnerability. REBA findings are feeding into a range of policy, advocacy and research outputs and processes, including policy briefs, best practice guidelines, national and regional learning events for policymakers, practitioners and civil society, a film series and research publications. In addition, by working through a network of national consultants, the REBA aims to increase national capacity to carry out analytical research on hunger and vulnerability within the six countries.

### REBA Case Study Briefs

This series of briefs was prepared by Frank Ellis on the basis of the 20 individual case studies undertaken under the REBA. Based on these findings and those of the accompanying thematic studies, a parallel series of thematic briefs that cut across the case studies is also in preparation. The full reports of each case study will be made available in early 2008.

## Social Cash Transfers, Zambia

### Overview

Zambia currently has five social cash transfer pilot schemes running in Kalomo, Monze, and Kazungula districts in the Southern Province of the country, and Chipata and Katete districts in the Eastern Province of the country. The longest established of these is the Kalomo Pilot Cash Transfer Scheme that has run since 2004 in Kalomo district, initially providing transfers to 1,027 destitute beneficiaries in 143 villages and 5 township sections. The Kalomo scheme has been taken as a model for other pilot cash transfers, each intended to test different aspects of cash transfer delivery and to learn lessons for scaling-up cash transfers in the future.

Social cash transfers in Zambia are implemented by the Public Welfare Assistance Scheme (PWAS) of the Ministry of Community Development and Social Services (MCDSS). Technical assistance for the existing schemes is provided by GTZ (Kalomo and Monze) and CARE International (Kazungula, Chipata and Katete). The focus of this case-study is on two out of the three CARE International supported schemes, Kazungula (rural southern) and Chipata (urban eastern); however, these examples are placed within the broader context of the current set of pilots as a group.

The Kazungula cash transfer scheme seeks to test the feasibility of unconditional cash transfers in a remote, sparsely populated, and agriculturally marginal rural area. From August 2005 to March 2007, this scheme provided 554 destitute and incapacitated households with ZMK30,000 (US\$7.5) per month (if they had no children), or ZMK40,000 (US\$10) per month (if they had children). In April 2007, these amounts were raised to ZMK40,000 and ZMK50,000 respectively. The Chipata cash transfer scheme is designed to examine the modalities of delivering cash transfers to destitute households in urban areas. The scheme provides 1011 destitute families in the Chipata urban area with ZMK40,000 (US\$10) per month (if they have no children), or ZMK50,000 (US\$12.5) per month (if they have children). In addition, the Chipata scheme pays for each child enrolled in school grades 1 to 7 (primary school) a bonus of ZMK10,000 (US\$2.5) per month, and a bonus of ZMK20,000 (US\$5) for children in grades 8 to 12<sup>1</sup>.

The basic transfer amounts in these schemes are set at a level that permits the purchase of a 50 kg bag of maize per beneficiary family per month, given maize price levels at scheme inception. This is considered sufficient to increase the food consumption of a typical

1 The currency in Zambia is the Kwacha, the brief form of which is written ZMK. The exchange rate used for conversions in this document is ZMK4000 = US\$1.

beneficiary household from one to two meals per day, and permits minimal scope for discretionary expenditures. The transfer is not designed to lift beneficiary households out of poverty, but rather to lift them '[from] critical poverty that is life threatening to moderate poverty' (Zambia, 2006, p.5).

## Organisation

The formal implementation of the Kazungula and Chipata cash transfer schemes rests with the Public Welfare Assistance Scheme, an agency that has been part of the government of Zambia since the 1950s. CARE provides the technical assistance and funding for the schemes, under a DFID-funded partnership agreement running from 2005-2008. PWAS operates at district level through the District Social Welfare Office under the guidance of a District Welfare Assistance Committee (DWAC). CARE provides an advisor to the DWAC in each of the districts in which social cash transfers are occurring. At lower levels there are Area Coordination Committees (ACCs) covering several communities and Community Welfare Assistance Committees (CWACs). The CWACs are critical to the successful implementation of cash transfer schemes in Zambia. The CWACs make the decisions leading to a beneficiary list, in accordance with targeting guidelines (see Targeting below).

