Making Cash Count

Lessons from cash transfer schemes in east and southern Africa for supporting the most vulnerable children and households

HelpAge International
Leading global action on ageing

IDS

Save the Children UK

Making cash count

Lessons from cash transfer schemes in east and southern Africa for supporting the most vulnerable children and households

First published: 2005

PREFACE

This study was conducted as part of a UNICEF-commissioned review of social protection measures reaching the increasing numbers of vulnerable children in east and southern Africa. The components completed in 2005 looked at three types of social protection interventions: cash transfers, public works programmes (UCT, 2005) and measures that ensure access and retention for educationally marginalised children (MTT/HEARD, 2005). Save the Children UK and HelpAge International (HAI) were commissioned to carry out the unconditional cash transfer component of this review.

Save the Children and HAI share programming and policy engagement agendas focussing on inclusive and intergenerational approaches to poverty reduction in the context of international development goals and the rights of young and older people. Save the Children[1] works on different aspects of social protection policy and practice including food security and vulnerability, HIV and AIDS and support for vulnerable children, and health and education, including cash transfers in both humanitarian and development contexts. HAI has carried out comprehensive research and policy analysis on the need for and feasibility of social pensions both for vulnerable older people and children, many of whom live with older relatives[2]. Both organisations are long-standing partners of the Chronic Poverty Research Centre (CPRC) in the UK, and Save the Children is the home of the Childhood Poverty Research and Policy Centre (CHIP). The Institute of Development Studies (IDS), represented by Stephen Devereux, brought extensive knowledge of food security and social protection in Africa, strong research and analysis skills to the project.

This report was written by: Stephen Devereux, Research Fellow at IDS; Jenni Marshall, Poverty Policy Advisor at Save the Children UK; Jane MacAskill, Save the Children UK's Consultant Livelihoods & Social Protection Advisor in Southern Africa; and Larissa Pelham, Research Assistant at IDS. Significant technical input on pensions and older aged people as carers was provided by Mandy Heslop, Research and Training Manager of HAI and technical input and practical support was provided by Christina D'Allesandro, HIV Adviser at Save the Children UK.

Other inputs were gratefully received from John Wyeth, Save the Children UK Ethiopia; Mark Gorman and Sylvia Beales, HAI; Colette Solomon; Michael O'Donnell, Vanessa Herringshaw and Celia Petty, Save the Children UK. Many thanks to Stephen Kidd, DFID; David Alnwick, Doug Webb and David Dyck Fehderau, UNICEF ESARO; Marito Garcia and Kalanidhi Subbarao, World Bank; and attendees of UNICEF's meeting in September 2005 for their very useful comments. Most importantly, thanks to Edda Collier, Amdissa Teshome, Alison Nabugwere, Andrew Nyanguru and David Croome and all who facilitated and took part in the research across the region, particularly in Ethiopia, Lesotho, Mozambique, Zambia, Kenya and Tanzania.

1 In the region, Save the Children UK has programmes in Angola, Ethiopia, Mozambique, Rwanda, Somalia, South Africa, Sudan, Tanzania and Zimbabwe with SC Alliance programmes in Malawi, Swaziland and Uganda.

2 HAI has offices in Ethiopia, Kenya, Mozambique and Tanzania and partners in Lesotho and Zambia.

A series of stand-alone annexes complements this report, available from UNICEF, Save the Children, HelpAge International and IDS websites:[3]

- Collier, E and MacAskill, J, 2005, *Country case study report on the 'INAS Food Subsidy Programme' in Mozambique.*
- Devereux, S and Marshall, J 2005, *Methodology manual for research on cash transfers*.
- Nabugwere, A and MacAskill, J, 2005, *Country case study report on the 'Kalomo District Pilot Social Cash Transfer Scheme' in Zambia.*
- Pelham, L, Nyanguru, A and Croome, D, 2005, *Country case study report on Lesotho's 'Old Age Pension'.*
- Amdissa Teshome with Devereux, S, 2005, *Country case study report on the 'Meket Livelihoods Project' in Ethiopia.*

[3] www.savethechildren.org.uk; www.helpage.org; www.childhoodpoverty.org.uk; www.ids.ac.uk.

EXECUTIVE SUMMARY

Unconditional cash transfers are rapidly gaining support as a response to chronic poverty, food insecurity and AIDS in high HIV-prevalence countries of east and southern Africa, where most governments lack the resources to implement comprehensive social security systems, and the coping capacities of families and communities are severely over-stretched. Various cash transfer schemes have been introduced or are being piloted in the region, often but not always with support from international donors and NGOs. This is partly a response to the growing unmet need for social protection, and partly a reaction against institutionalised food aid, with several governments and donors shifting in favour of meeting 'predictable hunger' with predictable cash transfers.

This study reviews unconditional cash transfers in 15 countries of east and southern Africa, examines four programmes in more depth (in Ethiopia, Lesotho, Mozambique and Zambia), and draws lessons for policy from this comparative review. The methodology is qualitative; this report does not provide a quantitative analysis of these programmes. Since unconditional cash transfers are a relatively new policy instrument in Africa, several knowledge gaps exist. Specifically, rigorous impact assessments, comparative cost-benefit analyses (e.g. of cash transfers *versus* food aid and other in-kind transfers), and monitoring of intra-household spending patterns (especially by gender), are lacking and are urgently needed.

One argument in favour of cash transfers is that they give people more choice than food, and evidence from this study suggests that cash is put to a wide range of uses, from purchases of food, groceries, clothes and seeds to meeting the costs of services like education and health. Much of this spending benefits children, both directly and indirectly. This applies even to pensions targeted at older people, since grandparents are increasingly caring for orphans and other vulnerable children. Other cash transfers are targeted at the 'working poor', and are partly invested in farming and small enterprises. These complex spending patterns generate a range of benefits, as well as multiplier effects that stimulate the local economy.

An argument often made against social transfers is that they create resentment and dependency. In most cash transfer programmes reviewed for this study the eligibility criteria are transparent and accepted as fair by community members. Support for targeted cash transfers is further enhanced where unconditional transfers for people unable to work are complemented by other social programmes, such as public works opportunities for those who can work. Also, since the people who support vulnerable children and community members are often poor themselves, social transfers can help to reduce this burden of care. Rather than creating dependency, cash transfer programmes are a crucial response to rising dependency ratios in contexts of high HIV-prevalence.

Concerns that cash transfers might be inflationary are not supported by this study, probably because most programmes transfer small amounts of cash to limited numbers of people. On the other hand, the purchasing power of cash transferred varies over time (e.g. season to season) and from place to place (between rural and urban areas). This variability in purchasing power, both within and across programmes (from under US$ 3 per month in Mozambique's Food Subsidy Programme to US$ 111 in South Africa's social pension), means that their impact on household wellbeing ranges from negligible to highly significant. There is a case for index-linking the value of cash transfers to food price movements, and for setting the transfer equivalent to the cost of a minimum basket of food and non-food items, adjusted for household size.

Effective implementation of predictable cash transfer programmes requires adequate and sustained financing, administrative and management capacity, and political commitment. Finely targeted cash transfers may be more fiscally affordable than universal transfers, but delivering these transfers every month, in full and on time presents challenges, especially where physical infrastructure and logistical capacity are constrained. Implementing ministries (e.g. Social Welfare or Community Development) are often weak and lack bargaining power with Ministries of Finance to increase programme budgets. Where government capacity and budget allocations for monitoring and supervision are limited, these programmes can be vulnerable to ‘leakages’ and corruption.

Projects implemented by NGOs (and/or donors), on the other hand, enjoy the advantages of working closely with communities, but because of this locality-level focus they inevitably exclude large numbers of vulnerable people living outside their project areas. The advantages of local engagement are difficult to replicate when scaling up to the national level – there appears to be a trade-off between outreach or coverage and community participation in programme design and implementation (e.g. identification by communities of eligible beneficiaries).

Ensuring that the most vulnerable children benefit from cash transfer programmes does not necessarily mean a transfer has to be targeted at them directly. Schemes – and social protection packages – should be chosen and designed based on an analysis of vulnerability and burdens of care in a context of increasing AIDS and their impacts on different groups of children. Experiences from conditional cash transfers in Latin America suggest that linking transfers to child attendance at schools or clinics can achieve additional positive outcomes for children. In Africa, conditional cash transfers have proved less popular to date, possibly because the quality of education and health services is often so poor that the benefits of imposing these conditionalities are doubtful. Another way of achieving multiple impacts with a cash transfer is to link their delivery with the delivery of basic services (such as an immunisation drive, HIV and AIDS awareness, or nutrition education) or complementary services (eg banking). For child wellbeing, cash transfers are a key economic intervention as part of a range of social protection measures that includes access to and quality of health, education and other services for all children, child protection (including legal) and psycho-social support.

