

Political Economy of Cash Transfers In Zambia

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* Disclaimer: The views presented in this paper are those of the authors and do not necessarily represent the views of SDC

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Background and Acknowledgements

Evidence on how cash transfers can reduce poverty remains a hot topic in both development and relief circles. Some development agencies have put cash transfers at the centre of their social protection strategies. However, cash transfers are far from a panacea, and questions around the appropriateness and feasibility of cash transfers in different contexts are important and urgent.

This paper is one of three commissioned studies on cost affordability and political economy of Cash Transfers - part of ODI's research study (2006–09) "Cash Transfers and their Role in Social Protection". The study aims to compare cash with other forms of transfers, identifying where cash transfers may be preferable, the preconditions for cash transfers to work well and how they may best be targeted and sequenced with other initiatives. The study explores a number of issues of interest to donors and governments, including which forms of targeting and delivery mechanisms are most appropriate. This project is co-funded by the Swiss Agency for Development and Cooperation (SDC) and the UK Department for International Development (DFID).

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List of Acronyms

ACC	Area community Committees
CTs	Cash Transfers
CWAS	Community Welfare Assistance Committees
DFID	Department for International Development
FNDP	Fifth National development Plan
GTZ	German Technical cooperation Agency
HDI	Human Development Index
ILO	International Labour organisation
MCDSS	Ministry of Community Development and Social Services
MoFNP	Ministry of Finances and National Planning
OVCs	Orphaned and Vulnerable Children
PWACS	Public Welfare Assistance Committees
PWAS	Public Welfare Assistance Scheme
SAGs	Sector Advisory Group
UNDP	United Nations Development Programme
UNZA	University of Zambia

Executive Summary

Summary of Findings

- The neo-liberal ideology has an impact on the attitudes and perceptions about cash transfers in Zambia. CTs are seen by some as leading to consumption and hence undermining long-term economic growth targets. Those who perceive them as an investment argue that targeting is the most efficient option for CTs in Zambia due to its weak economy
- Donor aid has played a critical role in shaping the cash transfer programme, and social protection in general. The donor's influence was responsible for cash transfer prominence in Zambia's fifth national development plan, including current expansion plans
- The MCDSS has tended to focus on how to use donor aid rather than how to generate the resources needed to execute CTs
- The study has also determined that a minimum package of targeted assistance for all the incapacitated households in Zambia is affordable. For instance, to run a national social cash transfer scheme targeting the poorest 10% of Zambians will cost 1.1% of the total government budget in 2009. However, there is lack of political will to allocate resources in the budget.
- There is also evidence that there are inadequate arrangements for the monitoring and evaluation of CT programmes in some pilot regions such as Chipata. This has constrained the scope in which design and implementation elements can be improved.
- In relation to the Livingstone Call for Action on Social Protection 2006 and commitments given to the 2008 AU Conference of Ministers of Social Development (Livingstone Two), there is very little, if at all, that has been done. For instance, there has not been any significant change with regard to increased investment in resource mobilisation, institutional and human resource capacity.

Conclusion

- CT programmes are relatively new in Zambia. They started with a pilot scheme in Kalomo district (Southern province) in 2003. Currently there are pilots being implemented in four other districts with plans underway to expand to five districts this year (2009).
- CT programmes are relevant in Zambia but are currently failing to reach a wide range of people that are equally incapacitated and poor. Furthermore, CTs are operating without the necessary legal backing and political will.
- The neo-liberal ideology has an impact on the attitudes and perceptions about CTs in Zambia. CTs are seen as leading to consumption and hence undermining long-term economic growth targets. However with careful targeting, CTs can ensure the optimum use of the meagre resources available to provide relief to the incapacitated.
- Currently CT programmes are heavily dependent on donors. However for long term sustainability, there is a need for the government to provide leadership in resource mobilisation and own the CT programmes with increased reliance on local resources. There is also need for investment in institutional and human capacity building to ensure effective implementation of the AU Livingstone Call for Action on Social Protection.

- Notwithstanding all these challenges, CT programmes in Zambia need to be up scaled as they have the ability to provide relief to the many poor and incapacitated households across the country

Recommendations

- There is need for more debate around CT programmes to ensure that policy implementation and budgetary resource allocation are matched.
- The Zambian authorities must implement a nation-wide programme rather than keeping on with pilot schemes. The budget can accommodate 10% of the most destitute households in the country.
- To guarantee long-term sustainability there is need for the government of Zambia to increase internal resource allocation in combination with external resources to support CTs rather than focusing on managing external resources for the programme.
- There is need to strengthen, outsource or establish institutions that will ensure effective implementation of CT programmes. At present there are human resource and capacity constraints.
- Targeting should be carefully undertaken to ensure that the provision of cash does not alter behaviour negatively, as well as to allow for the optimum use of the limited resources available.

1. Introduction

Cash transfers (CTs) are the Zambian government social assistance scheme that provides payments of money to individuals or households who are vulnerable or incapacitated. It is located in the department of Social welfare in the Ministry of Community Development and Social services (MCDSS). This study examines the political economy of cash transfers in Zambia, with a particular focus on factors of affordability, sustainability and acceptability. The study contributes to the global experiences of the debate on the potential of cash transfers to promote livelihoods in both international and humanitarian contexts.