In terms of personnel and decision-making DWACs, ACCs and CWACs are the three stakeholder committees of the PWAS system, while government officials are the Provincial Social Welfare Officer (PSWO) and the District Social Welfare Officer (DSWO). These officers come under the Department for Social Welfare (DSW), which is one of two main departments of the MCDSS. Reporting upwards is from the DSWO to the PSWO and the DSW, and likewise downward responsibilities, procedures and flows of funds for transfers, move in the opposite direction.

In Kazungula district, selected beneficiaries are from 25 CWACs (an average of 22 beneficiaries per CWAC) in 4 ACCs, and are paid their monthly cash transfers by 17 pay point managers (PPMs). In Chipata, beneficiaries are from the three ACCs of Msanga with 15 CWACs and 566 beneficiaries, Dilika with 9 CWACs and 403 beneficiaries, and Kanjala with 4 CWACs and 100 beneficiaries. In Chipata, around half the beneficiaries are paid through personal accounts opened in their individual names at the Finance Bank. The rest are paid by PPMs, or by the DSWO who performs the functions of a PPM in some instances.

Running cash transfers through government institutions is an essential step towards state ownership of social transfers, but nevertheless represents challenges. On the organisational side it implies adding to the responsibilities of DSWOs, as well as other individuals, institutions and committees involved. On the financial side, timeliness is required in the transfer of funds from central government to districts; and regular accounting is needed for funds dispensed at the district level. Issues have arisen on these different counts in the implementation of these schemes, particularly related to delays in financial transfers, and to perceptions by organisers at different levels that their additional workloads should be remunerated.

## Vulnerability

Zambia is an exceptionally poor country. Living standards surveys conducted through the 1990s and 2000s have indicated overall poverty rates at around 70 per cent, with rural poverty at 80 per cent and urban poverty at 50 per cent. Unfortunately, different surveys have used differing data collection methodologies, leaving ample scope for debate about precise poverty figures and trends. For example, a 2002/03 Living Conditions Monitoring Survey is variously interpreted to yield an aggregate poverty rate of 56 per cent (World Bank) and 67 per cent (GRZ), while a further one done using a different methodology in 2004 gives a figure of 68 per cent (Zambia, 2005). Irrespective of these debates, such very high poverty figures suggest populations under extreme livelihood stress. In Zambia, poverty itself is a cause of high vulnerability to food shortages. Also implicated is the HIV prevalence rate (estimated in 2005 at 17.0 per cent of the adult population aged 15-49), poor economic performance overall, and frequent local, national and regional rainfall failures.

Experimental cash transfer schemes like Chipata and Kazungula are intended to explore workable solutions to the destitution that accompanies extreme poverty and high vulnerability. The Kalomo Scheme in Zambia pioneered the notion that the destitute comprise about 10 per cent of the country's population. This figure is empirically based. It constitutes the proportion of households found in the 2004 LCMS to have a per capita food consumption under 1400 kcal per day, and that in addition lack able-bodied labour. This category of households is sometimes referred to as the 'non-viable' poor, and tends to comprise older single-person households, households comprising older people with young children and orphans, households headed by

AIDS widows, and households containing individuals with disabilities that make it very difficult for them to gain a living. A pilot survey conducted before the Kalomo scheme got underway apparently confirmed the validity of this proportion in a sample of the district population. The Kazungula and Chipata schemes utilise the 10 per cent rule as a guide to the proportion of the population eligible for their cash transfers.

## Targeting

The intended beneficiaries of the Kazungula and Chipata cash transfer schemes are destitute households, corresponding to 10 per cent of all households living in the catchment area of a CWAC. The 10 per cent rule seems logical because it solves the problem of identifying cut-off points with respect to absolute numbers of beneficiaries; however, difficult decisions still have to be made regarding who fall into the 10 per cent, and who are excluded.

According to the PWAS manual of operations, destitute households are identified by eating only one meal per day, begging from neighbours, having malnourished children, having very poor shelter and clothing, and being unable to afford medicines. Such households are typically elderly-, sick- or disabled-headed households, households caring for large numbers of children, and female-headed households. These attributes convert into a set of three criteria that households must meet in order to qualify:

- extremely needy (hunger, under nourishment, begging, in danger of starvation);
- incapacitated (no able-bodied person of working age; however, if one household person is fit for work and the dependency ratio is more than 3, this would qualify);
- no valuable assets (e.g. cattle, functioning TV or fridge), and no regular support from relatives.

