



Cashing in

How cash transfers shore up Zambian households affected by HIV



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Acronyms

ACC	Area Coordinating Committee
AusAID	Australian Agency for International Development
CWAC	Community Welfare Assistance Committees
CBT	Community-based targeting
DfID	Department for International Development (United Kingdom)
DWAC	District Welfare Assistance Committee
DSWO	District Social Welfare Officer
GRZ	Government of the Republic of Zambia
GTZ	German Technical Cooperation/Gesellschaft für Technische Zusammenarbeit
HDR	Human Development Report (UNDP)
MCDSS	Ministry of Community Development and Social Services
M&E	monitoring and evaluation
PSWO	Provincial Social Welfare Officer
PWAS	Public Welfare Assistance Scheme
SCT	social cash transfer
TWG	Technical Working Group on Social Assistance (MCDSS)
UNAIDS	United Nations Joint Programme on AIDS
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Programme
ZMK	Zambian kwacha (national currency)

The German HIV Practice Collection

Peer-reviewed

The German HIV Practice Collection is edited by the German HIV Peer Review Group (PRG), an initiative launched in September 2004 by German and international HIV experts working in development cooperation. The aim of the PRG is to manage and share knowledge about and lessons learnt from German contributions to responses to HIV in developing countries.

Selection Criteria

- Effectiveness
- Transferability
- Participatory and empowering approach
- Gender awareness
- Quality of monitoring and evaluation
- Innovation
- Comparative cost-effectiveness
- Sustainability

Applying an agreed set of criteria (see box), PRG members and external reviewers assess writes-ups on these German contributions and agree to publish those where there is solid evidence of promising practice. These contributions meet most of the criteria for good practice but often have not passed the ultimate tests: replication in a number of different countries and several external evaluations. The PRG's hope is that these published examples of promising practice will inform and inspire other actors in the complex and dynamic fields of HIV

stigma reduction, prevention, care, treatment, support, and impact mitigation.

PRG members believe that collaborative knowledge management means **“getting the right people, at the right moment, to discuss the right thing.”** Peer review, dissemination and discussion of innovative approaches developed in different regions and countries accords with German Development Cooperation's understanding of capacity development. That is:

- It is managed as a transparent and mutual learning process among HIV specialists from German, international, regional and country-level partner organizations.
- It provides decision-makers and practitioners with a range of practical, evidence-informed models for HIV-related interventions.
- It focuses on the results achieved by those models, and on the challenges they have faced and the lessons they have taught.

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Intended readers

There is a long and short (four-page) version of each publication in the collection. Either version may be of interest to general readers, but the long version is intended mainly for experts, development workers

and volunteers concerned about HIV, sexual and reproductive health, and related issues. Senior managers and decision makers may prefer to read the short version.

Executive summary

Few countries have been as hard-hit by HIV as Zambia, where about one in six adults are infected and AIDS-related deaths continue to rise. At the level of households, this means that adults in their productive years have become ill or died, leaving grandparents and others to care for hundreds of thousands of AIDS orphans. Without members able to work, assets to earn income, or money to pay for school fees or medications, many households are destitute and burdened by illness. While HIV prevention and treatment programmes are being rapidly expanded, little attention has been given to social protection, to shore up the thousands of households incapacitated by HIV.

To address this gap, Zambia's Department of Social Welfare, in the Ministry of Community Development and Social Services (MCDSS), teamed up with German Technical Cooperation to test the impact, feasibility and affordability of a social cash transfer scheme for incapacitated and needy households. These provide small regular grants (US\$ 10-\$19.00 month) to households deemed incapacitated and very poor. To avoid stigmatizing people, targeting criteria do not distinguish between households that are HIV-affected and those that are incapacitated by other factors.

Under the "Social Safety Net Project", as the GTZ/MCDSS initiative is known, the transfers are managed as part of a well-established Public Welfare Assistance Scheme, and administered at the grass-roots level by Community Welfare Assistance Committees. The committees are trained to target needy households and to provide beneficiaries

with counselling and vital information (about HIV prevention and treatment, for example). The five pilot districts test different ways of targeting the transfers, different transfer amounts as well as different conditions households have to comply with. All, however, are subject to internal and external monitoring and evaluation, allowing for the study of different aspects of social cash transfer schemes.

Results indicate that the pilots have succeeded in transferring cash to households (and individuals) in a secure, accurate and cost-effective way. In four of the pilot districts, a total of 8444 households are benefiting from the scheme. In the fifth district, where the scheme targeted adults over 60, there are 4700 beneficiaries. Impact studies demonstrate that households use the money responsibly, improving members' health and nutrition, education and to some extent even income-generating potential. Evidence also indicates that the transfers improve household livelihoods and self-esteem, benefit the wider community and stimulate local economies. Cash transfers, unlike conventional in-kind transfers (of maize meal, for example), also appear to be highly cost-effective and, contrary to common belief, seem feasible in settings with few resources.

MCDSS intends to move towards a national programme of social cash transfers. This will require concerted advocacy on many fronts and greater political will among officials in the Ministry of Finance.

Context

HIV impoverishes households

With an HIV prevalence rate of 16% and 845 546 AIDS orphans (2005 estimate, *Human Development Report Zambia*, UNDP 2007), Zambia is among the six countries worst affected by HIV¹ in sub-Saharan Africa. The pandemic has not only killed thousands of infected individuals; it has hurt households and communities, and torn the social and economic fabric of the country. Interventions responding to HIV have centred on prevention (among HIV-positive, as well as HIV-negative people), treatment, home-based care, and counselling. Though a slight decline in the prevalence rate is noticeable, this may be due to the rising number of HIV-related deaths.

"The household where the negative impacts of the epidemic are first felt needs to be recognized as the first and central line of action against HIV and AIDS."

Aeneas Chuma, UNDP Resident Representative Zambia (*HDR Zambia*, UNDP 2007)

Considering the huge burden that this places on household and community structures, relatively little thinking has gone into supporting HIV-affected households and keeping them out of extreme poverty. As the HDR for Zambia notes (UNDP 2007, p. 59): "While a great deal of human, financial and other resources have been spent on the HIV and AIDS response, the resources have largely by-passed the household, where much of the effort should be focused."

While household and family structures have provided a reliable safety net in the past, they are overwhelmed by the HIV pandemic. Caring for sick household members and their death not only causes a great deal of emotional stress for carers and survivors, it also imposes a heavy burden of additional work, loss of household labour, income, and assets. Taking in AIDS orphans, meanwhile, has a similar effect on resource-constrained house-

holds. Grandparents, who most often shoulder this responsibility, may benefit from their grandchildren's assistance, but they are often hard-pressed as main providers for suddenly expanded households (Wietler 2007). It is now, therefore, critical that the Zambian government and its partners focus more on interventions targeted at HIV-affected households.

"[...] it is clear that HIV and AIDS are a huge challenge to development and, therefore, there should be no business as usual... I urge all our cooperating partners to consider strategies that will help to prevent new infections – designing programmes that address specific problems such as taking care of children orphaned by the disease; and mitigating the effects of HIV and AIDS on poverty."

Ng'andu P. Magande, Minister of Finance and National Planning (*HDR Zambia*, 2007)

An analysis of social protection interventions reveals that Zambia provides no regular, reliable support for households affected by HIV and destitute. Children in such households often go without adequate nutrition, medical services, clothing and basic education.