The past decade has witnessed a rise in social protection schemes aimed at poverty reduction and protection of vulnerable people in societies, including Zambia. This is because of the worsening human conditions accentuated by severe poverty among people in Zambia. Just as in many developing countries, social protection schemes in Zambia have taken new social problems such as HIV/AIDS and interacted with other drivers of poverty to simultaneously stabilise the livelihoods of families and creating community safety nets. This new focus, largely driven by donor nations, appears to be a reaction to the failure of economic paradigms that did not achieve human security and poverty reduction in the past. There is now a growing interest by western donors to link their understanding of the vulnerability of families, and threats to the human capital of children with lifelong inter-generational consequences. This has accelerated donor and governmental discussions around commitments to social protection programmes. Prominent among such social protection schemes are Cash Transfer (CT) programmes.

CTs are part of the non contributory social protection programmes that are found in Zambia. These social protection programmes involve making transfers in the form of cash, goods or services to persons at risk of, or already experiencing, adverse conditions such as poverty, unemployment and sickness; or otherwise vulnerable owing to their age, physical condition or household status.¹ The non-contributory programmes do not link benefits to any condition and thus makes such transfers unilateral. Five non contributory programmes in Zambia have been identified as the most significant in terms of their coverage and impact on social protection.² These are the Public Welfare Assistance Scheme (PWAS), the Food Security Pack (FSP), the School Feeding Programme (SFP), the Project Urban Self- Help (PUSH) and the Social Cash Transfer (CTs) programme³. CTs are relatively new in Zambia although other forms of social welfare assistance have been in existence for some time.

The idea of CTs in Zambia originated as a donor pilot project in 2003 in one district of Zambia called Kalomo. The project was supported by the German Technical Development Cooperation (GTZ). The Member of Parliament for Kalomo central explained that he had held discussions with GTZ who showed interest in piloting the scheme in his constituency. Once success was achieved in the pilot programme, the scheme eventually became part of the government national development blueprint (the fifth National Development Plan (FNDP)) which spans the period 2006-2010. Since then there have been efforts to expand the CTs programme, infact there is now a joint donor government strategy for scaling up cash transfers schemes in the country.

At present a group of social cash transfers schemes are financed and technically supported by international organisations and donors and implemented under PWAS structures in five districts of the country. CTs are a form of social transfer involving regular and predictable payments to vulnerable households or individuals in order to ensure a minimum level of wellbeing and take the

1 See ILO report on Zambia- social protection expenditure and performance review and social budget p.98

2 Ibid

3 Ibid

form of income support, child grants, disability benefits, foster care grants, scholarships and stipends or non contributory social pensions.⁴ Others have defined CTs as regular payments of money provided by government or nongovernmental organisations to individual households, in exchange for active compliance with human capital conditionalities.⁵ The human capital conditionalities can include such requirements as school attendance or academic achievement by children, clinic visits, meeting nutritional objectives, and adult educational programmes. The essence of CTs is to reduce chronic or shock induced poverty, providing social protection, addressing social risk and reducing economic vulnerability while at the same time promoting human capital development. The ultimate intention is to break interecine inter-generational transmission of poverty.

CTs being undertaken in Zambia are only for incapacitated households whereas the unemployed or able bodied are targeted by other schemes such as public works or food security packs. In a number of instances those who are under CTs scheme have also benefited if they keep school going children through the school feeding programme.

The five districts piloting the CT programmes in Zambia are Kalomo, Chipata, Monze, Katete and Kazungula. The pilot schemes of the CTs have the following objectives⁶:

- Reduce extreme poverty, hunger, and starvation in the 10% most destitute and incapacitated (non-viable) households at national and at pilot region level. The focus lies mainly, though not exclusively, on households headed by the elderly and caring for the OVCs because the breadwinners are chronically sick or have died due to HIV and AIDS or other reasons.
- Generate information on the feasibility, costs and benefits and all positive and negative impacts of a social CT scheme as a component of a Social Protection Strategy for Zambia.

CTs mainly target destitute households and persons also known as the incapacitated poor. To qualify for social assistance, households/individuals must experience unfavourable social, economic and other personal characteristics. The characteristics of the household head (referred to as social qualifiers) are: being elderly; a child; a person living with disability; chronically ill; female; an orphan, or a disaster victim⁷. Economic qualifiers include having no support from family/relatives, unable to undertake productive work and having no productive assets on the part of the household head. Some households are selected based on whether there is enough food for the family, children not attending school, inability to access health care, poor housing and recent death of former household head⁸.

1.1 Objectives of the Study

The study had the following key objectives:

- (i) To explore the attitudinal and ideological issues affecting CT programme adoption and design in Zambia.

4 See ILO social protection expenditure and performance review and social budget,2008, P 103

5 See Niekerk, 2006

6 www.socialcashtransfers-zambia.org/social-cash-Zambia.php, accessed on 05/08/2009

7 MCDSS and GTZ (July 2004), Lusaka, Zambia

8 MCDSS and GTZ (July 2004), Lusaka, Zambia

- (ii) To analyse the political, fiscal and institutional factors that determine whether CT programmes are adopted or not.
- (iii) To investigate parameters that influence programme design choices and which ultimately determine programme sustainability.
- (iv) To contribute to improved understanding of the obstacles to effective programme design and implementation.
- (v) To make recommendations on the lessons learned from cash transfers in Zambia.