To ‘make cash count’, schemes need to be improved (or designed) in a number of ways. Cash transfers should be integrated into a comprehensive package of context-specific social protection interventions. Pilot projects should be scaled up and institutionalised within government structures. Partnerships should be built for effective delivery (involving government, donors, NGOs, the private sector and communities). The need to invest in management capacity should not be underestimated. Finally, it should be recognised that a predictable cash transfer is a ‘social contract’ between a government and citizens that must be upheld, not just another donor-driven experiment to be abandoned when the project cycle ends.

TABLE OF CONTENTS

LIST OF ACRONYMS

ADB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
ARV	antiretroviral (drugs)
AU	African Union
BEAM	Basic Education Assistance Module (Zimbabwe)
BIG	Basic Income Grant
CBO	community-based organisation
CCT	conditional cash transfer
CHIP	Childhood Poverty Research and Policy Centre
CIDA	Canadian International Development Agency
CPRC	Chronic Poverty Research Centre
CRS	Catholic Relief Services
C-SAFE	Consortium for Southern Africa Food Security Emergency
CSG	Child Support Grant (South Africa)
DFID	Department for International Development (United Kingdom)
EC	European Commission
EGS	Employment Generation Scheme (Ethiopia)
ESAR	Eastern and Southern African Region
ESARO	Eastern and Southern Africa Regional Office (UNICEF)
FBO	faith-based organisation
FHI	Family Health International
GAPVU	Office for Assistance to Vulnerable Population Groups (Mozambique)
GDP	Gross Domestic Product
GTZ	German Technical Cooperation
HAI	HelpAge International
HBC	home-based care
HIV	human immuno-deficiency virus
IDS	Institute of Development Studies
ILO	International Labour Organization
IMF	International Monetary Fund
INAS	National Institute for Social Action (Mozambique)
KSh.	Kenya shillings
NGO	non-governmental organisation
M	Maloti (currency of Lesotho)
MASAF	Malawi Social Action Fund
MCDSS	Ministry of Community Development and Social Services (Zambia)
MK	Malawi Kwacha (currency of Malawi)

MLDP	Meket Livelihood Development Project (Ethiopia)
MMAS	Ministry for Women and Social Action (Mozambique)
MVC	most vulnerable children
Mzm	Mozambique metical (currency of Mozambique)
N$	Namibia Dollar (currency of Namibia)
NCP	Neighbourhood Care Point (Swaziland)
NSNS	National Safety Nets Strategy (Malawi)
OVC	orphans and vulnerable children
P	Pula (currency of Botswana)
PAP	Public Assistance Programme (Zimbabwe)
PLWHA	People living with HIV and AIDS
PPP	public-private partnership
PRSP	Poverty Reduction Strategy Paper
PSNP	Productive Safety Net Programme (Ethiopia)
PWAS	Public Welfare Assistance Scheme (Zambia)
R	Rand (currency of South Africa)
RAAAP	Rapid Assessment, Analysis and Action Planning
RwF	Rwanda Franc (currency of Rwanda)
SC UK	Save the Children UK
SSP	Social Support Programme (Tanzania)
TASAF	Tanzania Social Action Fund
UCT	University of Cape Town
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
UWESO	Uganda Women's Efforts to Support Orphans
VAC	Vulnerability Assessment Committee
Woreda	District (Ethiopia)
WFP	World Food Programme
WHO	World Health Organization
ZmK	Zambian Kwacha (currency of Zambia)

CHAPTER 1: INTRODUCTION

1.1 A Unique and Urgent Need for Social Protection

Most of the world's poorest countries are in Africa, and east and southern Africa present some of the world's highest HIV prevalence rates. Because HIV and AIDS have been endemic in this region for over two decades, families and communities are now facing the full range of consequences, including falling life expectancy, unprecedented numbers of orphans, child- and older-headed households, reduced labour capacity and an ever rising burden of care. Compounding these problems is chronic poverty and a deteriorating food security situation in many countries. Ethiopia and Malawi have both suffered serious food crises since the year 2000, and millions of people in east and southern Africa face chronic food insecurity – an inability to meet their basic food needs even in good years – as well as periodic emergencies. Many others across the region live in persistent poverty and lack access to critical goods and services necessary for their wellbeing.

Given this context of uniquely high and rising levels of vulnerability, social protection on an unprecedented scale is urgently needed in east and southern Africa. Yet paradoxically, the countries and people that need social protection most are also, by definition, least able to provide it. Extended families and communities that are already chronically poor and food insecure are struggling to cope with the additional vulnerabilities that AIDS has introduced. Traditional coping mechanisms and informal support systems are overstretched, and sometimes – for example, during Malawi's food crisis of 2002 – break down altogether.

Many governments are responding positively to the challenge. Botswana and Lesotho (one of the richest and one of the poorest countries in southern Africa respectively) have both spontaneously introduced non-contributory social pensions within the last ten years, providing vital assistance to older people who have lost their adult children to AIDS and are increasingly caring for their orphaned grandchildren. But most governments in the region lack the financial resources and management capacities required to implement comprehensive social welfare programmes that would effectively meet all the social protection needs of all their citizens. It is for these reasons that international donors and non-governmental organisations (NGOs) are increasingly stepping in to offer their support to local governments, communities and households.

'Unconditional cash transfers' are a relatively new instrument in the range of interventions that donors and NGOs have supported in Africa. But there are some positive experiences with cash transfer programmes in the region to learn from, and early reports from recent, often innovative, cash transfer projects are encouraging. This report reviews the extent to which unconditional cash transfers have been used in the east and southern Africa region, and draws out the lessons learnt from schemes in operation, with a particular focus on their ability to respond to the social protection needs of the most vulnerable children (MVC).

1.2 Children, Poverty and AIDS in East and Southern Africa

Childhood poverty in east and southern Africa continues to be a major concern. Children under the age of 18 make up over 50 per cent of the population in most countries within the region. Many of these children do not have adequate access to basic services, including health care, education and a clean water supply, and live in households undermined by poverty, food insecurity and inadequate access to incomes. Childhood poverty not only has implications for the present generation of children but also impacts on future generations (Marshall, 2003). For example, children who miss out on schooling now – because of poverty, lack of access to schools or poor quality education – are likely to have children who will also live in poverty. "The effect of a mother's education on her child's health and nutrition is so significant that each extra year of maternal education reduces the rate of mortality for children under the age of 15 by between 5 and 10 per cent" (Herz, 1991, in UNICEF, 2004). Children's well-being is important for sustained economic growth: a UNICEF study showed that the countries that achieved the highest average annual growth between 1990 and 2000 were those that had a baseline in 1980 of low child mortality and low income poverty; while the economies that actually shrank in that decade were those that started in 1980 with high child mortality, high income poverty or both (UNICEF, 2003).

Poverty affecting children in sub-Saharan Africa has been exacerbated by HIV and AIDS. The increasing magnitude of the numbers of vulnerable children, including orphans, and the difficult situation faced by many, is raising concern at community, national and international levels. More than 12.3 million children under the age of 18 have lost one or both parents to AIDS (UNICEF, UNAIDS, USAID, 2004). The majority of orphans continue to be taken in by the extended family. In many settings in the east and southern African region (ESAR), grandparents are the most common carers, although a non-negligible proportion of orphans are cared for by older orphans (Subbarao and Conry, 2003). In southern Africa, 43 per cent of households caring for orphans and about half of those caring for double orphans are headed by an older person (55 years and over).[4] Across the region, households caring for double orphans are nearly twice as likely to be headed by an older person (55 years and over) than households with non-orphaned children (Clark and Monasch, 2004).

Evidence suggests that children's well-being is deteriorating in some countries in the region, particularly those with high HIV and AIDS prevalence rates. Under-five mortality rates, for example, are rising in Swaziland, Zambia and Zimbabwe, and enrolment in primary school is still well below the target in most countries (SC UK, 2004).

1.3 Social Protection and Cash Transfers

Social protection is a rapidly growing area in development policy. It builds on the 'social safety nets' agenda of the 1980s, but combines this with insights gained during the 1990s, such as the 'sustainable livelihoods' approach, vulnerability analysis, and the multi-dimensional nature of poverty. There are many definitions of social protection, mostly focusing on protecting the poor against livelihood risks. The definition preferred in this study includes risk management, but also refers to 'social' aspects such as social exclusion and the rights of the poor.

In terms of this definition, social protection consists of a range of measures that aim to:

- protect people against shocks that could push them (deeper) into poverty
- make poor people less vulnerable to these shocks
- protect people against extreme poverty and its effects on well-being
- protect well-being at vulnerable periods of the life cycle (including early childhood).