Transfers offer a solution

To respond to such problems, the Ministry of Community Development and Social Services (the Ministry, or MCDSS) decided to pilot a social cash transfer (SCT) scheme as an alternative to the in-kind transfers that had, until then, been implemented in an erratic way (see Tools, *Design documents of the scheme*). It was envisioned that through regular and timely support these households would have a chance of enjoying increased access to social services, of re-integrating themselves into local communities, and improving the prospects of all household members and, in particular, the younger ones.

¹ In keeping with UN style, this document uses HIV to refer to all HIV-related disease, including AIDS – unless the text is specifically referring to AIDS.

Social cash transfers provide small regular grants to households that are destitute and incapacitated, those who have neither the capacity nor the means to manage on their own. Whether households are HIV-affected does not figure as a criterion for selection, though the cash transfer was developed to address the devastating impact of the disease in Zambia. By only selecting households that are destitute and without members who are able to work (households with a high dependency ratio²), the scheme aims to help households affected by HIV without stigmatizing them or excluding other households that are equally destitute.

As the Ministry already has a nation-wide structure of public-welfare assistance committees at district, sub-district and village level, which distribute in-kind transfers as well as bursaries, these structures were chosen for piloting the SCT scheme. To ensure that the committees were well prepared, members were trained in targeting, monitoring, counselling and change management. As well, they learned about HIV management: aspects of HIV at the community level, accessing treatment, addressing stigma and discrimination, etc.

The social cash transfer scheme has two primary objectives. First, to help the most destitute and incapacitated households to meet their basic nutritional, health, housing and education needs. Second, to generate information on the feasibility, costs and benefits and positive and negative impacts of such a scheme as a component of a social protection strategy for Zambia.

SCTs have been defined as “regular non-contributory payments of money provided by government or non-governmental organizations to individuals or households, with the objective of decreasing chronic or shock-induced poverty, addressing social risk and reducing economic vulnerability” (Samson, van Niekerk, Mac Quene 2006, p.2).

Such transfers and other forms of social protection have often been thought of as charitable hand-outs to the poor, offered by charities and non-governmental

organizations, rather than as a prudent social investment made by governments. Critics have argued that recipients are not entitled to these transfers and that the state has no responsibility to provide them. In recent years, supporters have strived to reform the image of SCTs as a social right, allowing destitute households to meet their basic needs, manage the most devastating risks and participate in social and economic life.

In the short term, SCTs are protective as they immediately boost household income and reduce extreme poverty. In the medium term, they also prevent poverty by stabilizing the income of households, allowing families to continue investing in education, assets and other coping mechanisms. In the long term, SCTs enable households to invest in human capital and improve their livelihoods through asset accumulation and other economic activities. In many countries, social transfers not only have an economic rationale, they are regarded as a human right. SCTs to disadvantaged groups such as the extreme poor, the elderly and people with disabilities or chronic illnesses enhance the social status of these groups within and outside households and communities, fostering greater recognition, social inclusion and autonomy.

If a functional local market is available, cash transfers, as opposed to in-kind grants, give households the freedom to spend the money on priority needs rather than on a pre-determined package – entrusting them with responsibility. Furthermore, SCTs are often less expensive to administer and logistically and administratively less demanding than in-kind transfers (Tabor 2002; Samson, van Niekerk, Mac Quene 2006). It is also easier to verify whether targeted households have received the full transfer than for some in-kind transfers such as beans and maize, where misappropriation is less visible (Harvey, Slater & Farrington 2005). In addition, cash transfers can boost local economies, by injecting cash into them without distorting effects (Barrientos & Sabates-Wheeler 2006).

² Households either have no productive members or at least one productive member taking care of three dependents.

Critics argue that public works and credit schemes are preferable for households that have at least some capacity to work and, therefore, insist that schemes distinguish between HIV-affected households that have some capacity and those that are utterly incapacitated. Supporters of SCTs note, on the other hand, that SCT schemes don't deny households the opportunity to use the money productively. As well, as Adato (2008) points out, they are easier for households to access (even those with few skills and poor health) and easier to administer, in technical and financial terms. Cash transfer schemes can also be scaled up to help many people quickly, a major advantage in addressing disease epidemics that demand urgent action.

Tailored schemes for HIV-affected households

When designing SCT schemes, policy-makers can choose different features, depending on their objectives and the characteristics of the target groups that they wish to reach. There are three principal ways to tailor these schemes for the specific needs of HIV-affected households: by targeting, transfer bonuses and complementary services.

Targeting: Finding appropriate eligibility criteria that characterize HIV-affected households is challenging. Criteria might include “generation-gap households”, “households headed by children” and “households having members infected by HIV or with AIDS”. Targeting generation-gap households or child-headed households is less stigmatizing than tying transfers to the HIV-status of household members. As well, these criteria do not focus exclusively on HIV-affected households, as members of the missing (or gap) generation might have abandoned the household, or died, owing to factors unrelated to HIV. Schubert (2007), however, shows that Malawi and Zambia's SCT schemes, which both determine eligibility based on the dependency ratio and poverty status of households, are successful in reaching HIV-affected households, as roughly 70% fall into this category.

Policy-makers have to decide whether they are interested in reaching all HIV-affected households or limiting the scheme to those households that fall below a certain poverty line. If they opt for the latter, they must also allow for means testing of households. This is challenging, as it is difficult to assess and quantify the means of the majority of households in developing countries who live and work in informal settings. Whether a proxy means test, community-based or categorical targeting are best suited depends on the country context, the prevalence and severity of poverty, administrative capacity and the national budget.

Transfer amounts: Households looking after members with HIV or other chronic sicknesses usually have greater expenses, for antiretroviral treatment, transportation to and from health clinics, blood-tests and balanced, healthy diets. To cover such expenses, SCT schemes can provide additional money for households with chronically sick members. To reduce stigmatization and give a further incentive people to attend regular check-ups and obtain their antiretroviral medications, the extra amount can be paid by staff at clinics, if they have the capacity to do this. Another option is to offer households vouchers for specific services, such as antiretroviral treatment, regular tests and check-ups.

Complementary services: It is important to emphasize that cash alone is not enough. The stigma, discrimination and psychological stress suffered by household members who see loved ones and relations dying, often painfully, cannot be erased by cash. As well, these survivors – and members of their communities – may need careful and continued counselling. In addition, sick household members need treatment, proper counselling and, in some instances, home-based care. In most countries heavily burdened by HIV, governments have established some form of counselling together with treatment and care structures. Wherever these structures exist, they can be linked to an SCT scheme. Many also provide administrators of these schemes with critically important training and education about the particular needs of HIV-affected households.

Approach

Who does what

The approach used for social cash transfers in Zambia has varied in the five districts hosting pilot projects: Chipata, Kalomo, Katete, Kazungula and Monze.

All, however, have been managed under the government's Public Welfare Assistance Scheme (PWAS), which is administered at the grassroots level by Community Welfare Assistance Committees (CWACs). Moving up the ladder, supervision is provided by Area Coordinating Committees (ACCs) and District Welfare Assistance Committees (DWACs). The low-level CWACs are in charge of targeting, counselling recipient households and reacting to changes and problems, while the ACCs ensure that they fulfil their roles. The District Social Welfare Officer (DSWO), assisted by the DWAC, provides oversight and makes sure that all processes are running smoothly, that training sessions meet quality standards, and, most important, that the full amounts of cash transferred reach beneficiary households on a regular basis.