1.2 Research Methodology

The study relied on secondary data gathered by desk research and primary data collected from field work. The data gathering techniques used in the fieldwork consisted of semi-structured interviews with key actors at national level. These included senior civil servants, politicians, international financial institutions, international and domestic non-governmental representatives, cooperating partners and academics. Ten in-depth interviews were carried out as per the attached interviewee profile. A number of reports were reviewed including the social budget for Zambia to identify and document existing CT programmes in Zambia.

2. Study Findings

2.1 Administration of the Cash Transfers in Zambia

In Zambia, CT programmes are implemented in just five districts of the country as pilot projects. These are Kalomo, Kazungula and Monze in Southern Province of the country. Other districts are Chipata and Katete in the Eastern Province. A time bound emergency response CT scheme was implemented to respond to a seasonal drought between November 2005 and March 2006. The scheme benefited about 13500 households and was implemented by Oxfam Zambia with funding from DFID in Mongu and Kaoma. Notwithstanding small variations between individual programmes in each district, the overall experience with cash transfers seems to be positive⁹. The schemes differ from district to district in terms of target groups, level of benefits and conditions for receiving the benefits. The districts in which the CT programmes are implemented were not necessarily selected based on national poverty ranking. In the following paragraphs the study highlights data on the CT pilot projects in the target districts.

The very first CT programme in Zambia was implemented as a pilot in 2003 in Kalomo district. The programme targeted 10% of the most destitute or incapacitated households. The target group included single parent households; households headed by the elderly, households headed by orphans, others afflicted with extreme poverty, hunger and are incapable of work. At the moment, the total coverage is a population of 3, 856 persons.

The beneficiaries were selected through the use of geographical and categorical targeting criteria. Under this scheme, the Community Welfare Assistance Committees (CWACs) used a multi-stage (community-based and categorical) participatory process to identify the 10% most needy and incapacitated households in their area. CWACS ranked interviewed households according to the severity of their destitution giving the worst off household rank 1 and the second worst off rank 2 and so on. After that, they presented the ranking to a community meeting. The community then discussed the rankings until consensus was reached. The total number of beneficiaries from all the CT schemes as of 2009 is about 7000 people compared to 300 people when the scheme began in 2003¹⁰. This is evident that the programme has been expanding.

Using the Kalomo pilot CT model, another CT programme was started in the Kazungula district of Southern Province in January 2005. The programme, which is being implemented by the MCDSS with technical support from Care International and financial support from DFID, was being used with the aim of exploring the technicalities of managing CTs in a low density district. By May 2007, 600 households had benefited from the programme in Kazungula district.

In February 2006, the MCDSS through the PWAS with funding from DFID launched another CT project in the Chipata district of Eastern Province. Technical support was provided to the project by Care International Programme Partnership Agreement. This project is also being implemented with lessons learnt from the Kalomo project. The Chipata CT project is also being used to draw lessons on how to run a CT project in a peri-urban area.

In January 2007, the MCDSS added another district to the list and started implementing a CT programme with additional funding from DFID in Monze district of Southern Province. This project is also following the Kalomo pilot. The Monze CT project is being used to draw lessons for MCDSS as it carries out activities without technical assistance. The MCDSS is also using this project to assess the impact and administrative feasibility of soft conditionality. The project has covered just fewer than 3300 households.

9 Almost all the respondents believe the CTs have a positive impact on the beneficiaries

10 Interview with senior civil servant on 8/06/2009

Another CT project was launched in Katete district of Eastern Province by the MCDSS with support from Care International. The scheme is targeting 1000 households and was slightly modified as a universal pension scheme.¹¹

2.2 Affordability and Political Will

Affordability refers to the question of cost of existing CT programmes and how they compare to non-CT social protection schemes. A comparison of CT and non-CT programmes shows that it is cheaper to administer CTs than non-CT programmes. For example transferring cash is easier than delivering non-cash materials such as food packs or clothes.¹² Whereas there are administrative costs involved in handling both programmes, it is apparent that CTs are far less costly to handle and manage. Majority of the non-CT programmes require transportation and are susceptible to damage, misuse or even corruption. In addition, making cash payments allows the beneficiaries to choose how they wish to spend the money. It affords them the opportunity to address their priorities with flexibility which non-CTs do not allow.¹³ It is understood that CTs are preferred due to their flexibility and cost effectiveness; they also have a ripple effect, meaning that they benefit more than one person.

According to the majority of the respondents, CT programmes are affordable but should strictly target poor households, households with children; households without able-bodied members; or the elderly.¹⁴ Targeting is seen as the most efficient option for CTs in Zambia due to its weak economy. In the absence of proper targeting, the people that really need CTs may not have access to them because most of the population is poor and CTs may not practically sustain everyone who is poor as opposed to those who are incapacitated.¹⁵

In principle, 10% of the households at national, regional, district and community levels are targeted by the CT programme. However, due to funding limitations, this in practice, is not achievable and households still have to be ranked to select the most incapacitated households in the selected communities.¹⁶ This implies that CT programmes are not sufficient in terms of reaching the total population that deserves to be included as beneficiaries at every level. In essence, targeting is based on available funds rather than the people in need.