The targeting process is undertaken by CWACs. The CWAC divides the number of households in their area by 10 to arrive at the total number of households that can be included in the scheme. However, PWAS guidelines state that if fewer households qualify, the CWAC should not add non-qualifying households to the list; conversely, CWACs should list all households that meet the criteria even if their number go above the 10 per cent rule. In the event, few CWACs have so far departed much from the 10 per cent rule, with a variation of 9-11 per cent being the norm.

Having made a list of extremely needy households, CWACs compile the list on a prescribed form, then rank the individuals by priority of the severity of their destitution. To ensure the ranking is transparent, a public meeting is held where the list of potential beneficiaries is presented to the community for consensus. The CWAC then recommends the 10 per cent most needy cases to the DWSO, who reviews the application and recommends its approval or disapproval. The DSWO then sends the application for approval to the District Welfare Assistance Committee (DWAC). A DWAC meeting is held where all applications received from different CWACs are scrutinised for final approval or disapproval. All approved forms are then signed by the DWAC Chairperson leading to the DSWO then instigating required formalities (bank accounts, pay point lists etc), and the approved or disapproved households are informed through the CWAC members.

## Coverage

As already indicated, the five social cash transfer schemes currently operating in Zambia are in the nature of pilots rather than fully-fledged schemes. The pilots are much too small by themselves to make much difference to overall poverty and vulnerability in Zambia, but they do of course have important local impacts in the places and for the time periods of their implementation. They are intended as lesson learning towards identifying what works best in cash transfers, with a view to incorporating best practice into scaled-

**Table 1: Cash Transfer Pilots in Zambia and their Lesson-Learning Features**

District	HH Nos.	TA Agency*	Special Features
Kalomo	3,300	GTZ	PWAS, capacity building, scaling up
Monze	3,300	GTZ	the above, plus soft conditionality
Kazungula	654	CARE	alternative payment methods
Chipata	1,100	CARE	urban transfers, school allowance
Katete	**3,000	CARE	old-age pensions (age 60 plus)
TOTAL:	11,354		

\* refers to the organisation providing technical assistance to the MCDSS  
 \*\* individual beneficiaries rather than households  
**Source:** adapted and updated from Zambia, 2007, The Pilot Social Cash Transfer Scheme Zambia, Summary Report, 5th Edition, Lusaka: MCDSS/GTZ, May (Table 5, p.14)

up cash transfers in the future. This pilot phase is envisaged to last until the end of 2008, when it is hoped that there will be a smooth transition towards the government taking on responsibility for rolling out cash transfers in more districts. The planned coverage of the five pilots when they reach their full scope in early 2008 is shown in Table 1 above, together with information on the particular lesson learning opportunities that each

represents in the 2007-08 period. As of October 2007, Kazungula and Chipata were operating at 554 and 1011 beneficiaries respectively, and Katete had started up at the level of 610 beneficiaries in one ward of the district. Kazungula was due to expand by a further 100 households, and Katete to reach 3,000 individual beneficiaries, by the end of 2007.

### **Box 1: CARE/DSW Review of Cash Transfer Progress**

As part of a review of the progress of its cash transfer schemes, CARE in collaboration with DSW interviewed a sample of beneficiary and non-beneficiary households in Kazungula and Chipata. The sample sizes were 106 beneficiaries and 94 non-beneficiaries in Kazungula, and 100 of each category in Chipata. In the beneficiary sample in Kazungula, 45 per cent received the minimum transfer of ZMK30,000 (US\$7.5) per month while 55 per cent received ZMK40,000 (US\$10) per month; while in the Chipata sample 83 per cent received ZMK60,000 (US\$15) per month or above. This included several households that obtained between K130,000 and K160,000 (US\$32.5-40) per month, which would require school attendance by up to 11 primary or 5 secondary school children. It seems likely that households responded to the school attendance incentive by packing the household with school children, a finding confirmed in key informant interviews.