The Provincial Social Welfare Officer (PSWO) then regularly monitors the performance of the District Social Work Officer (DSWO) through control visits and he or she awards the District Social Welfare Officer with an incentive bonus if the core functions have been fulfilled. The PSWO is also responsible for the financial management of the scheme, approving financial requests by the districts and ensuring that the accounting is done according to government standards. The Department of Social Welfare (DSW) works in collaboration with the Technical Working Group on Social Assistance (TWG), which is made up of representatives from relevant departments, civil society and partner agencies that are active in social assistance. This Technical Working Group is in charge of conceptual changes to the scheme when necessary, informing national and international bodies about the results of the scheme, and lobbying for sustainable financial resources from government and partners. The TWG also reports to the

Sector Advisory Group on Social Protection (SAG SP), which has the mandate to set policy priorities, monitor programmes and coordinate stakeholders devoted to social protection. All functions and procedures are captured and described in detail in the Manual of Operations of the scheme (see Tools: *Manual of Operations, 8th edition*).

Targeting

The scheme targets households that are destitute and incapacitated. Nationwide, roughly 10% of all Zambian households fall into this category. The 10% estimate is based on calculations in G. Kamfwa's *Results of National household survey* (2003) and J. Milimo's, *The Incapacitated Poor in Zambia* (2004, see Bibliography).³ As in many other low-income countries, one of the main difficulties is to define an objective measure of poverty and to capture accurate information at the household level. To overcome this challenge, while guaranteeing continuity and harmonization with other social services, managers of Zambia's social transfer scheme have opted to employ the community-based targeting system used by the Public Welfare Assistance Scheme. As a result, the eligibility criteria resemble the criteria that communities had been using to identify the most destitute for the in-kind support and bursaries provided by the PWAS. The criteria were, however, further refined to differentiate among households on the basis of their labour capacity and to make them more user-friendly. This was done in cooperation with representatives of communities and the Ministry of Community Development and Social Services.

³ The number of destitute and incapacitated households, however, varies considerably across the country.

Social cash transfer eligibility criteria:

1. Destitute: The household is hungry, malnourished and/or begging, lacks shelter and adequate clothing and might not survive without external support. Furthermore, it means the household has no regular source of substantive income (business in town, rental income, regular support from relatives) and no valuable assets to help cope.

2. Incapacitated: The household does not have enough fit members to care for dependents (more than three dependants for every fit member, a dependency ratio of 3). Members of the Community Welfare Assistance Committee determine whether members are unfit. This designation usually includes those who are under 19 or over 64, or 19-64 and chronically sick, as well as those who are disabled or still going to school.



This elderly couple in Monze District was deemed eligible for social cash transfers as the man is blind and they have an entire household to support.

The community-based targeting system not only involves different stakeholders, it includes checks and balances. All stakeholders are properly trained and communities are guided in their selection of beneficiaries by a detailed application form and close administrative supervision and quality control. To prevent the siphoning off of money by elites, decisions made by the CWAC are checked by local leaders and the community, then checked again by the ACC, DSWO and DWAC. As well, checks are in place to ensure that ineligible households can

be struck off the register at a later stage, and that households are re-assessed every three years. Furthermore, a provision allows, every six months, for the inclusion of households that have either recently fallen into destitution or been overlooked by the process.

To compare the cost-effectiveness of this community-based targeting to other targeting approaches, the Ministry decided to pilot an old-age pension scheme for people over 60 in Katete District. The pilot explores whether this lighter targeting is a more cost-effective way of reaching the extremely poor in Zambia.

At present, a total of 8444 households are benefiting from the scheme in four pilot districts. In Katete, 4700 beneficiaries are reached.

Payment

Each household approved by the scheme receives ZMK (Zambian kwacha) 40 000 (US\$ 10.00 – exchange rate is an average over the past year) per month in cash, plus a bonus of ZMK 10 000 (US\$ 2.50) if the household has children. The amount was calculated as equivalent to the average price of a 50 kg bag of maize with a provision for inflation-adjustment. While this amount cannot lift beneficiary households out of poverty, it attempts to move

them out of life-threatening poverty in the short run and to provide a basis for long-term poverty-reduction, by enabling them to invest in education for their children. While ZMK 40 000 and a ZMK 10 000 child bonus are paid out in Kalomo, Kazungula and Monze, higher transfer amounts have been tried in another pilot district, Chipata. Here, ZMK 50 000 plus ZMK 10 000 have been provided to households with more than one member, and bonuses of ZMK 10 000 have been offered for each child enrolled in primary school and ZMK 20 000 for each child enrolled in secondary school. In Katete, pensioners receive ZMK 60 000 per month.

The money is paid out bimonthly to beneficiary households through pay-points, at schools or health centres in the vicinity of beneficiary households. Previously, banks were used to distribute transfers to households within 15 km of the district town, but beneficiaries complained that the banks were inaccessible and provided poor service and the DSWO had trouble monitoring the transfers. The pay-points are operated by government employees known as pay-point managers, who either work for a rural school or a health centre. These officials are subject to government financial regulations and can be held accountable for misuse of public funds. The pay-point managers also have to provide the district with financial reports on the amount of transfers collected, reasons for non-collection and a list of signatures or thumbprints of beneficiaries, confirming receipt of money. The payment process is monitored by CWAC members, who ensure that households receive their money in full and on time.

Complementary services

In Zambia, members of the community committees and other structures selecting and attending to beneficiary households have been trained in HIV management. This ensures that households not only receive their transfers, they learn about antiretroviral therapy, voluntary testing and counselling and the dangers of stigma and discrimination (see

Tools, *HIV and AIDS training manual*). UNICEF has also piloted a psycho-social counselling module through the CWACs that aims to support, in particular, children and other family members who have experienced a loss or other problems within the household or community. The Ministry plans to include in any future national SCT scheme training for community committees in HIV management, psycho-social counselling and sessions on nutrition and health-related matters – information that can then be conveyed to beneficiaries as well as community members. In the current system, payment days could be used to offer such services easily, as beneficiary households collect their transfers at a central location.



Training members of a Community Welfare Assistance Committee to manage social cash transfers in Monze District.

Monitoring and evaluation



District Social Welfare Office staff check beneficiary records for Katete District.

Internal monitoring and evaluation (M&E) of Zambia's SCT system involves all levels of the Public Welfare Assistance Scheme, community to national. All have a responsibility to ensure the smooth functioning of the system, that beneficiary households receive their transfers in full and on time and that problems are identified and solved promptly. Key instruments for ensuring this are bimonthly performance reports and review meetings at the district, provincial and national level. These allow officials to assess performance of the scheme and to decide on changes in procedures and responsibilities.

External M&E, which is coordinated by the Technical Working Group, is also important, particularly for assessing the impact of pilot schemes. The primary task of Zambia's external M&E system is to assess the feasibility, cost-effectiveness, affordability and replicability of its approach to social cash transfers. It, therefore, focuses on:

- The performance of the scheme and its operational effectiveness (targeting, payment, and management systems);
- The impact on beneficiary households' nutrition, health, education, livelihoods and social status;
- The impact on non-beneficiary households, the wider community and the local economy; and
- The cost implications of an SCT scheme and Zambia's fiscal resources.