Almost all the respondents felt that a minimum package of targeted assistance for all the incapacitated households in Zambia was affordable but that what was lacking is political will to increase the allocation to social protection. For instance, to run a national social cash transfer scheme targeting the poorest 10% of Zambians and cost 1.1% of the total government budget in 2009. It is therefore clear that government commitment to embed social protection programmes into the national budget is necessary.

The budgetary allocation to the social protection sector was reduced from K577.7 billion Kwacha (4.2%) in the 2008 budget to K374.2 billion (2%) of the 2009 budget. The budget allocation for social protection is actually tilted towards pension regimes as opposed to other social protection

11 www.socialcashtransfers-zambia.org/social-cash-Zambia.php, accessed on 05/08/2009

12 National Coordinator for Care International, Interview on 12th June 2009

13 Head of Social Development Studies at University of Zambia, Interview on 10th June and Chief Planner Policy Monitoring and Evaluation at MCDSS, interview on 8th June 2009

14 Kalomo Member of Parliament, Care International, GTZ representative and Minister of MCDSS Interviews. See also Adato, Michelle and Lucy Bassett (2008)

15 Former Minister of Finance, Ngandu Magande MP, Interview 2nd July 2009

16 Chief Welfare Officer, MCDSS, Interview on 5th June 2009

schemes. In fact, of the K374.2 billion allocated to social protection in 2009, K174.3 billion has been provided for grants to the Public Service Pension Fund, with a further K128.1 billion allocated through employer contributions to the Fund. Within the 2009 budget CTs have been allocated K3 billion Zambian kwacha representing approximately 0.4 % of the total social protection budget. This is an increase from the K 1.5 billion in 2008 to cater for the planned expansion of CT programmes in 2009.

In terms of the value of CTs many respondents felt that although the amount was seemingly little it was very valuable for the target groups. In the Kalomo project the beneficiaries were initially given Zambian Kwacha 30,000 (K30, 000) which is a 7.5 United States Dollars equivalent per month. Households with children received an additional child bonus of K10,000 (USD2.5). By 2007, the monthly grant was increased to K40,000 (\$10). The CT programme has since been expanded from the original 1000 target households to 2400 in mid 2007 and 3500 by the beginning of 2008.

In Chipata the scheme was designed to transfer the cash to the beneficiaries at the end of every month but delays in the transfers were endemic. The delays are attributed mainly to the administrative bottlenecks such as reconciliation and other financial reports. It was also clear that there are inadequate arrangements for monitoring and evaluation. This has constrained the scope in which design and implementation elements can be improved.

According to a UNDP report¹⁷ by The International Poverty Centre, it is estimated that if the social cash transfer scheme was extended to all the 200,000 destitute and labour constrained households in Zambia who constitute the 10% poor, annual costs would amount to US21million dollars-about 5% of annual foreign aid inflow or 0.5% of the Zambian GDP.

While it is appreciated that the CT programmes are affordable, they have not been given the attention they deserve by government authorities due to competition with other seemingly more important priorities. This is exacerbated by the fact that CTs are a new programme and like any change, they face challenges until they are fully understood.

2.3 Sustainability and Fiscal Space

Sustainability relates to finance plans and options available to the government to finance programmes. The selection depends on the country's capacity to raise taxes. Unless there are major policy shifts, expenditure on social protection and CTs will not increase and may remain over time at a level less than 0.2% of the GDP.¹⁸ This is mainly because there is a sense in which keenness to provide donor funding to the sector by cooperating partners overshadows the eagerness of government to locally mobilise resources. By all intent and purposes, the government allocation to social protection has been a function of donor commitments. In this regard, the slight increase in social assistance expenditure is due to increased donor funding rather than greater government budgetary allocation.¹⁹

Secondly, there is still lack of complete buy-in from the Ministry of Finance (MoF) on the sustainability of CTs given the fact that many social services in the recent years have required minimal user fees to be paid before access is granted to a social service. This ideological frame has coloured the approach of the MoF towards resource mobilisation for CTs. CTs are viewed as consumption expenditure without any economic returns.²⁰ In contrast, those in the Ministry of

17 See poverty in focus, UNDP June 2006, p 12

18 Interview with ILO representative

19 ILO Executive Summary report on Social Protection Expenditure and Performance Review and Social Budget, 2008: Page 17

20 Former Minister of Finance, Ngandu Magande MP, Interview 2nd July 2009

Community Development and Social Services, and donors believe CTs are an investment that will help to eventually lift children out of desperate situations through educational opportunities, and improve the nutritional status and restore dignity of the beneficiaries²¹. The MCDSS is struggling to convince the MoF about the viability of CTs.