> *Social protection describes all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalised; with the overall objective of reducing the economic and social vulnerability of poor, vulnerable and marginalised groups.*
>
> (Devereux and Sabates-Wheeler, 2004)

Social protection measures can be very broad – such as investment in accessible, good quality health care and education services, or preventing macro-economic shocks – or very specific, such as nutritional supplements for particular vulnerable groups, or legislation to prevent the dispossession of widows and orphans (Marcus, 2004). Each of these measures forms an important part of overall poverty reduction strategies. Examples of social protection interventions include pensions, family allowances or child benefits, health/education fee waivers, school feeding programmes, health insurance, and food for work and cash for work schemes. The term 'social safety net' is used specifically to describe social protection measures designed to mitigate the negative impacts of shocks (for example, drought, or HIV and AIDS) on poor people. This study concerns one type of *social assistance* (or *social transfer)* – a regular, predictable, non-contributory transfer usually provided in cash to poor households or individuals – that can be used as a safety net but also allows families to build assets to protect themselves against shocks and make them less economically vulnerable. These

---

[4] The care-giving environment for orphans and vulnerable children needs to be much more fully understood, including improved collection of disaggregated data by age, gender and status of care-giver.

kinds of transfers can have similar aims and objectives to social security transfers currently in operation across Europe.

Increasing interest in cash transfers

There is a rapidly growing interest in 'unconditional cash transfers' (see Box 1 for a definition) among both governments and donors, as a social protection intervention that could benefit MVC.

A momentum is clearly building in favour of unconditional cash transfers, especially among donors who are promoting a 'progressive' social protection agenda that moves beyond food-based safety nets. This reflects:

- Growing concern that, despite the efforts of numerous agencies and community-based groups to provide support to orphans and other vulnerable children living in a world with HIV and AIDS, the scale of the response is still inadequate and is not meeting the needs on the ground (Save the Children UK, 2005).
- Recent study findings highlighting the positive impacts of cash transfers on children. Girls living in households receiving a pension in South Africa are taller than those living in older-headed households not receiving a pension; in rural Brazil, pensions are strongly correlated with increased school enrolment of girls; and in Namibia, pensions support the rest of the household in drought years (HAI, 2004). Evidence from over 15 countries around the world that have introduced child-oriented benefit programmes strongly indicates a reduction in rates of childhood poverty (Barrientos and DeJong, 2004).
- Growing recognition that children and their families should be "active participants in improving their own lives", and that handouts such as food and clothing might reinforce dependency (UNICEF, 2004). Cash gives people the dignity of choice.
- A recognition that regular cash injections to poor households can contribute to pro-poor growth and poverty reduction, both directly and indirectly. For example, if people have more money to buy soap, more people may sell soap and more soap will be produced – so a cash transfer becomes an economic investment and has 'income multiplier' effects.

Box 1: Unconditional Cash Transfers: A Working Definition

For the purposes of this review, we define 'unconditional cash transfers' as *unconditional transfers of cash made by government or non-governmental organisations to individuals or households identified as highly vulnerable, with the objective of alleviating poverty, providing social protection, or reducing economic vulnerability.*

Unconditional cash transfer programmes include: transfers to poor(est) households, child support grants, orphan care grants, disability grants, and non-contributory 'social pensions', among others.

Categories of people who are usually deemed eligible for such transfers include: labour-constrained vulnerable groups (eg, households with high dependency ratios, vulnerable children, people with disabilities, and people living with HIV and AIDS); as well as economically active groups whose livelihoods are precarious or risky (eg, female-headed households, and smallholders living in drought-prone areas).

Formal providers of cash transfers include: central or local government (eg, the Ministry of Social Welfare), donor agencies, international NGOs and local NGOs (including faith-based organisations).

We focus on programmes of unconditional cash transfers that are delivered regularly (for instance, monthly) to defined target populations, who are identified by proxy indicators (such as age or disability), by communities or by means testing.

Excluded from our definition are:

- *Conditional cash transfers* (where the conditionality might be a work requirement, as in cash-for-work projects, or a precondition that beneficiaries immunise their children or send them to school)
- *Microfinance* (loans that require repayment, savings clubs)
- *Insurance schemes* (self-financed health insurance, or contributory pensions)
- *Subsidies* (eg, subsidised food and fertilizer, or education and health fee waivers).

Box 2: Conditional Cash Transfers: Experiences Around the World
A new generation of cash transfer programmes that have developed in Latin America in the last decade specifically target children from poor households. They are essentially human development programmes that do not just give households cash grants but a 'package' of interventions to increase child wellbeing, and make the grants conditional upon use of services. Examples include: • *Bolsa Escola* developed in Brazil in 2003, expanded under President Lula. • *Progresa (*now *Opportunidades*) in Mexico that offers consumption and school subsidies conditional upon attendance at health clinics, school and parenting sessions. • *Chile Solidario* – an integrated services and cash programme • Nicaragua's *Red de Proteccion Social.* All aim to break the cycle of poverty by investing in human development. All target, usually by geographic area and wealth group, and incorporate monitoring and evaluation from the outset. Although they exclude a significant proportion of the poor, they have a significant impact on childhood (and likely intergenerational) poverty. Barrientos and DeJong (2004) document the financial stability of these programmes and their use of conditionality (as opposed to the provision of the 'package') as unresolved issues. Other conditional cash transfers can be found in Bangladesh ('cash-for-education'), Turkey and Zimbabwe (the BEAM programme for school attendance, as documented by MTT, 2005). There are relatively few conditional cash transfers (CCTs) in operation in Africa and there is a debate about the relevance of the Latin America model for the east and southern Africa region (eg Gertler, 2005). More schemes are likely to be developed in coming years. Source: Barrientos and DeJong, 2004

- Appreciation that if children's rights to basic services are to be met, households (and primary carers in particular) require income to enable them to pay school and clinic fees, purchase school materials and medicines, and meet various other education and health-related costs.
- Data suggesting that cash transfers can be cheaper and more cost-effective to deliver than food handouts, especially imported food aid.

Interestingly, conditional cash transfers are currently less popular in Africa than in Latin America (see Box 2 above). On the other hand, some other innovative and complex approaches are being piloted in Africa, including 'flexi-vouchers' in Malawi, cash plus food combinations in Ethiopia, and 'community cash transfers' in Rwanda.

African governments and institutions and cash transfers[5]

A review of national PRSPs to 2002 highlighted the lack of prioritisation of social protection measures in the policy frameworks (Marcus and Wilkinson, 2002). A recent overview of current thinking about social protection and cash transfers among a sample of African governments and regional institutions confirmed that social protection is being accorded increased priority (Beales and German, forthcoming). This overview indicated that there is interest in the potential role of cash transfers to target vulnerable groups within an integrated social protection framework. This interest has been supported by increased emphasis within more recent Poverty Reduction Strategy Papers (PRSPs) and national poverty reduction plans on vulnerability and accountability, especially in relation to the needs of households affected by HIV and AIDS. Governments pointed out that there are constraints to expanding social protection, as it is not yet fully integrated into poverty reduction policies. Social protection measures for identified vulnerable groups generally fall under the ministry of social welfare, often linked to ministries of gender, youth, sports and/or culture – departments that are not usually involved in broader poverty reduction processes. All government respondents in the study by Beales and German (forthcoming) highlighted the lack of profile, funding and support to these ministries and their programmes, both from within government and from donors. With the exception of South Africa, they cited shortage of resources, trained professional staff, poor training and career development, and high staff turnover, as barriers to effectiveness of existing schemes and implementation of broader social protection programmes.

5 This section draws on material from Beales and German (forthcoming).

The African Union (AU) has no strategy specifically related to social protection, although a number of its plans of action and declarations call for support and financial assistance to marginalised and vulnerable people. These include the Plan of Action on the Family, the Plan of Action on Disabled Persons, the Policy Framework and Plan of Action on Older Persons, and the Plan of Action on Employment and Poverty Alleviation. The Commission for Africa report (2005) urges donors to support all African countries to develop social protection strategies by 2007, and calls on donors to commit to long-term, predictable funding of these strategies, starting at US$ 2 billion a year immediately and rising to US$ 5-6 billion a year by 2015.

Barriers identified by African states to implementing social protection and cash transfers include a lack of dedicated resources, the need for improved governance, persistent conflict, absence of integrated policies and pilot programmes, and lack of political will. It was noted that many donors do not have an integrated approach to social protection and have tended to be hesitant about the importance they attach to it within poverty reduction programmes. There was general recognition by African governments, however, that some donors have given valuable support to the impetus for increased attention to social protection for vulnerable groups and for furthering goals of accountability and good governance.

1.4 The Approach to the Study

For a full description of the study design and methodology used refer to Annex 2. The study consisted of a scoping survey of cash transfers in the region, followed by in-depth case studies and analysis of a few particular schemes.

Approach taken in scoping survey of cash transfer mechanisms in the region

The approach taken to collecting the information contained for the survey (contained in Chapter 2) involved:

- identification of schemes and key informants from UNICEF, Save the Children UK, HelpAge International and other contacts in the region
- telephone interviews, documentation review and some web-based research to complete as much of the questionnaire on scheme design as possible (see Annex 2).

As such, the inventory is by no means exhaustive and because much of the data is self-reported it should be viewed as the basis for further in-depth research into particular schemes. Some of the schemes, eg, the Tanzanian Most Vulnerable Children programme and Rwanda's *Ubudehe*, are included to give a sense of the innovative schemes in operation, even though the transfer is only occasionally given as cash.