The findings of this external monitoring and evaluation are channelled directly into the Ministry's design and policy-making process.

Results

Effectiveness

Targeting

Pilot schemes have allowed the Ministry of Community Development and Social Services and the Technical Working Group to evaluate, compare and contrast different targeting systems. The final evaluation report of the approach used in Kalomo District produced first indications of the functioning of the community-based targeting system administered by the Public Welfare Assistance Scheme. This demonstrated that the system reached destitute households, but that the eligibility criteria needed further fine-tuning.

The effectiveness of the CBT in Kalomo has been further documented by the second impact evaluation of the pilot schemes (Tembo & Freeland 2008) and a study of the accuracy and efficiency of different targeting methods (Kimetrica 2008) (see Tools, *Study on the Effectiveness of Targeting; Addendum to the targeting study; 2nd impact evaluation for Kalomo*). Tembo and Freeland show that community-based targeting has also been effective, to some degree, in the other districts, reaching out to destitute households with very limited productive potential. The Kimetrica study concludes that enhanced community-based targeting – the Kalomo approach, which includes additional training and closer supervision for administrators – could outperform categorical methods of targeting. The overall performance of such community-based targeting (CBT) has varied greatly across pilot districts, however.

The Kimetrica study, moreover, contrasts CBT with the old-age pension scheme in Katete, using empirical data (quantitative as well as qualitative) from the pilot districts. In addition, it models the accuracy and efficiency of other targeting approaches, such as different categorical approaches and means testing, based on household data from the pilots, as well as the government's 2003 *Living Conditions Monitoring Survey*. When analyzing the targeting-efficiency, geographic targeting, a

multiple-criteria approach combining different categorical indicators, selecting households hosting orphans, selecting grandparent-headed households and enhanced CBT perform the best.

While the study shows that three categorical criteria – households headed by grandparents, household hosting orphans unrelated to the head of the household, and households having more than seven members – strongly indicate poverty, the age-criterion alone does not turn out to be an effective proxy for poverty. Nor does the size of a household serve as a useful independent criterion, as this gives inappropriate incentives for households to band together, and puts small, impoverished households at a disadvantage. This research also highlights that geographic targeting can be highly effective, particularly when combined with other targeting methods (pure geographical targeting is politically challenging and less flexible when adjusting to changes in poverty dynamics over time).

The authors of the study ultimately recommend the use of different methods: universal transfers for high-poverty areas, community-based targeting for medium- to high-poverty areas with strong community cohesion, multiple proxy targeting for medium- to high-poverty areas with weak community cohesion and means-testing for low-poverty areas. While it is important to recognize differences across areas, such a targeting system might be too complex to manage and lead to confusion about entitlements among beneficiaries. It might be more feasible for the Ministry to either strengthen the present community-based targeting system across districts (and reconsider the 10% cutoff), or to consider one of the effective categorical indicators such as households hosting orphans.

Payment

Authors of a fiduciary-risk assessment⁴ of the present payment system for Zambia's social cash transfers conclude as follows: "From a management of fiduciary risk viewpoint we find it difficult to envisage

⁴ The United Kingdom's Department for International Development (2004) defines three principle fiduciary risks: that targeted funds

1) are not used for the intended purposes, 2) do not achieve value for money, or 3) are not properly accounted for.

a safer, cost effective way to pay beneficiaries than the current system” (Coffey International 2008, p. 19; see Tools, *Fiduciary Risk Assessment*). Cases of petty corruption among the community members and the pay-point manager do occur, however, these are limited owing to intensive monitoring and scrutiny. Another risk stems from older heads of households having trouble counting money received. This risk is mitigated by monitoring done by members of the Community Welfare Assistance Committee, the public nature of the entitlement and payment and the option that households have of appointing deputies (to collect and count their money).

Security is another concern that needs particular attention during the scaling-up process. Until now, pay-point managers have not encountered any attacks and no robbery of transfer funds has been recorded. This may be explained by three factors: the relatively small amounts that they carry (much less than the transfers allocated to whole districts), varying payment days, and that pay-point managers are government employees subject to strict regulations for the administration of social cash transfer funds.

As a first step, the study suggested strengthening the existing system through a centralized database and electronic capturing of payments.

Further research is needed on the optimal transfer amount for beneficiary households. This will need to be a sum that covers basic needs while being acceptable to other community members and affordable for the Zambian government. The first Kalomo evaluation, for example, suggests that current levels of transfers are not sufficient to cater for secondary-school expenses. Given the correlation of poverty with household size, the Kimetrica study indicates that higher transfer amounts, indexed according to the number of household members, may be more effective. Chipata District, where transfer amounts are indexed in this way, provides a useful example. A mechanism for timely and continuous inflation-adjustments also needs improvement so that the transfers remain adequate during food crises and periods of economic turbulence.

Ministerial capacity

Managing social cash transfers under the existing Public Welfare Assistance Scheme has its advantages and disadvantages. On the plus side, this approach makes use of stable administrative structures, dating back to Zambia’s pre-independence period – structures that are backed by a draft social welfare policy and a national development plan. Through additional training, monitoring structures and incentives, the SCT scheme even reinforces and partly reactivates those structures. Furthermore, the SCT scheme is harmonized with other programmes of social protection. For instance, by administering SCTs as part of the Public Welfare Assistance Scheme, officials are able to consider the extent to which in-kind and cash transfers overlap and where these different transfers are most useful. As the fiduciary risk assessment also notes, this approach uses simple procedures to ensure that the maximum amount allocated to SCTs is delivered to beneficiaries, rather than spent on administration. “The level of administrative expenditure compared with the level of benefits is



Elderly head of household collecting her social cash transfer at a pay-point in Monze District.

A study that analysed alternative distribution mechanisms suggested a gradual move towards providing beneficiaries with debit cards that could be used at banks and retail outlets of the beneficiaries’ choice.

reasonable, particularly taking into account the piloting aspects and the value of the individual benefits,” the authors conclude (Coffey 2008, p. 20). During the start-up phase, for example, administrative costs averaged about 15%, and in Katete District amounted to less than 10% of costs.

launching a new proposal to Cabinet for staff-structure changes and introducing a performance-based incentive scheme for district managers and lower levels of staff. Change will not come immediately, however, as many of the capacity problems are related to the public service in general. Nonetheless, it is promising that MCDSS has demonstrated the interest and ability to build capacity over time and a gradual scaling-up process of the SCT scheme would give this key ministry more room to deal with challenges related to the management of a national programme.

Impact on beneficiary households and communities

The first impact evaluation was carried out in Kalomo District in 2005, after one year of operations and is based on a randomized sample of about 300 households, as well as qualitative analysis (see Tools, *Final Evaluation Report*). While this evaluation proved crucial in generating the first lessons learned, it did not have a control group. A second, more robust retrospective impact evaluation was, therefore, commissioned in 2007 for the pilot districts Kalomo, Kazungula and Chipata (see Tools, 2nd Evaluation Report). A third prospective impact evaluation for the pilot district of Monze is testing conditionalities (see Tools, *2nd Evaluation Report*). Conditionalities refer to conditions that households must fulfill to receive additional money: in Monze, for instance, households must send their children to school on a regular basis and take any of their children who are under 5 for health check-ups and vaccinations.