Thirdly, there is simply no available cash in the face of a weak economy. Government efforts and preoccupation are tilted towards economic investment sectors rather than social sectors.²² With the current global recession currently obtaining, the situation is unlikely to improve. With the loss of thousands of jobs due to the dip in the price of copper on the international market, government revenue collections will also reduce in the year 2009. Copper is the mainstay of Zambia's economy as it is the highest contributor to the country's GDP. This also means that there will be more people in need of social protection in one form or another.

In relation to the Livingstone Call for Action on Social Protection 2006 and commitments given the 2008 AU Conference of Ministers of Social Development (Livingstone Two), very little, if at all, has been done. There has not been any significant change with regard to increased investment in institutional and human resource capacity. For example, in Chipata there are only two social welfare officers. These are expected to handle both the CT and non-CT programmes. They are also inadequately grounded in accounting functions which they have to undertake under the CT programme²³. Therefore CT programmes are not given any special focus per se to build the capacity of its officers. In terms of institutional capacity, the CT programme relies on community volunteers to identify the beneficiaries but there is no incentive for them. The institutional setup is thus too informal and could create room for rent-seeking and manipulation of the target groups as time goes on.

There are currently negotiations between the government and development partners to continue funding the CT programmes over the next five years. In 2007, the MCDSS developed a framework document for the scaling up of CT programmes to a national system. In this document, it is estimated that the programme will be expanded to cover the rest of the country by the year 2012. This year (2009), the Zambian government plans to scale up the CT programme to five other districts in addition to the five where the programme is already being implemented²⁴. The CT programme will therefore be in 10 districts out of the 74 districts country wide. The districts will be selected based on the Central Statistical Office's evaluation of the poverty levels in the country.

Despite these intentions, government funding to CT programmes has remained static since 2007 when government started allocating funds to cash transfers. This is indicated by the allocation to the CTs in 2008 and 2009. In 2008, the government allocated K1.5 billion for the programmes in the five districts. In 2009, K3 billion has been allocated to CT programmes but this allocation includes the expansion to the new five districts that the government hopes to cover. In terms of progress, the government has included social protection in its development blue print, the fifth National Development Plan 2006 – 2010. Ensuring financial commitments is not the only challenge, the slow rate at which CTs are being assimilated within the government system is also a challenge. It appears that the programme is not widely known about, even among government departments.

21 Interview with Chief Welfare Officer, Chief Planner in the MCDSS and GTZ representative

22 Former Minister of Finance, Ngandu Magande MP, Interview 2nd July 2009

23 Interview with the Head of Social Development Studies at the University of Zambia

24 Minister of Community Development and Social Services, Hon. Michael Kaingu (MP), Interview on 11th June, 2009

At the moment, the CT programme is highly donor dependent and driven. Local stakeholders including the Government are just starting to buy into the programme. This is largely because CTs are not home grown initiatives and being used to prove a point in Zambia²⁵. Therefore it can be safely assumed that ownership is still an ongoing process. By implication sustainability therefore is uncertain until the programme is fully mainstreamed and understood - the programme may only be sustainable when the government realises the investment potential and increases their contribution to the funding of CTs. Long term sustainability will only materialise when financing is taken over by government budgetary allocations, however view of the Minister and some members of Parliament suggest that the government still expect external donor support for the programme for some time to come.

The social budget for 2009 seems to qualify the above assertion. The tax measures in the 2009 budget seem to overlook the plight of the poorest of the poor as they are tilted towards relief for the rich more than the poor. i.e. the budget statement which purports to contain tax reliefs for individuals with the pay as you earn exempt thresholds increased by 17%. This fell short of providing the relief for workers from the persistent high rate of inflation. It is clear that financial resources are not balanced equally between economic transaction and poverty reduction programmes. Resource allocation and the quality of how the resources are distributed do not match the minimum standards required to promote the best interests of the poor particularly the economically excluded and incapacitated households.

Although these are pilot schemes, cash transfer programmes are grossly underfunded and only account for less than 0.2% of GDP. A closer examination of the 2009 budget does not seem to reflect fiscal policy or potential strategies for protecting the poor, especially in cases where utility prices rise. This implies a potentially worse position for the excluded and incapacitated households.

There is substantial evidence that Zambia has a very low tax base and that the greater part of its social policies is externally funded. For instance, domestic revenue collections in 2008 amounted to K9, 918.1 billion. This was above the target of K9, 828.5 billion and represented 18.5 % of the GDP. Of this amount, tax revenues amounted to K9, 350.9 billion, and were 2.4% above target. Non-tax revenues totalled K567.3 billion, and were 18.4 % below the target of K694.9 billion.²⁶

However, in view of sustained donor advocacy and available financing, government has begun to show interest in CT programmes. The MCDSS recently held a workshop to inform members of parliament to the CT programme. The ministry further took some of the MPs on a conducted tour of the CT programme in Kalomo. The response was positive but it is yet to be seen how these MPs will support the programme when it comes before the house in the 2010 budget. It is also evident that the CTs have struck a chord with parliamentarians because of the potential to provide them with political leverage for re-election once the schemes are introduced in their own constituencies.