Approach taken in the case studies and analysis

Overall, it should be noted that this study was *not* an extensive, quantitative impact assessment. There is a recognised need for such assessments of social protection interventions in the region – particularly those that are independent of the scheme in question and that assess intra-household differences in spending/outcomes. The objectives of this review were broad in scope. We aimed to:

- detail schemes in operation in low-income countries
- review the ways these schemes were reaching children
- document the details of the evolution and design of the schemes
- draw out lessons learned, particularly from the case studies but also from other schemes in the region and with particular consideration to scaling up the impact of the schemes.

A qualitative approach was taken when considering the outcomes/effects of the schemes (except where reliable secondary sources of other data could be utilised). Given the lack of data on costs (broken down by activities/different budget lines) and the comparability of such data between countries, it was not feasible or appropriate to analyse and compare schemes and design components based on cost-effectiveness.

1.5 Structure of this Report

This report is the main output from the study. It summarises our findings on unconditional cash transfer programmes in east and southern Africa. The report includes survey findings from Stage 1 (across 15 countries) and the case study findings from Stage 2 (in four selected countries). Although this report includes evidence on the impacts of these transfer programmes (where impact assessments have been conducted), the emphasis is on design issues – cost-effectiveness, accuracy of targeting, delivery modalities, institutionalisation, potential for scaling up, etc. – and on lesson-learning across countries and different types of programmes.

This report is structured as follows. Chapter 2 scopes out the main cash transfer programmes identified during the information-gathering process, country by country for the 15 countries covered by this study. Chapter 3 outlines the four case study programmes. Chapter 4 explores whether unconditional cash is an effective mechanism for reaching children and how it does so. Chapter 5 discusses a number lessons learned regarding design and implementation of schemes, including targeting, cash versus food, delivery mechanisms and management capacity. Chapter 6 considers how to make cash transfers work for the most vulnerable children, including recommendations for programme design. Finally, Chapter 7 considers the key issues and recommendations for scaling up schemes to increase their impact and make cash count for the poorest.

CHAPTER 2. UNCONDITIONAL CASH TRANSFER PROGRAMMES IN EAST AND SOUTHERN AFRICA

This chapter summarises relevant information gathered on cash transfer programmes in the 15 countries covered by this survey. These entries have been verified by at least one person in each country, but note that this does not claim to be exhaustive and that much of this information was self-reported by those involved in the programmes.[6]

2.1 Overview

The programmes covered in this survey are mainly unconditional cash transfers that are delivered regularly (usually monthly) to defined target populations. Some of the programmes discussed below focus on individuals (eg social pensions that target older people), while others aim to benefit the entire household or family.

Who benefits?

Target groups for cash transfer programmes vary from country to country. ***Formal sector workers*** enjoy widest coverage, with contributory social security schemes (not included in the inventory) in most countries in the region. Non-contributory pensions are provided for ***older people*** in four countries included in the study, and for ***people with disabilities*** and/or ***war veterans*** in many countries. Another increasingly common target group is ***poorest households*** ('the poorest 10 per cent' in Zambia), sometimes linked to being ***chronically ill*** (Mozambique) and unable to work.

Of the unconditional cash schemes covered, relatively few are ***child-oriented***. By child-oriented cash transfers we mean transfers that are usually given to the carer but are 'tied' to the child (ie, you cannot access them unless you have a child living with you). Examples include the South Africa child support grant, foster care grant and care dependency grant; the Kenya cash subsidy for children affected by HIV and AIDS; and transfers to former child soldiers in Burundi. In some cases, households qualifying for the transfer through other criteria are eligible for a higher level of transfer because they have children (eg, Mozambique, Zambia). Benefits for children in the region tend to be made in kind rather than in cash, and are often linked to basic services such as education or health care. Some of these in-kind transfers are made directly to the child. Many children (as this study will show) also benefit indirectly from other transfers aimed at older people or poor households more generally.

Humanitarian relief versus long-term assistance

The rationale for all of these cash transfer programmes is that the state, often supported by and/or driven by other external agents such as donors or NGOs, must take some responsibility for the precarious situation of vulnerable citizens. This is increasingly recognised to be the case not only in an emergency context, but also in situations of chronic poverty and illness. During humanitarian crises, such as those triggered by drought or conflict, emergency relief should be provided. The powerful synergies between humanitarian crises and chronic poverty drive many cash transfer interventions. Examples include grants for reintegration of (child) soldiers in Burundi and Rwanda, and the

[6] Other global, regional and national social protection databases are being developed (see, for example, Barrientos and Smith, 2005).

establishment of the Office for Assistance to the Vulnerable Population (GAPVU) for households made destitute by the civil war in Mozambique.

However, social assistance must be delivered even in 'normal' times, due to the inability of certain groups of people to maintain a viable livelihood. An encouraging trend is found in countries that are prone to emergencies (like Ethiopia) striving to reduce their dependence on humanitarian plus project food aid, and ***shifting from food towards predictable cash transfers*** as a means both of protecting household assets against livelihood shocks and reducing their chronic vulnerability. The need to look to regular, predictable transfers has increased in the region as HIV and AIDS rates escalate, creating a long-term humanitarian crisis.

Most governments in east and southern Africa lack the financial resources or administrative capacity to implement fully fledged social security systems, so a variety of social assistance programmes are being put in place instead, some with a view to expansion. As a generalisation, ***state-funded social security*** is better institutionalised in the wealthier countries of southern Africa (Botswana, Namibia and South Africa) than in the extremely poor countries of east Africa (Ethiopia and Tanzania). In the former case, cash transfer programmes operate within a fairly coherent policy context – a national social protection strategy, or social security budget – while in the latter case, social assistance is more limited and *ad hoc*. Encouragingly, however, the trend is towards a deepening institutionalisation of social assistance, and its status is gradually becoming upgraded, from 'charitable benevolence' towards 'right of citizenship'.

Scheme coverage, management and transfers

Cash transfer programmes implemented by governments tend to operate at national level, while those sponsored by donors and NGOs are usually small scale and benefit fewer people who live in a defined programme area (such as a rural district or an urban centre). These programmes often have more beneficiary involvement (eg, in design, targeting and monitoring) as NGOs invest in community mobilisation to improve local ownership of the programme (as in Malawi and Rwanda).

Recent government-donor partner programmes that focus increasingly on community processes are included in the outline below for interest, despite the fact that they do not fit the definition of unconditional cash transfers completely. For example, with increased decentralisation, community cash transfer programmes are evolving that are then used in various ways to address poverty and vulnerability (for instance, in Rwanda and Tanzania). There is limited evidence of private sector involvement in social transfers, but several contributory schemes now involve parastatals (eg, the National Social Security Fund in Uganda) and southern African social security systems are working with the private sector to deliver payments to beneficiaries.

2.2 Programmes by Country

Botswana

There are four main programmes which are funded and implemented by government in Botswana. The main formal cash assistance is the universal, non-contributory old age pension scheme. This is a non-contributory scheme, targeted at all citizens over the age of 65, that started in October 1996. The scheme has 80,000 direct beneficiaries, reaches between 65 and 74 per cent of the target group, and benefits an estimated 42 per cent of the total population. The value of the monthly cash transfer is US$ 27, and the overall budget is P110m per month. The second programme is the Orphans' Allowance, which is targeted at orphans, and reaches 25,000 orphans. The monthly cash grant has a value of US$ 49. The third cash transfer programme is the World War II Veterans' Allowance, and also has a value of US$ 49 per month. The fourth programme, the Destitute Person's Policy, started in 1980 and has an annual budget of P40m. Targeted at the poor and vulnerable, its targeting criteria are: people with less than 4 livestock units (LSU) or earning less than P120 per month; those unable to work due to disability; any child under 18 without parental support and not receiving orphan support; and people affected by an emergency declared a natural disaster or by a temporary emergency. This monthly cash support has a value of P90 and reaches 37,000 direct beneficiaries.

There seems to be little direct cash support from the NGO sector. Burial societies are the major informal source of cash transfers, particularly because they have extensive geographical reach into rural areas. While there is no sense of total membership (and with the caveat that these are often informal savings schemes), burial societies are proliferating in size, as the number and costs of burials rise – a reflection of the increase in HIV and AIDS in the country. The variety of services they provide is also expanding. The increase in microfinance and savings schemes (such as the Letlole National Certificate Saving Scheme) may help burial societies become more financially viable. Also on a community basis are *ad hoc* emergency registers, which respond to emergency needs, although again, there is no estimate of their number of beneficiaries. An interesting range of public-private partnerships (PPPs) is emerging in Botswana. The government contracts out service delivery to NGOs for its orphans and vulnerable children (OVC) scheme. National HIV and AIDS policy is co-ordinated between the public and private sector, with private companies now having to provide welfare to employees and their families. This may suggest future opportunities for the use and delivery of cash transfers.