Nutrition and health

The health of HIV-positive people depends heavily on a well-balanced and regular diet, as various UN reports have confirmed (UNAIDS, WFP, WHO 2008). Zambia’s social cash transfers have contributed to this, as the number beneficiary-household members living on just one meal a day decreased from about 19% to 13% between 2004 and 2005 and, more importantly, members of beneficiary households felt more satiated after eating. The percentage of



Managers with records of social cash transfers in the District Social Welfare Office in Kalomo.

The challenges of managing SCTs through Zambia’s existing Public Welfare Assistance Scheme have been highlighted in monitoring visits and studies (see Tools, *Capacity Assessment*). These include the mixed results that officials in the Ministry of Community Development and Social Services have had to date in securing greater buy-in from the Ministry of Finance and other important line-ministries. Also, this arrangement has provided weak coordination and communication with other sectors, poor monitoring and low capacity for financial management at all levels. Other limitations include inadequate funding and equipment, too few staff and no performance-based incentives up to now for the civil service.

MCDSS, together with the TWG, have taken measures to address these constraints, by lobbying for the participation of other ministries, seeking a better dialogue with Finance, intensifying training and on-the-job guidance in monitoring and financial management. As well, they are doing more advocacy,

households indicating that they were still hungry after each meal decreased from about 56% to 35% at evaluation. With greater purchasing power households also enjoyed a more varied diet, with more vitamins (vegetables and fruits) and protein (fish and meat). Improved nutrition may also explain the decreasing incidence of illness per household, reported in the month preceding the surveys: 35% compared with nearly 43% at the outset (MCDSS/GTZ 2007). The second impact evaluation confirms that spending on food was significantly higher among beneficiary households than among households in the control group, up to 64% higher in Kazungula District (Tembo & Freeland 2008).

According to one District Welfare Assistance Committee, these benefits were widely felt: "Health of beneficiary households has improved due to good diet – the burden to rural health centres has decreased as fewer people seek medical attention, which has led in return to an improvement of health services for those who are sick." Representatives of District Welfare Assistance Committee

other diseases. Social cash transfers seem to support education of children in beneficiary households as school enrolment rates rose by 3% to 79% at evaluation in 2005, and 50% of all youth, aged 7 to 17, who were not enrolled in school at baseline were enrolled when the evaluation was done. The impact was greatest for those aged 5 to 14 and benefited boys only, as their enrolment rates caught up with those of girls. Qualitative research also reveals a positive change in school attendance of beneficiary children (MCDSS/GTZ 2007). The second impact evaluation presents a more differentiated picture: the social cash transfer had a positive effect on educational expenditure across all districts with beneficiary households spending as much as 276% more as the control group in Chipata. School enrolment and attendance did not, however, increase evenly across districts: school enrolment increased significantly by 6% for boys in Kalomo while, girls and boys in Chipata had around 83% less absenteeism. (Tembo & Freeland 2008).

"Households were overburdened with orphans. Now orphans can be taken to school, and households can pay PTA (Parent Teacher Association fees) and buy booklets, pens and pencils." District Social Welfare Officer, Kazungula

Access to education



School children in Monze District, looking forward to a better future.

Education gives children more opportunities in life and ensures that they are more aware of health issues and able to protect themselves from HIV and



This beneficiary in Chipata invested the social cash transfer to produce more for a market stand and further boost her household income.

Improved livelihoods

Poverty is not the only determinant of HIV-infection, but it is a major one and research indicates that the disease disproportionately damages the coping mechanisms and livelihoods of poor households (Cohen 1998). Social cash transfers may provide a buffer against these impacts. The average debt of beneficiary households dropped from roughly ZMK 13 000 to ZMK 8000, and asset ownership rose from about four assets to five assets per household during the first year of the scheme (2004-2005). The number of households with goats, for example, increased 700% and ownership of chickens increased by 15 percentage points. The number of households that needed to sell assets to buy food during the 3 months preceding the surveys decreased by 4% (MCDSS/GTZ 2007). The second impact evaluation provides mixed results across districts: while the value for small livestock is 246% (Kalomo) to 377% (Kazungula) higher in rural areas for beneficiary households, the study suggests that a higher transfer amount would encourage greater asset accumulation (Tembo & Freeland 2008).

Furthermore, beneficiary households consumed and invested more. The number making small investments quadrupled from roughly 14% to 50% and the average amount invested doubled. No less than 71% of all households mentioned that they had invested part of the cash transferred and 52% of this group stated that their investments had generated extra income (MCDSS/GTZ 2007). Again, the second impact evaluation confirms the significant positive impact of social cash transfers on spending by beneficiary households on food (23% higher than for control group) and other items (48% higher than for control group) and non-food consumption across all districts, with the greatest effects in Kazungula. As for investments, the second evaluation shows higher investments in livestock in the rural district and a greater propensity to invest in micro-enterprises (30% higher) for beneficiaries in Chipata (Tembo & Freeland 2008). The evaluation showed, however, that this had yet to lead to significant increases in income.

Confidence

Many people who are HIV-positive struggle to remain hopeful and often feel stigmatized by society. Early evidence suggests that social cash transfers, over time, boost the self-confidence of beneficiaries. Among other changes, they help to alter their self-perception, convincing them that others consider them less poor. Beneficiaries also look to the future with greater optimism. The evaluation shows, for example, that the number of beneficiary households feeling hopeful increased from 37% at baseline to 49% at evaluation in 2005. More households also had plans for the future: rising from 50% at the outset to 73% at time of evaluation (MCDSS/GTZ 2007).

“The SCT scheme has led to economic independence on the side of the beneficiaries as they can decide now independently on the use of the money. This raises their social status and self-esteem.”

District Social Welfare Officer, Monze District

Easing the burden on others

The HIV pandemic has reduced the number of working Zambians, as a result of increased morbidity and death rates among people in their productive years, and the loss from the mainstream workforce of people who have had to take care of sick relatives and friends. This in turn has left other community members with a heavier burden, as they struggle to support the growing numbers outside the workforce. Social cash transfers have, however, provided financial relief to these working people, by significantly reducing both the prevalence (69%, as compared to 88% at baseline) and frequency of begging. Cash transfers also seem to rebalance community relationships as studies show that even beneficiary households share during

times when they have sufficient food. In addition, beneficiary households are now in a position to pay community members for smaller tasks such as thatching roofs and tilling the soil (MCDSS/GTZ 2007).

"SCTs have released the burden of begging for the community. Now community members come to join meals with beneficiary households – there is mutual sharing."