Other findings from this sample and the review were as follows:

- cash transfers helped households to reduce debt, with debt repayments being significantly higher for beneficiaries than for non-beneficiaries;
- cash transfers made no difference to purchases of household assets (beds, pots etc) or farm implements between beneficiaries and non-beneficiaries;
- however, 15 per cent of beneficiary households purchased livestock (chickens, goats, ducks, guinea fowl, pigs) over the 3-month reference period as against zero for non-beneficiaries;
- while the survey measured count frequencies of household spending on different things, rather than the allocation of the cash between different expenditures, it seems that households predominantly spent their transfers on food, followed by school items, medical costs, farm inputs and livestock;
- the intention was to provide beneficiaries with monthly (Chipata) or bi-monthly (Kazungula) transfers, however in practice transfers had occurred quarterly due to lengthy delays in the disbursement process from DSW;
- interviews with stakeholders suggest that DSWOs are over-stretched by cash transfers (or see themselves as such), resulting in supervision failures of CWACs and PPMs and incidences of loss of funds as a result (in one example in Kazungula, a PPM awarded himself two cash transfers of a deceased beneficiary);
- a report by the acting DSWO in Chipata raised important questions about the objectivity and reliability of CWACs: a tendency to register relatives and friends, to impose school children on listed beneficiaries then collect the money from them later (see comment on monthly amounts above), and to be swayed by the politics of section chairpersons (resulting in registration of party members only).

In summary, the study portrays a mixed picture. On the one hand, beneficiaries seem to make good use of their cash transfers for the purposes for which they are intended, and this is in line with the findings of other cash transfer schemes in the region. On the other hand, targeting and delivery pose significant challenges for accuracy, timeliness and cash security that are not yet fully resolved either in these or other schemes.

**Source:** CARE Zambia, 2007, Social Cash Transfer Semi-Annual Report, October 2006 to March 2007, Lusaka.

## Coordination

Zambia has a Social Protection Strategy that is built into the National Development Plan for 2006-2010 as a chapter on social protection. The strategy states the government's intention to harmonize, prioritize and improve upon existing and new approaches to social protection. The strategy is given practical effect in the formation of a Sector Advisory Group (SAG) on Social Protection, comprising stakeholders from key ministries, civil society, donors, NGOs and other cooperating partners. The SP-SAG is chaired by the Ministry of Community Development and Social Services, the lead ministry in the area of social protection. MCDSS has drawn up guidelines for the coordination and regulation of the sector. The SAG has created five Technical Working Groups (TWGs) to work on different facets of social protection in Zambia, comprising TWGs on: low-capacity households, social assistance, women and children, disability and advocacy. The TWG on Social Assistance, chaired by the Department of Social Welfare, coordinates all social assistance interventions in Zambia. The main focus of this group has been the piloting of the cash transfer schemes for Zambia, and it has developed an implementation framework to this effect.

In addition to providing technical support and funding to the Kazungula, Chipata and Katete cash transfer schemes, CARE International provides funding for the work of the TWG on Social Assistance, and more generally has the mandate in its partnership agreement with DFID to support the government of Zambia in moving forward its commitment to scaled-up social protection.

## Cost Effectiveness

Since the Kazungula and Chipata cash transfer schemes are works-in-progress in mid-2007, it is too early to examine the eventual overall costs of the schemes and their relationship to the transfer value to beneficiaries. According to budget figures, the administrative costs of the Kazungula scheme were projected to be ZMK132m (US\$31,579) per year, or US\$32 per beneficiary household per year. Meanwhile, on the assumption that an average beneficiary receives ZMK35,000 per month, the annual transfer value would be about US\$105 per beneficiary.

This implies a total expenditure per beneficiary of US\$137, such that a total cost of US\$1.30 is required in order to deliver US\$1.00 of benefits. For the Chipata urban cash transfer scheme, the best that is known is that administrative costs were planned to be as low as 10 per cent of total costs, therefore a total cost of US\$1.11 needed to deliver US\$1.00 of benefits. Data for previous phases of the Kalomo scheme suggest overhead costs in the range of 15-17 per cent of total budgets, and this translates into US\$1.18-1.20 required to deliver US\$1.00 transfer value. None of the overhead costs mentioned here include the government share of implementation costs.

## Market Effects

One of the concerns about cash transfers is that they may have an inflationary effect on food prices, especially in remote areas where markets do not function very well and there are high transport costs involved in bringing new supplies into an area. This is the reason that some commentators favour an approach that combines food and cash transfers, adapting the combination of each according to local circumstances of surplus or deficit in the main food commodities. Such concerns evidently do not apply to pilot schemes that do not inject significant amounts of additional cash into local economies.