Burundi

Burundi's Poverty Reduction Strategy Paper (2002) indicates a general shift in government emphasis from food aid and food-for-work schemes towards cash aid. Information from Burundi was difficult to obtain, but some limited cash transfers are provided by the government to older people, children and people with disabilities. Targeted at demobilised child soldiers, the National Children in Distressing Situations Scheme is funded by UNICEF and provides cash allowances to 12,000 direct beneficiaries. The third programme, funded and implemented by World Vision, is also targeted at demobilised child soldiers, providing a monthly grant equivalent to US$ 20 to some 150 children.

Ethiopia

Cash transfers are a highly politicised issue in Ethiopia, but have become a major component of the Government of Ethiopia's Productive Safety Net Programme (PSNP). The PSNP was developed in 2004, a collaborative effort between the Government of Ethiopia and a joint donor group including the Canadian International Development Agency (CIDA), the UK Department for International Development (DFID), Development Co-operation Ireland, the European Commission (EC), the US Agency for International Development (USAID) and the World Bank. It marks a move from relief-oriented safety nets to a development-oriented approach. The programme is targeted at the chronically food insecure and transfers a combination of cash and/or vouchers through a cash-for-work scheme, with direct grants being given to those ineligible for work. However, 30 per cent of the safety net programme will continue to transfer food. While the programme is funded by the federal government and additional support from the World Bank (through Adaptable Programme Loan 40040 (2004-06)) and other donors, it is led by the *Woreda* Council and Cabinet, and implemented by organisations (working to guidelines of the PSNP) and local government (supervised by the Community Food Security Task Force in the Food Security Bureau) (GOE, 2004). While the PSNP should have started in 2004, implementation was delayed by policy and political debates; it is planned to run for five years.

The programme aims to reach 5-6 million direct beneficiaries (for the cash-for-work and cash relief components together), scaling up to 15 million people in an inter-year emergency programme. The target groups are: rural food-insecure households in any of the 262 chronically food insecure *woredas* (ie, those who are known to have faced continuous food shortages – usually at least a three-month food gap in the last three years, and received food assistance); those who do not have labour to participate in public works and who cannot participate in, or contribute to, other community-based activities or initiatives (eg, lactating and pregnant mothers, orphaned teenagers, labour-poor households); households without family support or other means of social protection; those suddenly vulnerable due to a drastic loss of assets and unable to be self-supportive (in the last two years). Eligibility is assessed by administrative and community knowledge, while community identification is through established food security task forces. Eligibility for the unconditional cash component depends on a person's ability to work. The government sets an 80 : 20 ratio for cash-for-work to gratuitous relief, but it is likely that fewer than 5 per cent receive the gratuitous relief. The value of the cash transfer amounts to about 30 Birr per person per month. During the hungry period, the transfer is a (100 per cent) cash/coupon payment for immediate redemption. During the post-harvest period, 50 per cent is for immediate payment, while 50 per cent (cash) is deferred payment (in the form of a coupon) for redemption in the hungry period.

Support for cash transfers has waxed and waned according to changes in development practices, and there is currently a renewed interest in cash transfers within the non-governmental sector. Save the Children has been operating a cash transfers project, the Livelihood Development Project for Meket *Woreda* (MLDP) in North Wollo Zone, Amhara National Regional State, since 2003. This is a safety net programme that is funded by the Royal Government of the Netherlands. This programme aims to provide cash transfers to vulnerable households to meet 'essential food expenditure' in bad years and invest in assets in better years; to learn lessons and advocate for change of policy, funding and practice in the linking of relief to development and child nutrition development; and to stimulate local markets and the economy through cash distribution and other related interventions. Targeted at able-bodied and vulnerable food-insecure households, it has 46,600 beneficiaries, around 11 per cent of whom receive the unconditional cash transfer, having been identified as vulnerable and unable to work. This programme is explored in more detail as a case study for this report (see Section 3.2) and has recently been assessed for its impact on the caring practices of mothers in Meket (Save the Children, 2005).

There are other small-scale cash transfer initiatives among local and international NGOs – notably from SOS Sahel, ACCORD, HelpAge International and World Vision. One example is a child sponsorship project that provides welfare assistance (according to donor funds) to orphaned and destitute children, without separating them from their extended family or native community. Implemented by Integrated Family Service Organisation, an NGO, the project reaches 1,128 children who were identified through a baseline survey. It started in *Kebele* 10 in *Woreda* 16 (known as *Yeka Woreda*) and expanded into other *woredas*, with an agreement between donors and government to increase the number of beneficiaries in the 2004-07 period. The monthly cash transfer is between 130 and 150 Birr (depending on the donor) to be spent on basic needs.

In the Ethiopia Rapid Assessment, Analysis and Action Plan (RAAAP) there is little information on small transfer schemes. UNICEF also worked on estimating financial costs of various types of service provision, including cash transfers. A National Action Plan for OVC was launched in April 2005. No information was available as to whether there would be any direct cash component. A similar situation prevails with the multi-sectoral HIV and AIDS programme that has just been drawn up to provide prevention, treatment and care. A grant provision is included under this US$ 63.4m, three-year project. Until now, donors have tended to focus direct assistance on food aid rather than financial assistance, but this may change with the shift in the Ethiopian Government's outlook. As in Botswana, the role of informal support systems is increasing. In its 'best approach' to OVC, UNICEF now targets informal social protection mechanisms (though not cash), such as *idirs* (burial societies) and district *kebele* orphan committees, to administer its HIV and AIDS programme. Family Health International (FHI) is training *idir* members in home-based care, and SOS Sahel also works through *idirs*. Thus, the role of burial societies is expanding, as they provide counselling, home-based care, and support for income-generating activities (USAID, 2004).

Kenya

Informal support from the community and extended family is still arguably the most effective response to economic and social crises in Kenya. While there is no government national social safety net provision, draft legislation (the National Social Security Fund Act Amendment Bill) has been prepared to convert the current contributory pension scheme into a national social insurance pension scheme, with universal membership to those with a monthly or seasonal income (ILO, 2004). It is planned that the restructured National Health Insurance Fund will provide health insurance for all Kenyan citizens, with funding from the International Labour Organization (ILO), the World Health Organization (WHO) and German Technical Cooperation (GTZ). The Kenyan Government also provides social safety nets to its constituencies (KSh.50-70 million, or US$ 620,000–880,000, available annually to every constituency) through several funds that can then be used locally.

The Government of Kenya has recognised a need for state provision of a safety net to catch those OVC who fall outside the scope of organisations already assisting vulnerable children, especially given the high number of double orphans (estimated at 500,000). In response, an interesting cash subsidy project run by the Government and UNICEF was trialled in 2004 (see Box 3 below) (UNICEF/ GOK, 2005).

Box 3: Cash Subsidy for Children Affected by HIV and AIDS
The Kenya scheme appears to be one of the few government-led (with strong donor support) orphan and vulnerable child-oriented cash schemes outside South Africa. Kenya now has over one million orphans as a result of HIV and AIDS, and there is increasing awareness at all levels of the need to respond adequately to their economic and social requirements. Particularly important, and the central objective of this cash scheme, is the desire for families and communities to be able to care and support the increasing numbers of vulnerable children: for childcare and protection, institutionalisation is a last resort. The cash subsidy for children affected by HIV and AIDS is just finishing its pre-pilot stage. It has been distributing cash since December 2004 (January 2005 in Nairobi). To date, it has reached 500 children from 410 households in three districts: Nairobi, Kwale and Garissa, distributing KSh.500 (US$ 6.25) per child per month. Seventy-five per cent of beneficiaries are orphans, while 25 per cent are other vulnerable children. Selection of families is organised by the District Children's officer (using a questionnaire that assesses the situation of each child) and involves active participation of community committees. The process by which families are selected is being reviewed during the pilot phase. There has been pressure to keep the scheme focused on orphans, but the design tries to ensure that other vulnerable children who would benefit from cash support are also included (eg, those living with a single mother who is chronically ill, or the poorest children). Families and communities are encouraged to make some contribution to demonstrate ownership of the initiative – in cash, kind, food, clothing, time, awareness raising and advocacy activities (eg, on fostering). In addition to the cash transfer, to try and reach more vulnerable children while recognising the different social protection interventions required to ensure positive outcomes for children, the scheme also supports community-based organisations working to support OVC. It will also develop the capacity of communities to mobilise additional resources. The pre-pilot scheme cost US$ 60,000 and funding is now being secured for the next stages. At the time of this research, the Government of Kenya and UNICEF were in the process of scaling up to reach 2,500 children in the three pre-pilot districts, and discussions were underway to expand into the west of the country (where HIV rates are higher). This involves making it a conditional cash transfer, mainly due to community requests for this. Substantial reviews and (re)design efforts are still underway: this report draws on lessons gained from pre-pilot work, focusing on lessons regarding targeting.