District Welfare Assistance Committee member, Monze District, and District Social Welfare Officer, Kazungula

Affordability

Table 1: Projected average cost of national SCT scheme based on three district models

Model	Annual cost of SCT scheme (US\$)	% GDP (2007)	% Zambian national budget (2007)	% ODA (2006)
Kalomo	40.3 million	0.4 %	1.2 %	4.1 %
Katete	81.5 million	0.7 %	2.4 %	8.4 %
Chipata	61.8 million	0.5 %	1.8 %	6.3 %

Kalomo 10% cut-off; targeting 252 000 households throughout the country; average transfer: US\$ 11.9

Katete All adults over 60; targeting 450 000 individuals throughout the country; average transfer: US\$ 15.00

Chipata 10% cut-off; targeting 252 000 households throughout the country; average transfer: US\$ 18.8

Considering the relatively small percentage of Zambia's gross domestic product or national budget (GRZ expenditure) that would be required to fund a national SCT scheme aimed at transferring resources directly to the poor (at a low transaction cost), it is difficult to imagine that anyone would classify it as *unaffordable*. However, spending on social assistance pro-

grammes represents less than 0.15% of GDP in Zambia, according to the International Labour Organization (2008); so, this would need to increase significantly to support SCTs nationally. If Zambian leaders have the political will to proceed, however, a national programme would be both affordable and sustainable (see Tools, *Public Expenditure Review*).

Sustaining social cash transfers

Integration

For SCTs to move beyond the pilot stage, the following areas are key factors for success. To protect Zambia's nascent SCT scheme, the Ministry of Community Development and Social Services and its partners ensured that it was well integrated in the national social protection strategy and national development plan. As part of the national development plan, the scheme not only becomes a line item in annual budgets, it is more easily harmonized with other interventions. While SCTs are now listed in the plan as one of the prioritized strategies for reducing extreme poverty in incapacitated households, other interventions such as input programmes, micro-credit and public works are also recommended for low-capacity households. This is supposed to ensure that different needs and risks in society are properly addressed and that households can get off social assistance once they gain sufficient productive capacity.

Social cash transfers have also been institutionalized as part of Zambia's social security policy and social welfare policy, which are both tabled in cabinet. This is an important step towards ensuring that citizens can claim their entitlements in the future and that social assistance is not equated with *ad-hoc* charity.

Pilots generate evidence

Experience from Latin America has shown that evaluations can be critical in winning political support and sustaining programmes during successive governments. To ensure that policy decisions are based on evidence, the GTZ Social Safety Net Project assisted Zambia's Ministry of Community Development and Social Services in developing a research agenda, carrying out different research activities and translating its findings into action. As SCTs are relatively new to sub-Saharan Africa, the Zambian pilot scheme used different districts to test various methods of making social cash transfers.



A Ministry official monitors the SCT system in Chipata District.

Further research results on targeting, conditionalities and graduation will greatly help Zambian policy-makers and be useful for other countries grappling with similar issues. To document the impact of this intervention, therefore, GTZ commissioned a monitoring and evaluation study. This gave first indications of the effects of the SCT scheme on beneficiary households, and their communities (see Tools, *MCDSS reaction*). It also gave direction to a new series of studies on the effectiveness of targeting, alternative delivery mechanisms, and capacity constraints and a second, more rigorous evaluation of the scheme in different pilot districts.

These studies have greatly helped Zambian policy-makers to design the scaling-up process and they have also been useful for other countries grappling with similar issues.

Table 2: Areas of focus of the different SCT pilot studies

District	Number of beneficiaries	Areas of focus
Kalomo	3400 households	<ul style="list-style-type: none"> • Capacity requirements for implementation at local, district, provincial and national levels. • Development of training modules and planning tools for expanding the SCT scheme to other districts • Combining regular PWAS with cash transfers
Monze	3400 households	<ul style="list-style-type: none"> • Soft conditionality in health and education • Implementing SCTs without direct technical support
Kazungula	620 households	<ul style="list-style-type: none"> • Retargeting and graduation mechanism • Implementing in sparsely populated rural district
Chipata	1024 households	<ul style="list-style-type: none"> • Adjustments for an urban SCT scheme • Transfer values (school bonuses)
Katete	4700 individuals	<ul style="list-style-type: none"> • Universal age-based targeting for those over 60

Harmonization

Zambia is one of the countries where the harmonization and effectiveness of foreign aid is subject to close scrutiny, as called for in the 2005 international agreement known as the Paris Declaration.⁵ Even though social protection is not a sector that development agencies have focused on, better coordination has been needed in this domain. GTZ assisted in strengthening MCDSS in coordinating the work of its partner agencies through the Technical Working Group on Social Assistance (Tools, *Implementation framework, Action Plan*). Despite sometimes conflicting organizational agendas, the TWG has done exemplary work in reducing duplication, coordinating research, sharing findings and discussing the way forward. Good teamwork, pooling of scarce resources and clear stewardship by government are necessary to maintain the programme over time.

Motivation of voluntary structures

As the members of all CWACs, ACCs and DWACs are unpaid volunteers, it can be a challenge to maintain their motivation over time. This must be done, however, to ensure proper targeting and monitoring of social cash transfers, together with adequate counselling of beneficiaries, beyond the initial pilot periods. GTZ has piloted and evaluated different incentives schemes for representatives of voluntary structures, ranging from income-generating activities to bonuses for monitoring (Tools, *Evaluation of the incentive scheme*). They have all had a positive effect on the motivation of the voluntary committees. The Ministry and Technical Working Group have now commissioned another piece of research, which explores in more detail the functionality of incentive schemes of other departments and organizations. It will then be up to the national government to pick the best system – one that is affordable, easily harmonized with government regulations, and boosts performance.

Developing political will

Political will is the driving force behind most government programmes. This is all the more true for programmes – such as Zambia’s Social Cash Transfer Scheme – that trigger controversy in ministries of finance, where social protection is often perceived as a charitable handout rather than a systemic approach to poverty reduction and promotion of pro-poor growth.

GTZ has, therefore, helped MCDSS to build capacity for advocacy and to garner more political support from different partners: other ministries, civil society, Members of Parliament, media and the general public.

Within MCDSS, GTZ helped its leaders to become more active agents of change. Through extensive training, study tours, exposure to other social transfer programmes in the region and regular interaction, MCDSS has taken ownership of the programme and is now advocating for support and increased funding from other ministries.

Experts from the University of Maastricht and University of Zambia worked with GTZ to provide training on social protection for representatives of other ministries involved in this critical area of development (see Tools, *Training outlines and presentations*). As well, these other ministries have been engaged in discussions about social cash transfers during study tours of the pilot districts and through regular information sharing in the Sector Advisory Group on Social Protection.

As one of the most important watchdogs of government, representatives of civil society have a crucial role to play in social protection. Owing to poor coordination, limited understanding and low representation on working groups, however, civil society did not initially provide strong support for the promotion of social protection in Zambia. GTZ and other cooperating partners have worked closely with the Civil Society Network in Zambia in efforts

to change this – organizing events to raise awareness of social protection and win new supporters. More activism is needed, but civil society groups have started reminding the government of its obligations in the social sectors and demanding more action (Tools, *JCTR paper*).

Members of Parliament are often overlooked in African countries, but they vote on budgets and can demand action from key ministries. With this in mind, GTZ and MCDSS have arranged field trips for MPs to pilot districts and engaged them in discussion. This has led to more questions about SCTs and greater support for the scheme in Parliament.

As few reporters or media outlets in Zambia know much about social protection, GTZ and partners have organized forums and training sessions to trigger interest and generate more, better informed coverage. This has boosted the number of articles and broadcast reports on social protection and social cash transfers.