For all cash transfers, the market effect that poses the greatest challenge is not necessarily the impact of the scheme on inflation, but rather the impact of a price rise in the national staple food on the real ability of the transfer to protect recipients from food entitlement failures. In most countries, it is the national maize price that is key, and seasonal and annual instability in the level of the maize price causes uneven and often unpredictable changes in the purchasing power of the cash transfer amount that has been set. This effect has already resulted in some upward revision of the basic monthly transfers in the Zambia social cash transfers since their inception in 2004. However, these pilots have not so far encountered a situation of steeply rising maize prices, when quarterly or monthly adjustments might need to be made in transfer amounts in order to protect recipients from hunger.

## Asset Building

Asset building is not an explicit objective of pilot cash transfer schemes; however, as noted in Box 1 above as well as in relation to other cash transfer case studies, a proportion of beneficiaries in such schemes are observed to spend part of their transfer on asset building (savings or education or livestock) rather than in direct consumption.

## Strengths

The Zambia social cash transfer schemes have the following observable strengths:

- (i) they are implemented through the formal structures of the government of Zambia, and are therefore building familiarity with the concept of cash transfers at central level, as well as building experience in their implementation at district and local levels;
- (ii) they represent important attempts to seek best practice in social transfer delivery and to learn lessons from mistakes as well as to build on good features of design;
- (iii) the Chipata scheme represents a first in terms of cash transfers to urban beneficiaries in Zambia, and is among only a few examples of urban cash transfers in the region (see also Case-Study No.7 in this series on the Food Subsidy Programme, Mozambique);
- (iv) the Chipata scheme incorporates the innovative idea of a special incentive to school attendance for households with school age children, and it will be interesting to see the practical effect of this on the comparative attendance records of those children;
- (v) innovative forms of delivery were beginning to be trialled in the Kazungula and Chipata schemes in late 2007, including the outsourcing of payments to NGOs or the private sector in Kazungula, and the use of smartcards in Chipata.

## Weaknesses

Naturally, these pilot cash transfer schemes also exhibit certain weaknesses, some to do with readiness of government, especially at district level, to take on board social transfers to the most needy, and some being more generic problems that are widely encountered in social transfers in the region:

(i) in Zambia, as in most countries of the region, social protection is a policy response largely driven by donors and NGOs, and government 'buy-in' is not unambiguously assured; for this reason there is some risk that the impetus created by the five pilot social cash transfer schemes will lose momentum as they move into their final phase;

(ii) social transfers run by government and its agencies require high motivation for successful implementation, and the pilot schemes revealed potential problems that might occur on this score (see Box 1), from uncommitted DWSOs, to other district level personnel requesting remuneration for their efforts, and to CWAC members (who are voluntary) also beginning to talk about recompense for their work; one problem here is that CWAC members may see themselves as little different in income or wealth from those they are reviewing as potential candidates for the beneficiary list.

## Policy Lessons

The small-scale pilot cash transfer schemes in Zambia have provided valuable lessons about the administrative feasibility, safety of cash in transit, accuracy of beneficiary targeting, and expenditure patterns out of transfers by recipients. Nevertheless, these pilots have something of a 'hothouse' character about them: they receive reliable funding (from donors), special attention from supporting agencies (like GTZ or CARE), and intense overall interest from the aid community. The performance arising from these special conditions may be difficult to replicate in the context of broader implementation by the state.

A particular problem that has arisen in the Zambia pilots is the incentive to effective performance of the government officers and stakeholder committees that are essential for cash transfer success. Already, pilot schemes have had to provide special incentives to CWACs (e.g. providing each of them with bicycles in the Kalomo scheme), and there have been motivation issues associated with DSWOs and pay point managers. In small and intensively monitored pilots such problems can be kept small and peripheral to scheme success; however, they may loom considerably larger in scaled-up state-led social cash transfers.

In the case of Zambia, donor commitment may ensure that a transition to scaled-up social cash transfers occurs from 2008 onwards. The funding of this seems likely to involve a partnership between government and donors, and will require long-run commitment on both sides. A lot more will be learnt about the merits of this approach to preventing chronic hunger and deprivation when it moves out of the pilot phase into mainstream government policy.

## Sources

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## More Information

REBA material, including these briefs and fuller case study reports, as well as information regarding the REBA process can be viewed and downloaded from: [http://www.wahenga.net/index.php/core\\_activities/building\\_evidence](http://www.wahenga.net/index.php/core_activities/building_evidence)

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