According to a World Bank survey carried out in 2003, at least 300,000 voluntary associations and community groups are operating in Kenya, with between 5 and 17 different types found in each village. These provide a range of support, including some cash assistance, and frequently target the needs of the poor specifically. Among international NGOs, World Vision International, which has the largest budget and widest coverage in Kenya, operates the most extensive cash transfer scheme identified in this research. It manages a child sponsorship programme for 94,000 children and also runs 19 grant programmes. A much smaller example is the KUUWINDA Adopt-a-Granny Programme, started in 1991, a sponsorship programme funded by HelpAge International and implemented by a convent of Incarnate Word Sisters. Its 38 beneficiaries, who are the 'most needy' (though the way in which 'most needy' is defined is unclear) are mainly single, some with grandchildren. The sum received appears to vary according to the availability of funds.

There are cases emerging of private businesses engaging in social responsibility, such as the parastatal Kenya Roads Board, which has given cash donations to two children's homes. However, there seemed to be an underlying sense of scepticism regarding safety nets in Kenya on the part of many actors, including the extent to which their benefits may be undermined by institutional corruption.

Lesotho

A universal non-contributory pension came into operation as recently as November 2004 (Kingdom of Lesotho, 2004a, 2004b). This entitles all citizens over 70 years of age to M150 (US$ 25) per month. Although the high age criterion could be seen as a barrier to the pension's potential impact on poor households and older people in Lesotho, there are an unexpectedly high number of eligible recipients. By May 2005, the pension was reaching 69,046 direct beneficiaries. Older citizens must register with the district administration and present a passport, voter's registration card or affidavit as proof of age. This new pension has a budget of M124,286,400 (which is the cost of the transfer) and M3,000,000 (for administration costs). The University of Lesotho is financing a national multi-disciplinary study on the pension, and HelpAge International is supporting their study on the impact of the pension on household poverty. This programme is explored in more detail as a case study for this report (see Section 3.3).

The Department of Social Welfare also administers monthly cash grants of M100 (US$ 16.60), including medical expenses for the destitute. The Ministry of Finance operates a cash transfer of M150 to ex-World War Servicemen and their spouses. There are approximately 5,100 citizens claiming this pension, which will be merged with the Old Age Pension over time.

Most other support reaching MVC is in-kind. The Government of Lesotho intends to implement a scholarship fund for schoolchildren. The Catholic Bishops' Conference recently received a grant of around M1.6m from The Global Fund to fight AIDS, Tuberculosis and Malaria (henceforth the Global Fund) to run income-generating activities, education and HIV and AIDS awareness programmes for OVC in Lesotho's three highland areas. This illustrates the reach of religious organisations into remote rural areas. However, the main source of social assistance – primarily cash in emergency situations – is still from family and neighbourhood networks. A review of HIV and AIDS initiatives is underway in Lesotho.

Malawi

Two small schemes were documented in the review. The Public Assistance Fund is a small cash grant to individuals, including OVC, with the objective of providing economic and material assistance. Funded and implemented by the government, it will run until 2009. By 2005, it had reached just 650 direct beneficiaries; it is important to note that there are 2.1 million MVC in the country. The transfer is made three times a year in response to requests from individuals.

The Dedza Safety Nets Pilot Project, started in 2001 and ended in 2002, was planned to be replicated country-wide as part of the National Safety Nets Strategy (NSNS). It was implemented by an international NGO, Concern Universal, at a total cost of MK 5,809,597. It reached around 1,000 households who were part of the target group of work-constrained and disadvantaged people, such as people with disabilities, orphans, orphans caring for fellow orphans, and older people caring for orphans (Levy et al, 2002). The monthly transfers were either cash or vouchers. Cash transfers were given directly to each beneficiary, while vouchers were to be spent at selected retailers. Two hundred and seventy eight households received cash (MK 550), 371 households received vouchers worth MK 550, while in-kind transfers of goods to the value of MK 3,750 were also provided. One of the project's purposes was to learn lessons in order to overcome some of the difficulties in the design of the National Safety Nets Strategy. The internal end of project evaluation concluded that vouchers were unfavourable, while there was not a large distinction between the benefits of cash versus in-kind assistance (Nyasulu and Kuyeli, 2002).

The policy and programming context for these schemes is arguably more developed in Malawi than many other places in the region (UNDP, 1999). Malawi's National Safety Nets Strategy was drawn up in 2002 although, since its inception, it has been hampered by conflicting views regarding its design, and a lack of financial as well as management capacity. There is no regular, formal provision of cash transfers by the government; however, a number of other programmes are being piloted – or have been piloted – that provide grants and financial support. The Malawi Social Action Fund (MASAF) operates both 'cash for assets' schemes and cash-for-work projects. The Social Safety Nets programme provides block grants to districts, who in turn will target these to vulnerable households. This will be in place in six districts by 2006, and will be extended to 28 districts by 2009. Programmes in operation are mostly *ad hoc,* small scale and mainly short-run, reaching only a few thousand or tens of thousands of beneficiaries.

OVC guardians identified economic and household support as the most effective way to generate income-earning activities in communities. The National Action Plan for OVC, which is indirectly supported by a wide variety of external donors (through the Global Fund), may potentially target OVC through cash transfers.

Mozambique

One consequence of Mozambique's long civil war was that it became experienced at dealing with vulnerable groups, and there is a variety of assistance available for OVC and women. The Government of Mozambique has provided monthly cash transfers to registered 'destitutes' in urban areas since the mid-1990s through GAPVU, which had a stated aim of improving household food security and assisting households to invest in small-scale trading activities (ODI, 2004). Cash transfers have also been provided to demobilised soldiers and flood victims. After GAPVU was closed due to corruption scandals, the National Institute for Social Action (INAS) was set up in 1997 under what is now called the Ministry of Women and Social Action. INAS provides a monthly cash transfer (called a food subsidy) of MT70,000–140,000 (US$ 3-6) per household, dependent on household size (GOM, 2004). Targeted households are those living in absolute poverty where the household head is unable to work and the head is an older woman (55+) or older man (60+), physically 'handicapped' over 18 years old, or chronically sick over 18. Malnourished pregnant women are also targeted. The programme initially focused on urban areas but has moved to peri-urban areas, including district towns. The Council of Ministers has recently approved expansion to rural villages. Although the programme is running in each province of the country, coverage is low (targeting approximately one per cent of the population). This reflects stringent targeting (see above) and registration criteria (beneficiaries and registered dependants require identity cards or birth certificates). Management capacity and insufficient funding are also constraints limiting coverage. INAS also provides direct social support, which can include cash (for example, to cover travel expenses for medical treatment), psycho-social support and support to income-generating projects.

Several initiatives making use of credit are also worth noting, although these are on a small scale and are dispersed. Provision of credit through credit committees has been used to encourage children to attend school, while HelpAge International provides credit to vulnerable groups and funds children's birth registration and identity documents. World Relief and CARE run a Village Bank programme – a savings and loan scheme among small, often church-based groups. Since 2002, some 5,000 loans have been made, with repayment rates close to 100 per cent; however, the programme tends to focus on low-risk, short-term borrowers, so has limited outreach to the most vulnerable. Save the Children UK has initiated two projects: vouchers for educational materials, and support to community-based organisations (CBOs) to strengthen their capacity to assist vulnerable members of the community. One CBO used its allocation to enable children to get birth certificates, to increase their access to the government's food subsidy scheme.

Namibia

There are four types of social security scheme in Namibia. The newly independent Government of Namibia introduced a National Pension Fund in 1992, continuing the South African-administered social pension scheme that was introduced in the 1970s (Devereux, 2001; Schleberger, 2002). The, now means tested, old-age grant (to be replaced by the Basic State Grant Scheme) is a social pension that provides a flat-rate non-contributory pension to all Namibians over 60 years old who are eligible, currently to the value of N$200 per month (US$ 30.50). By March 2001, it had reached 96,767 direct beneficiaries (from a total of 105,000 people over the age of 60). The second scheme is the Disability Grant that has a value of US$ 25. The third scheme is the Child Maintenance Grant (for households with one to three children). By 2001, it had reached 1,632 households (with one child), 987 households (with two children), and 801 households (with three children). The monthly value is N$200, N$300, or N$400 (depending on the number of children). The fourth scheme is the Foster Parent Grant, and is for households fostering between one and seven children. By 2001, it had reached a total of 547 households. The value rises by N$100 per child, from N$200 for households with one child to N$800 for households with seven children. These two child-oriented grants have coverage of only 10 per cent, possibly because awareness is extremely low. Together, these four grants had a budget of N$252m in 2001/02, with administration costs and salaries absorbing about 15 per cent of the allocated budget. Delivery of the transfers has been mostly outsourced to United Cash Pay Masters (UPM). Grants are collected from UPM using electronic ID cards. It can take three months to be registered for the scheme.