Despite these developments, the CT programme still faces other challenges such as resources being spread too thinly; government leadership not being felt in the CT programmes; inadequate information on their target groups and other related information as well as poor funding. Government leadership not being felt in the CT programme is possibly because they are still trying to understand the programme. It is also possible that the government does not want to be on the front line of CTs because they may not adequately respond to the possible overwhelming cash demands which are already rife outside an organised CT programme. For example during election campaigns, money is dished out to the electorate indiscriminately and the CT programme could be mistaken as a continuation of election benefits thereby defeating the purpose of the programme.

25 Interview with Sam Mulafufu, Director Caritas Zambia on 2nd July, 2009

26 2009 Budget Speech by Honourable Dr. Situmbeko Musokotwane, Minister of Finance in Zambia

Some respondents are of the view that cash transfers are better if they are conditional as non conditional grants are difficult to monitor. There is a general fear that the money could be spent on activities that are unintended (e.g. beer consumption) consequently it would be difficult to measure the impact of the CTs²⁷.

2.4 Acceptability and Political Economy

Another issue affecting CT programme adoption and design is the impact of acceptability and political economy. The political economy of dependency at the national level as noted by Michelle Adato and Lucy Basset (2005), is related to the issue of conditionality attached to CT programmes, and the implications for programme choice. Acceptability also deals with the issue of conditionality and the evidence to substantiate concerns regarding the impact of CT on labour market distortion and work disincentives. Cash transfers can be given without conditions (without obligations) or with conditionals to participate in work or training, education, health, nutrition, or other services or activities - or they can be linked to these activities but not obligatory (ibid).

The dependency argument at the national level in Zambia is that CTs could lead to increased reliance on the system for support, rather than individuals becoming self reliance. A lecturer from the University of Zambia, explained that conditionality is key to achieving effectiveness because if no conditions are attached to the CTs, the recipients are not monitored therefore it is uncertain to what extent self empowerment is attained.²⁸ The view is that CTs should not create permanent dependency, therefore they need to be carefully targeted particularly on children and households with the potential to move out of incapacitation. However, there is not enough evidence to determine whether conditionality should or should not be part of a CT programme. According to lessons from Mexico and Nicaragua, without conditionality, the population would not be responding to the supply of services. This view in Mexico reflects an historical "paternalistic and dependency" understanding of poor populations. However, as Devereux (2002) argues, information given to the population should be considered as a means to modify this view, and trust families to be responsible for their wellbeing. The Kalomo project follows this view and does not require people to comply with any type of activity, nor to give account of what they do with their money.

In Zambia, the concerns about dependency syndrome and the impact of CTs on labour market distortions and work disincentives does not seem to arise. This is because CTs are targeted at those households which (all factors being equal) cannot support themselves. The former Minister of Finance was categorical about his perception that CTs programme affect the behaviour of children living in communities and households with dependent elders. He explained that the children may grow up believing that it is fine to be poor because the system will take care of you. He thus prefers giving animals such as goats and chickens which have the potential to reproduce and boost the local economy.

On the other hand, experience from the pilots has shown that the heads of beneficiary households understand the purpose of the transfers and make rational use of the money by buying necessities such as food, soap and blankets²⁹. Evidently cash transfers in Zambia are being associated to significant improvements in nutrition health, educational attainment and psychological wellbeing and decreased adverse social dependencies in the communities. Nevertheless, due to the severe vulnerability and destitution of the people CTs are increasingly becoming acceptable in the country. This acceptance of CTs is a direct result of the breakup of community and family support networks that existed in the past and the fact that the money is coming from the state and not individuals.

27 Interview with Social Development Expert

28 Interview of with University of Zambia Lecturer, Robert Tembo on 10th June 2009

29 Interview with the Care International Project Coordinator on 12th June 2009

But in the recent past, cash handouts were frowned upon, stigmatised and associated with beggars. For example, within the cultural context, if one was given a goat and not money it was seen as much more worthy than money equivalent to the cost of the goat. In fact before communities became familiar with the CT initiative, receiving free money was thought to be associated with the practice of satanism and hence hand outs were seen in a negative light. This view was partly supported by key national stakeholders who believe that money should not only be given out but it should be worked for.³⁰

The study points to the fact that acceptance of Cash transfers has an effect on social support networks and perceptions. Traditionally, the extended family system in the country was regarded as an important social safety net for the provision of assistance and support to its members whenever they were exposed to situations that impaired their productive capacity³¹. However as more and more people get urbanised and concentrate on taking care of their nuclear families, the traditional system is slowly breaking down. Once the government gives money to the beneficiaries, the extent of the community support system also reduces thereby entrenching an individualistic view of the family as well as making CT programmes an acceptable way of sustaining the poor in society. From a sociological perspective, the CT programme has allowed the government to deal directly with the recipients which is a shift from the past when government dealt with the community³². The community under these circumstances is the administrator. In the past, government interventions were targeted at communities rather than individuals. This means that government administered the support while communities were recipients. Under the new CT arrangements, government is in partnership with communities to administer support to the poorest. This is done through community volunteers working with CWACs.