Advocacy with the general public, meanwhile, aims to mobilize popular support and votes for social cash transfers. Tools for this include a summary report (Tools: *Summary report*), a web site providing papers, training materials and background information (www.socialcashtransfers-zambia.org), a film documentary (Tools: *Documentary*), a radio discussion series on social protection and policy briefs on SCTs by the Regional Hunger and Vulnerability Programme (funded by the DfID and AusAid).⁶

Political will does not, however, depend exclusively on advocacy. Often, uncontrollable systemic and cultural factors can throw up obstacles, at least in the short term. Successful advocacy, therefore, demands a keen understanding of systemic constraints and political and cultural factors, such as trends in the discourse and thinking about poverty. Better policy guidance, communication and coordination in the area of social protection with the African Union could also help. A series of interministerial conferences on

⁶ See web site (http://www.wahenga.net/index.php/policy/policy_briefs/ , accessed 23 April 2009).

social protection under the auspices of the African Union (the so-called Livingstone process) provides an excellent opportunity here.

Mobilizing fiscal resources

Based on the Kalomo District model, a national SCT scheme would cost the equivalent of just 0.4% of Zambia's GDP, 1.2% of the national budget and 4.1% of the overseas development aid it receives annually. However miniscule the investment, the Ministry of Finance would need to avail itself of additional resources to fund such a national scheme in the short-to-medium term. Possible sources include a new windfall tax on mineral exports, saving from the restructuring of programmes within MCDSS, and additional support from partner agencies. In the long term, fiscal reforms aimed at improving the management of public resources, reducing corruption and broadening Zambia's tax base could free-up further funding. The aim, of course, is to scale up nationally so that the SCT scheme eventually pays for itself – by stimulating local economies and reducing poverty and the burden this places on social and health programmes.

Developing capacity over the long term

Running a pilot is not the same as running a national programme. Above all, over the long term, MCDSS and lower levels of administration will need greater capacity. To this end, GTZ has provided technical assistance to the Ministry in management and monitoring of SCTs and is helping in key areas such as decentralizing technical assistance, training of social welfare officers, reaching students, and strengthening management information systems.

While the aim is to integrate the SCT scheme into existing structures, some structural changes are

necessary to best manage the scheme. GTZ has, therefore, supported MCDSS in lobbying for the creation of new positions at the central, provincial and district levels. In the meantime, additional staff has been recruited and trained, and partner agencies have provided funding for this until the end of the pilot phase.

Technical assistance from external agencies will not continue indefinitely, so efforts are being made to hand this role to officials at the headquarters of the Ministry and their provincial counterparts. This will allow HQ to provide training and advice for provincial administrators and put the provinces in a better position to guide district managers of the SCT scheme.

To prepare adequately for the scaling-up, a three-week course with hands-on training in pilot districts has been introduced, enlarging the pool of social welfare officers able to contribute to the SCT scheme at district level (see Tools, *Training outline*). This training course will be adapted to address new modalities of targeting, payment and management, etc. As well, the University of Maastricht and University of Zambia have jointly developed a one-semester course on social protection for future social workers. Further cooperation and exchanges between the universities will allow faculty at the University of Zambia to deliver this course effectively in the near future.

Reliable data and robust, transparent management information systems are critical to the success of any programme that aims to register, and eventually graduate, hundreds of thousands of households nationwide. GTZ has supported the initial design of a database for the SCT scheme that helps to administer data on beneficiary households as well as financial records (see Tools, *Database*). This, however, still needs to be better linked with other programmes run by the Ministry to allow for a unified system.

Lessons learnt

Cash transfers help households affected by HIV



Social cash transfers have given hope to this elderly man and the children he is raising, alone.

As results from the first and second evaluation have demonstrated, SCTs are a promising tool for helping households affected by HIV. Households that have lost productive members because of HIV do not need to resort to negative coping mechanisms. Children in these households have a better chance of attending school and of getting a regular and more varied diet, critical to their future development. Members suffering from HIV also benefit from improved nutrition and access to health facilities for antiretroviral treatment and care for other illnesses related to HIV. A regular cash flow can also help elderly household members to care for sick and orphaned members, as they do not need to waste time begging or doing small jobs for money.

“The Kalomo Cash Transfer supported by GTZ as a pilot project yielded very good results and must be scaled up. Some HIV-affected households should be helped to meet costs for health, education, food and farm inputs.”

UN Human Development Report for Zambia (2007).

Cash transfers are feasible in settings with few resources

Zambian experience shows that it is feasible to implement effective SCT schemes in low-income countries, despite weak ministerial capacity, limited infrastructure, low population density and areas that are relatively inaccessible. Procedures need to be tailored for the context: for example, with simplified payment and targeting systems, and use of voluntary structures. Transfer amounts must also be affordable and stakeholders properly trained and supervised. If this is done, however, money can be sent from a government ministry in the capital to poor households in the remotest parts of the countryside, at relatively low cost, securely and with few delays.

Political will is critical

Despite mounting evidence, careful documentation and continued advocacy, Zambia’s Minister of Finance and the members of Cabinet will need to be fully convinced of the value of social cash transfers. This suggests that patience, as well as a better understanding of the systemic and cultural obstacles is critical to advancing this important policy initiative. A window of opportunity might be opened by political events or after a study tour, parliamentary hearing, or well-written article on social protection. More pressure from civil society and stronger guidance by the African Union could also promote SCTs. One needs to remember, however, that social systems are not created overnight, and that even the most robust social welfare programmes in high-income countries developed gradually over time when first proposed.

Next steps

Early in 2009, the SCT pilot studies are expected to end. Before this, therefore, important questions will need to be answered about the national programme to follow. Should the programme be a universal age-based scheme? Or, should it be targeted at the most destitute households, or a specific combination of households of different means? Should payments be made through pay-point managers or via mobile phones, smart cards or another advanced technology? Should the amount of money transferred be tied to specific conditions concerning health and education? Should transfers be based on household-size, or the number of children enrolled in school? Should they be adjusted to inflation? The Technical Working Group has mapped a process for making these decisions, so they are informed by the findings of the studies and pilots underway.

Even if MCDSS has opted to scale up the SCT scheme, it will not succeed without strong backing from Cabinet – the Minister of Finance, in particular – and Parliament and a substantial increase in resources. Unfortunately, there is no certain way to win this support, as an intensive year of discussions with Finance, as well as advocacy, evidence-gathering, and strategizing with the African Union, MPs, civil society and influential donors has demonstrated. More support from the general public – vocal support, in particular – will be needed to smooth the transition. In the meantime, it may be appropriate to plan for a gradual expansion of social cash transfers, providing more evidence and time to win further political support. During this time, continued and predictable support from donor agencies for Zambia's nascent SCT scheme will also remind decision-makers in the Ministry of Finance that investing in the poor pays concrete dividends.

An SCT scheme will not, on its own, solve the problems wrought by HIV on Zambian households; it must be part of a comprehensive social protection strategy, which looks at the vulnerabilities and needs of households and individuals in a holistic manner. While the Zambian scheme is embedded in a national social protection strategy and not viewed in isolation, it needs to be systematically linked to existing services at district or community level. In addition, not enough attention has been paid to households with productive potential (*low-capacity* households) or to ways, over time, of helping incapacitated households to become productive again, at whatever level. Procedures are needed to refer beneficiary households to other services offered by the government or NGOs to aid in these transitions. In this way, groups that need particular care – members of HIV-affected households or members with disabilities, for example – will get more support and future generations will have a better chance of breaking the vicious cycle of poverty.