There are other small-scale cash transfers. Since 1997, Catholic AIDS Action has assisted over 1,500 families with one-off grants in cash or kind to provide support to several thousand orphans. In April 2005, churches and NGOs in Namibia launched a coalition to lobby for the introduction of a safety net for the country's poor through an unconditional basic income grant ('BIG'). It was proposed that N$100

(US$ 15) should be allocated monthly to every citizen from birth to 60 years old, when citizens become eligible to claim the social pension. The objective is to redistribute resources to the estimated 76 per cent of the population living below the poverty line and thus help overcome Namibia's high level of inequality. In 2002, the Namibian Government explored the possibility of financing a national basic income grant through an increase in value added tax.

Rwanda

The need for a comprehensive social security system in Rwanda is particularly acute. The Government of Rwanda provides support to returning soldiers, recognising their need for financial assistance and the importance of their security for broader peace and security in the country. A total of RwF 5.9 bn (US$ 9.9m) was allocated to the demobilisation programme in the country's PRSP of 2002, financed by donors through a UNDP-administered fund and implemented by government. The first phase, ending in 2001, had reached 18,692 soldiers. The second phase is the demobilisation of 20,000 RPA soldiers and 25,000 members of armed groups. It provides a 'basic needs kit' and cash to the value of 50,000 RwF (approximately US$ 120).

As yet, there are no other identified projects that include a direct, unconditional cash transfer component for individuals or households. Although it does not fit our definition of an unconditional cash transfer, the *Ubudehe* community grant scheme is worth noting. The European Commission provides 1,000 euros in cash to every cellule in the country under the *Ubudehe* programme, the national decentralisation process underway in Rwanda.[7] Although it is externally funded, the cash transfer programme is 'on-budget' and integrated into decentralisation strategies. The significance of this programme, started in 2003, is the level of control the local community have over the cash grant and the participatory process – each cell undertakes to communally identify the poor in the community. The poorest one or two households may receive a cash loan or grant for income-generating activities, while the bulk of the cell's grant is used for community projects to be decided by the community. The money can be spent on a range of community priorities, and could include support to OVC. Operating rather like a social action fund, to access the cash, the communities submit a report in which they list their priorities. Each cell opens a bank account at the local district level with Banque Populaire. The money is then sent to the district to implement the proposed activity. The cash that goes directly to households within this scheme reaches just one or two households in each of the communities. The households identified as the poorest in the cell are given 150 euros to set up a business – eg, buying goats – with an obligation to pay it back to the community. Sometimes, a social welfare payment is paid to the poorest in the cell, with no obligation to pay it back. All decision-making about who should benefit and how the money is spent is done at local level. Ownership of money is also at the community level.

There is a lot of support from donors and NGOs for HIV and AIDS programmes, primarily for prevention, education and social assistance. The objectives of the HIV/AIDS Multi-Sectoral National Programme state that economic support will be available for people living with HIV and AIDS (PLWHA), orphaned children, widows and families. The number of NGOs and CBOs that operate HIV and AIDS programmes is on the increase; however, the most extensive support is offered by religious organisations.

South Africa

South Africa has the most comprehensive system of cash transfer-based social protection in the east and southern Africa region. There are a number of state grants for older people, war veterans, people with disabilities, carers and for child support (Aliber, 2001; Devereux, 2001).

The non-contributory old age pension is the largest social security transfer programme in the country, has by far the widest reach across the population, and provides the most substantial welfare benefits (R740 per month, or US$ 111). Funded and implemented by the government, it is targeted at women over the age of 60 and men over the age of 65 (Samson, 2004). It is means tested through the government system: ie, those below the cut-off level are automatically entitled to a full benefit. The targeting system is generally regarded as effective as it excludes higher income households. By 1997,

[7] An evaluation report is available (KPMG, 2002)

the grant had covered 71 per cent of ‘African’ men and 77 per cent of ‘African’ women in the target population, and 61 per cent of men and 68 per cent of women of total eligible South Africans (Case and Deaton, 1998). It reached almost three times as many women as men (*ibid*). ‘African’ households with a pension income are likely to have more children than the national average (2.28 as opposed to 1.69). In 2005, the value of the monthly benefit was R780 per recipient. The transfer is paid by ATM on a pensions vehicle. Once registered, beneficiaries are identified by fingerprint. The pension has been assessed as reducing the number of people living below the poverty line by 5 per cent (Barrientos et al, 2003), and studies have demonstrated positive impacts on children’s health and nutrition.

The Child Support Grant and Foster Care Grant are considered in Box 4. The grant for war veterans is aimed at soldiers over the age of 60 who served in the South African army during certain wars. Funded and implemented by government, in 1999/2000 it had a budget of R61m, and reached 9,800 direct beneficiaries. In April 2004 it had a monthly value of R758.

Other government-funded and implemented grants aimed at carers and/or particular groups include:

- The Grant for Carers of the Aged. This had a budget of R10m in 1999/2000 and reached 8,300 direct beneficiaries in the same period. The grant value was R160 in 2005.
- The Care Dependency Grant, for carers of children with severe disabilities. This aims to support the primary care-giver of children with severe disabilities. It had a budget of R81m in 1999/2000 and reached 75,000 children with disabilities. In 2005, the value of the grant was R780 per month. When children turn 18, they move on to receive the Disability Grant.

Box 4: Child-Oriented Grants in South Africa: Child Support Grant and Foster Care Grant

The Child Support Grant

The Child Support Grant started in 1998 and in 2005 transfers 180 Rand per month to carers with a monthly income below a certain amount for every registered child below the age of 14 (Kruger, 1998). The grant has expanded gradually to include older children (it began targeting only those under 7). It is generally regarded as an almost universal grant as the eligibility criteria are not strictly upheld due to the widespread need for the transfer, however it still is not reaching all children in need. The grant is midway through a progressive increase in both the target age group and funding. Budget allocation for the grant will increase from R1.1 billion (US$ 173m) in 2003/04 to R6.4 billion (US$ 1bn) in 2005/06. These measures are indicative of the increasing problem of OVC, and also of the capacity of the South African state to finance such programmes. This grant and its impact on child poverty is reviewed more fully by Barrientos and DeJong (2004), highlighting the positive impacts. Case et al (2003) found that the grant does reach children in poorer households. Outstanding problems include:

- The absence of a mother in the household reduces the chances of the child accessing the grant;
- Children find it difficult to access to grants when they are heading households aged under 18;
- Many eligible children are still not registered.

The Foster Care Grant

The foster care grant in South Africa was intended to protect children in crisis situations that required state intervention. Children are placed through an intervention by the courts. It is not means tested. In light of the increasing numbers of children in the care of extended families and the high value of this benefit (R500) the foster care grant is now being used to support extended family care (in particular grandparents) following parental death (Meintjes et al, 2003). Key issues arising include:

- The grant is being used in place of the Child Support Grant because of its relatively high value.
- Accessing the foster care grant requires a magistrate to legally place the child with carers – this can be both practically and emotionally difficult when the carer is a close family member. In these situations, it would be useful to de-link the eligibility criteria from the courts, or establish a grant more specific to the situation, perhaps a kinship grant.

Source: Barrientos and DeJong (2004); and Save the Children UK experience in South Africa

- The Disability Grant, which in 1999/2000 had reached 671,800 direct beneficiaries with a budget of R4,192m. The target group are those classified as disabled by medical doctors. The grant had reached 0.3 per cent of the total population and 3 per cent of the target population by 1998, and had a maximum monthly value of R780 in 2005.
- A Grant-in-aid for carers of people with disabilities which had a budget of R4m in 1999/2000, and reached 3,000 direct beneficiaries with a monthly transfer valued at R160 (in 2005).

HIV/AIDS Support is an example of a non-governmental cash grant to those affected by HIV and AIDS. It is implemented by an NGO, Aidslink, in Gauteng Province. However, while there is a widespread system of donor-supported NGO assistance, it focuses predominantly on training, awareness raising, service provision, income generation and in-kind assistance. Transfers are usually directed through CBOs and faith-based organisations (FBOs). Examples include the Nelson Mandela Children's Fund; HOPE Worldwide, which provides welfare grants to 9,800 OVC; and small-scale support from other local FBOs. However, the majority of financial assistance is channelled into business development and income-generating activities.

Swaziland

The Government of Swaziland runs a national social assistance programme that regularly distributes funds to older people. The MVC situation is addressed through a series of Neighbourhood Care Points (NCP) established by UNICEF and NGOs, including Save the Children. Approximately 1,500 children benefit from 70 NCPs that provide social assistance to meet critical needs. The objective is to extend the reach of the programme to over 13,000 OVC. The research did not highlight any unconditional cash transfers in Swaziland – this merits further exploration.

Tanzania

Tanzania is currently adopting a new National Strategy for Social Protection and has included social protection as a key pillar of its revised PRSP. This has clear objectives to target the vulnerable poor, including older people, MVC, disabled people and older-headed households with young dependants. This has prompted a discussion among stakeholders regarding cash transfers, although they are not yet well-established as a mechanism for providing social assistance in Tanzania (Lerisse et al, 2003).