In observing that CT programmes do not create dependency because most of the targeted households are incapacitated and cannot engage in any productive work or activities, it is clear that the dependency argument would only be valid in the absence of proper targeting and selection of beneficiaries. Certainly, in this instance, the CT programme mitigates the suffering experienced by incapacitated poor people. Considering the extent of poverty in Zambia and levels of employment informality, it is difficult to raise questions of CTs creating dependency among beneficiaries. CTs strictly target such households while other non-CT programmes target and address the needs of the vulnerable but able-bodied persons. These non-CT programmes include public works and food security packs. The rationale is that able-bodied people need to work to raise cash and improve their livelihoods rather than waiting to be given cash by the state. The underlying philosophy for the non-CT programme lies in the neo-liberal school of thought that every expense comes at a cost and people should pay for it either through labour or cash. The non-CT programmes are also intended to reorient the mindset of the poor that they cannot get free services from the state.

2.5 Aid Modalities and External Influence

In terms of ideological perspectives, the study shows that there has not been sufficient engagement and debate around the cash transfer discourse in the country. Apart from the stakeholders in the frontline of CT delivery programmes, there is very little awareness among the general populace in the country. The MCDSS has struggled to get buy in from the Ministry of Finance and National Planning because officials from the MoF do not seem to consider CT programmes as an investment but rather consumption expenditure. The study established that efforts are currently being made to inform officials from the ministry. However, in the recent past,

30 Interview with the University of Zambia Lecturer

31 Poor households with limited self help capacity in Zambia (2003), page 19

32 Dr. Charlotte Harland (UNICEF), Interview on 11th June 2009

the MCDSS has endeavoured to engage with members of parliament and programme implementers like non-governmental organisations but this is still on a small scale.

This study shows that donor preference has informed selection of CT programmes over other social protection interventions. However, considering the insignificant attention given by government to CT programmes and social protection more generally, as well as the low levels of revenue collection, it is unlikely that the government will prioritise CT programmes over other forms of social assistance. While government leaders talk about reaching out to the poor through CT programmes, it is deemed to be lip service rather than action, when seen against the background of actual commitments in terms of finance, policy and regulatory frameworks, and other backstopping measures. For example, there is no legal backing for CT and other social protection transfers. This lack of a regulatory regime does not give the beneficiaries claim to these benefits or entitlements in a legal sense.³³ Furthermore, this lack of commitment is seen in the high turnover of the top leadership of the MCDSS every time there is a reshuffle.³⁴ Every time the president makes changes to the government, a minister, deputy minister or permanent secretary is replaced at the MCDSS.

However with the implementation of the Fifth National Development Plan, stakeholders are participating under the Social Protection Sector Advisory Group (SAG). The SAG consists mainly of donors in the sector, government departments and civil society organisations as well as international organisations implementing social protections programmes. Outside this group, there is no coordinated involvement in policy development around social protection. The debate for SAG is beyond preference for CTs but looking at the implementation and financing of CT programme implementation and financing. SAG is at the centre piece of the drive to expand the CT programme in Zambia.

In terms of influence, CT programmes are promoted much more by international agencies, which have a mandate to protect the vulnerable (including children, the old-aged and women). Although the government has the mandate to provide for the poor, their involvement with CTs and other social assistance programmes has been minimal, and low in profile. As already observed, the CT programme is highly fuelled by the availability of financial resources by donors and international organisations working in the sector.

On the other hand, voices from local stakeholders are not particularly apparent in the CT discourse. As well as being relatively new, the programme gives considerably small amounts of money to be able to draw sufficient interest by the wider public.³⁵ Due to low interest levels, there are few public debates and opinions to pressure government to address social protection in a significant way.³⁶

In terms of donor and government support to social protection, there is harmonisation. SAG, DFID and UNICEF are co-lead institutions that ensure that all funding to this sector is harmonised to ensure resource effectiveness. At the moment, there is a review of the social protection strategy and planning ahead on the issue of CTs in Zambia. The Minister of Community Development and

33 Interview with Caritas Zambia Director, Samuel Mulafulafu on 2nd July 2009

34 Interview with UNZA lecturer Robert Tembo on 10th June 2009 and Caritas Zambia Director, Samuel Mulafulafu on 2nd July 2009

35 Interview with Caritas Zambia Director, Samuel Mulafulafu on 2nd July 2009

36 Interview with Social Development Expert, Vesper Chisumpa on 29th June 2009

Social Services is optimistic that donors will provide up to K40 billion for the programme in the next phase.³⁷

Generally, the government funded programmes are underfunded and deliver low and inconsistent benefits.³⁸ Government funding is thinly spread across all sectors whereas donor funding is available, specific and well accounted for.³⁹ A good example is the Monze CT programme which is solely supported by government without technical assistance from the donors and seems to encounter erratic cash supplies. When this is compared to CT programmes that are donor funded, with technical assistance this point is clearer. The concern here is that donor funded programmes are delivering more substantial benefits but cover only pilot areas or small sections of the populations, or are operated for limited periods. Given the fact that the CT delivery is inconsistent, (mainly due to bureaucracy) there is need for improved human and administrative capacity to ensure effective implementation of the programmes. The dilemma however is that the harmonisation in practice is inclined towards strengthening existing government structures. Ideally efficient execution of the CT programme would require an extra-governmental unit which would exclusively deal with CTs⁴⁰.