German HIV Peer Review

Effectiveness

This SCT scheme is the missing link among free health and social services (including antiretroviral therapy) and different HIV interventions, which often target individuals rather than households. The approach has enabled beneficiary households to access primary health care and primary education (among other free services), to improve their food security and livelihoods, to invest in their children and look to the future with more dignity, responsibility and self-esteem. Surrounding communities and local economies have also benefited, as social cash transfers seem to reduce begging and the need for assistance and to boost small-scale commerce. The SCT scheme has also strengthened the structures of MCDSS, reactivated the voluntary committees (CWACs, ACCs and DWACs) and improved the image of a rather weak and, until recently, insignificant Ministry.

Transferability

The Kalomo pilot of the SCT scheme provides a model for other low-income countries in sub-Saharan Africa: prompting the governments of Malawi, Kenya, Uganda, Tanzania, Ghana, and Rwanda to pilot similar schemes. Both Malawi and Ghana have adopted elements of the Zambian model. Regional meetings (the Livingstone conference in 2006 and the Mombasa social cash transfer workshop in 2007, for example) as well as the SCT web site (www.socialcashtransfers-zambia.org) have helped in disseminating lessons learnt, tools and training modules. Other countries with an interest in developing an SCT scheme also stand to benefit from the pioneering example of Zambia.

Participation and empowerment

The SCT motto “The poor are not irresponsible” gets at the basic premise behind cash transfers: destitute people can be trusted with their own budgeting and know best how to put scarce resources to the most effective use. This responsibility is empowering and encouraging for households in an era when most policy-makers still prefer

making decisions for the poor. As well as households, those in the grassroots and district structures of MCDSS are also strengthened by the scheme, as its management is highly decentralized and lower structures actually get to decide rather than just implement decisions made by people higher up. All procedures are participatory, meaning that they have been designed, modified and are carried out in consultation with stakeholders from different levels. In the targeting process, for instance, the CWAC, the headman, the community, the ACC and the district are all involved. The targeting process has also been adjusted a number of times, during review meetings where all those levels including the province and HQ were present.

Gender awareness

Gender awareness can be reflected in a variety of other ways in SCT schemes: for example, transfers can be given only to women in the household to ensure that they have the spending power or are at least involved in the family budgeting process; and higher amounts can be paid to families with daughters attending school. After close monitoring it was decided that the Zambian SCT scheme would allow both men and women to collect the cash, as no significant differences were noted in the spending patterns of households headed by males and females. With respect to outcomes in schooling, the findings are not yet conclusive enough to justify a different transfer amount for boys and girls. However, further monitoring activities will continue to examine potential gender differences and the need to adjust the project design – with particular scrutiny of the Chipata pilot, where households receive more money for having more children in school, and the Monze scheme, where *soft* conditionalities (without rigorous enforcement) are being tested.

Monitoring and evaluation

Monitoring is indispensable to the success of pilot projects, so Zambia's SCT scheme includes internal as well as external monitoring. The internal monitoring system is supposed to ensure that all procedures in the manual of operations are followed, that administration is cost-effective and that the cash transfers reach beneficiary households on time, regularly and in full. The focus of the external monitoring and evaluation system is on the impact of the scheme on beneficiary households as well as their communities and on the functionality of the scheme: the effectiveness of the targeting and payment system, systemic constraints and need for capacity building, etc. All M&E results, as well as some data sets, are displayed on the web site; so managers and stakeholders engaged in other pilots have a chance to learn and provide feedback. The fact that the manual of operations is now in its eighth edition shows that effort has gone into revising the scheme according to the findings of internal and external M&E.

Innovation

Transferring cash to destitute households is not, in itself, highly innovative. It has been done in many middle- and high-income countries, including parts of Latin America, and in principle it is similar to the established policy of budget support: channelling aid through the national budget rather than tying it to particular sectors or even projects. Donors are doing this in a number of countries. SCTs are, however, an innovation in low-income countries such as Zambia where households are not used to regular, reliable support that they can use as they choose. Another innovative aspect of Zambia's scheme is that the cash is being transferred cost-effectively to households in a setting where there are few resources and little infrastructure, and the Ministry responsible is fairly weak.

Cost-effectiveness

That cash transfers are more cost-effective than transfers in kind comes as no surprise: they are easier and less expensive to transport, so more of the transfer – cash – goes directly to the beneficiary household. Cash also gives households a greater choice of products and services and no transaction costs are incurred while converting in-kind transfers into cash to use for needs not covered by an in-kind transfer. Cash transfers also do not distort market prices, a benefit for the wider community, and they inject cash into local economies, a benefit for local producers. Furthermore, cash is often easier to control and monitor. Even illiterate households that have difficulty ascertaining whether they have received 50 or 45 kg of mealie meal have no difficulty ascertaining the value of banknotes received.

Sustainability

The SCT scheme is part of the Public Welfare Assistance Scheme, reducing the risk that it will be closed at the end of a pilot phase or project cycle. Embedding it in the social protection strategy, the national development plan, the social security policy and the social welfare policy, tabled in Cabinet, provides further protection. Capacity-building and advocacy also bode well for its sustainability, by seeing that the Ministry has enough trained officers and an appropriate staff structure to implement the scheme in the long run. Measures aim, furthermore, at strengthening an alliance of strategic actors in politics, civil society and other ministries who support social cash transfers.

Tools

The following tools, literature and other materials (some of which have not been published) were developed for Zambia's Social Cash Transfer Scheme and are available at http://hiv-prg.org/en/toolboxes#Toolbox_Social-Cash-Transfers .

Toolset 1, Operational documents:

- Design documents of the scheme 2003-2004 (GTZ);
- Manual of Operations (8th edition) 2008 (MCDSS);
- Implementation framework for upscaling cash transfers 2008 & Action plan 2007-2008 (TWG SA);
- Outline for the training course for social welfare officer in cash transfer management 2007 (MCDSS/GTZ);
- Training manual for HIV and AIDS management 2007 (GTZ).

Toolset 2, Evaluations and data:

- *Kalomo Social Cash Transfer Scheme: Final Evaluation Report*. 2007 (MCDSS/GTZ) & reaction of government 2007 (MCDSS)
- Concept note for the 2nd impact evaluation 2007 (World Bank)
- Tembo Gelson & Nicholas Freeland. *Impact of Social Cash Transfers on Welfare, Investment, and Education in Zambia*. Lusaka, MCDSS, 2008.

- Database for social cash transfers 2008 (MCDSS)
- Alternative Methods for Targeting Social Assistance to Highly Vulnerable Groups 2008 & Addendum 2008 (Kimetrica)
- Fiduciary risk assessment 2008 (Coffey)
- Assessing Administrative Capacity and Costs of Cash Transfer Schemes in Zambia 2008 (UNDP/ UNICEF).
- Incentive bonus study 2007 (GTZ)
- Public Expenditure Review of the Social Protection Sector 2008 (ILO)

Toolset 3, Other documents and materials:

- *Investing Directly in the Poor. A Demand for Social Protection in Zambia*. 2007 (Jesuit Center for Theological Reflection)
- Distribution mechanism scoping study 2008 (Quindiem Consulting/ExtactConsult)
- Documentary on the social cash transfer scheme 2007 (MCDSS/GTZ)
- Policy briefs on social cash transfers 2007 (RHVP)

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