Ideally, CT programmes in Zambia should depend on public funds, with only a tiny part of the budget left for donors to finance.⁴¹ This is the best possible option if the country is to guarantee long-term sustainability of the CT programme. The problem lies in the fact that the country relies largely on bank loans and aid from rich countries. There is always a risk that donors will change their position regarding ongoing programmes, according to international priorities and cycles. This risk puts the sustainability and ownership of CT programmes in question especially if the government does not come up with its own strategy to take the CT programme forward.

Lessons from Nicaragua show that though it relied on foreign support, it has been able to set up a highly structured and effective pilot programme whose results are more than motivating for the future scaling up of the programme and it is already attracting the attention of more donors. Zambia's challenge is to guarantee long-term sustainability by a combination of internal and external resources.

37 Interview with Minister Kaingu, 11th June 2009

38 ILO, Social protection expenditure(2008), page 170

39 Interview with UNZA lecturer, Robert Tembo on 10th June 2009

40 Interview with Robby Mwiinga, Care International, 12th June,2009

41 Interview with Social Development Expert, Vesper Chisumpa on 29th June 2009

3. Conclusion

CT programmes are relatively new in Zambia. They started with a pilot in Kalomo district of Southern province in 2003. Currently there are pilots being implemented in four other districts namely Monze and Kazungula in Southern province as well as Katete and Chipata in Eastern Province. There are plans to expand to five other districts this year (2009).

Nonetheless, the programme in Zambia fails to reach a wide range of people that are equally incapacitated and poor. This is because of highly limited targets, low and inconsistent levels of benefit as well as largely insufficient funding. Furthermore, the awarding of CTs lacks the necessary legal backing. Consequently, the poor have no recourse to claim for their rights when they are violated or when the people need to access claims. The neo-liberal ideology has an impact on the attitudes and perceptions about CTs in Zambia. CTs are seen as leading to consumption and hence undermining long-term economic growth targets. There is also a view that CTs are important especially if they are targeted at the incapacitated. Therefore targeting should be carefully undertaken to ensure the optimum use of the limited resources available.

CT programmes are heavily donor driven. This hampers the long term sustainability of the programme as there is need for local ownership and reliance on local resources. There is also need for investment in institutional and human capacity building to ensure effective implementation of the AU Livingstone Call for Action on Social Protection.

Notwithstanding all these challenges, CT programmes in Zambia need to be scaled-up as ultimately they have the ability to provide relief to the many poor and incapacitated households across the country. In doing so, there is need to strengthen or establish institutions that will ensure effective implementation. There is also need for government to strategically design mechanisms for resource mobilisation to ensure that plans are backed by enough resources. Awareness raising is also necessary to ensure an easy buy-in by various stakeholders in the country.

Recommendations

- There is need for more debate around CT programmes to ensure that policy implementation and budgetary resource allocation are matched.
- The Zambian authorities must implement a national wide programme rather than keeping on with pilot schemes. The budget can accommodate 10% of the most destitute households in the country.
- To guarantee long-term sustainability there is need for the government of Zambia to increase internal resource allocation in combination with external resources to support CTs rather than focusing on managing external resources for the programme.
- There is need to strengthen, outsource or establish institutions that will ensure effective implementation of CT programmes. At present there are human resource and capacity constraints.
- Targeting should be carefully undertaken to ensure that the provision of cash does not alter behaviour negatively as well as to allow for the optimum use of the meagre resources available.

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Appendix 1: List of Interviewees

Name	Organisation	Position	Place	Date of Interview
Mr. Stanfield Michelo	MCDSS	Chief Social Welfare Officer	Lusaka	5 th June 2009
Ms. Madrine B. Mbuta	MCDSS	Chief Planner, Policy Monitoring and Evaluation	Lusaka	8 th June 2009
Ms. Vivien Bwalya Chilombo	GTZ	Junior Expert, Macro Projects	Lusaka	8 th June 2009
Ms. Mwila Mulumbi	CSPR	Research and Policy Analysis Officer	Lusaka	10 th June 2009
Mr. Robert Tembo	University of Zambia	Head of Social Development Studies	Lusaka	10 th June 2009
Hon. Michael Kaingu, MP	MCDSS	Cabinet Minister	Lusaka	11 th June 2009
Dr. Charlotte Harland	UNICEF	Senior Policy and Planning Specialist, Poverty and Social Protection	Lusaka	11 th June 2009
Mr. Jumbe Ngoma	World Bank	Communication Specialist	Lusaka	11 th June 2009
Mr. Adrian Shikwe	ILO	National Project Coordinator, Social Protection	Lusaka	12 th June 2009
Mr. Robby Mwiinga	Care International	Project coordinator	Lusaka	12 th June 2009
Mr. Vesper Chisumpa	University of Zambia	Social Development Expert and Lecturer in Demography	Lusaka	29 th June 2009
Hon. Request Mutanga,	Kalomo Constituency	Member of Parliament	Lusaka	1 st July 2009
Mr. Samuel Mulafufu	Caritas Zambia	Director	Lusaka	2 nd July 2009
Hon. Ngandu Magande	Chilanga Constituency	Member of Parliament and Former Minister of Finance and National Planning (2004 -2008)	Lusaka	2 nd July 2009