Tanzania's recent Rapid Assessment, Analysis and Action Planning process (RAAAP) outlines a National Social Protection Framework for the Most Vulnerable Children. This builds on (and scales up) a Department of Social Welfare developed and UNICEF supported programme that provides community-based care and material assistance to poor and vulnerable children, US$ 10 per child being transferred to the MVC committee in the village through an innovative system of village funds. This occasionally, but rarely, involves a cash transfer to the carer/child. However, the MVC programme (see box 5) is currently limited to 17 Districts. The social protection framework also recognises the ongoing in-kind support and care provided by the local community.

Formal social protection programmes already in place include insurance schemes that are contingent upon employment in the formal sector. Tanzania's Social Action Fund (TASAF I) provided direct support through NGOs and CBOs to a pilot Social Support Programme (SSP) to improve the living standards of vulnerable and marginalised groups. This currently focuses on four districts, reaching a total of 2,715 beneficiaries including orphans, widows, older people and people with disabilities. This US$ 60m programme commenced in 2001. The launch of TASAF II in May 2005 is expected to scale up the programme to national level over the next five years. More detail should be sought on this programme that combines these activities with the development of community funds and investment in community assets.

Various FBOs, CBOs and NGOs provide support to vulnerable children and other groups, most in kind. Where they are given as cash, the payments may be irregular and dependent upon resource capabilities. Some notable organisations involved are CARITAS and the Social Action Trust (SATIF). Bakwata is an example of a religious support group that provides support to widows and single women with no income. The women, who must be Muslim, request support through the Imam at the Mosque.

Box 5: Tanzania's Most Vulnerable Children Programme
The Most Vulnerable Children (MVC) cash grant is a grant made to villages for supporting the most vulnerable children with largely material support. Funded largely by UNICEF and implemented by government, in 2003 it reached 120,000 of the most vulnerable children (as identified by communities in the local context). The grant is usually material support or fee waivers for the most vulnerable children, or sometimes cash to households. In other words, it is not strictly a cash transfer scheme, but does occasionally provide cash to households, depending on community decisions. There is no robust mechanism for knowing who is vulnerable, but communities identify those most in need of support, for example, those who have been ill for a long time, those out of school, those with poor nutrition levels, orphans. The district-based teams facilitate the planning and selection process. Communities map their locations and monitor their progress. An interesting, innovative component of this scheme is the village MVC fund system that it works through. Communities plan appropriate responses for the most vulnerable children and use the funds that are channelled through the districts down to village level to carry out activities and provide generally in-kind assistance. Communities also contribute to the funds. As such the mechanism – linked to the community-based processes of identifying vulnerable children – is a possible channel for other flows of resources to MVCs. The scheme started in 2001 with a pilot in six districts; it now operates in all villages in 17 districts with an explicit recognition of the increasing impact of HIV on children, although targeting is not HIV and AIDS focused. The government plans to scale up this programme across the country, although the availability of funds restrict the feasibility of this plan. The scheme is housed within the Department of Social Welfare with few links to more powerful ministries, although the increasing focus on OVCs by donors, NGOs and others is bringing the scheme more into the spotlight.

National reviews draw attention to some of the limitations of these range of NGO/CBO/FBO programmes. It notes that the most vulnerable and needy groups are not adequately targeted and that increasingly, older people and older children are providing the caring roles within poor and vulnerable households. However, without a monitoring mechanism in place, the impact of these programmes cannot be determined. The dialogue regarding the National Social Protection Framework and debates on the role of cash transfers, is ongoing.

Uganda

While there is an extensive variety of social assistance programmes in Uganda, access appears to be limited that very few vulnerable households benefit from organised social protection. There is no non-contributory pension scheme in Uganda, although there is a civil service pension scheme and a proliferation of personal pensions and savings schemes run by private companies. USAID provides a small cash component to vulnerable children as part of its Community Resilience and Dialogue programme (2002-2007). To date, 3,541 grants have been provided. Rather than providing direct transfers, donor and NGO support is mostly channelled into in-kind assistance and local microcredit and savings schemes. For example, the Uganda Women's Efforts to Support Orphans (UWESO) reaches 5 per cent of Uganda's orphans through credit loans to carers of OVC. The traditional informal social safety net system, *muno mukabi*, mainly assists with funeral expenses, which is an important mechanism for mitigating the financial consequences of HIV and AIDS.

Zambia

The Government of Zambia operates a Public Welfare Assistance Scheme (PWAS) that in principle targets the poorest 2 per cent of the population (Schubert, 2003). Approximately US$ 3m is budgeted to fund the scheme each year, but the amount released is erratic. The Ministry of Community Development and Social Services is implementing a Pilot Social Cash Transfer Scheme in Kalomo district, together with technical support and funding from GTZ. This targets the 10 per cent most needy and incapacitated households (where there are no members between the ages of 18 and 60 able to work). Fifty-four per cent of households are affected by HIV and AIDS, 61 per cent of beneficiary household members are children (of whom 71 per cent are orphans), 54 per cent of beneficiary households are headed by older persons (64+) and 66 per cent are female-headed households. It currently provides US$ 6 per month to 1,027 households, while households with children get an additional US$ 2 regardless of the number of children (this is being introduced during the annual re-targeting). A two-year pilot phase was launched in May 2004 and is subject to extension.

While food relief has been distributed in response to emergencies in recent years, the government-led Vulnerability Assessment Committee (VAC) reports for both 2003 and 2005 have also emphasised the importance of other interventions to support livelihoods, including cash transfers (Zambia VAC, 2005). Informal networks for social assistance are declining in Zambia, due to persistent poverty. NGOs and FBOs provide a variety of social protection assistance, including emergency food relief, school feeding, and seeds and tools distributions. In response to the present drought, Oxfam are designing an emergency cash transfer scheme in Choma district. Targeting of food relief was highlighted as problematic in both 2003 and 2005. The VAC 2005 report states “there was no sign of geographical or intra-community targeting”.

There are a number of organisations providing assistance to OVC and Aids-affected households in Zambia, eg, World Vision funds a child foster sponsorship programme for OVC, the SCOPE-USAID programme funded by USAID, WFP school feeding and take-home rations, and C-SAFE support to home-based care (HBC) programmes. It is widely believed that present interventions are insufficient to effectively address the scale of the problem.

Zimbabwe

Part of Zimbabwe’s Public Assistance Programme (PAP) is a cash grant for the chronically poor (Munro, 2003). Funded and implemented by government, it started in pre-independent Zimbabwe and became enshrined in the Public Welfare Assistance Act (1988). An earlier version, the Social Development Fund, merged into the PAP. It is the only government social safety net to target the chronically poor, defined as any of the following: those without known family to support them; those unable to work; those over the age of 65; children in especially difficult circumstances; and those with disabilities or who are chronically ill. Benefits are set very low and it is difficult for many to receive them due to distance from and inability to get to the District Social Welfare office, which may be over 100km away and require several journeys. The monthly value of the transfer differs for adults and children and rural and urban areas Recipients receive a cash allowance but also a medical card, and school and exam fees for dependent children. In urban areas, they also receive assistance with payments for rent, electricity and water. Thus, urban recipients could cost three or four times more than rural recipients. In 1998, 20,562 beneficiaries received the Maintenance Allowance (ie, less than 0.65 per cent of the population), and 2,613 received education fees. More up-to-date figures were difficult to verify but reports suggest that the allowance is minimal, the application process is exclusionary and assistance is biased towards urban areas. Local authorities receive an allocation to fund community-developed activities that address the needs of their vulnerable children.

A recent development has been some successful welfare support through voucher schemes. Although these are not cash transfers, flexible vouchers are an increasingly popular alternative to food aid in southern Africa. World Vision have organised seed vouchers and fairs, at which vulnerable households are given vouchers to purchase seed from retailers at a specially organised market. Catholic Relief Services (CRS) reached 25,000 households through seed vouchers and fairs in 2002-3, targeting HIV and AIDS-affected households in particular. These vouchers and fairs have been used to generate a market in areas previously unattractive to seed-sellers, and have been useful for creating farming networks and linkages.

Following a three-year cohort study of 1,000 children (comprising non-orphans, maternal, paternal and double orphans in roughly equal proportions) by Imperial College London, a conditional cash transfer is being planned that would be administered through UNICEF, conditional on receiving donor funding. If the findings of the study are followed through, cash transfers may partly be conditional on school attendance and meeting health requirements. (Atypically, following a finding that the highest student dropout rates were among teenage female students who lost a parent to AIDS, these cash transfers may be made conditional upon secondary school attendance.) The study is due to finish in September 2005 and will be followed by a feasibility study, after which a three to five-year pilot project is anticipated.

There is support from international NGOs for cash transfers, arguing that this enables a more rapid recovery of the economy. However, there is resistance from organisations that are well adapted to distributing assistance in kind. The majority of all assistance is through grain subsidies, livestock subsidies, food vouchers and in-kind transfers. A uniquely important consideration with respect to cash transfers in Zimbabwe is inflation rates, which are currently very high because of the economic crisis. This clearly inhibits the advantages of cash transfers. Informal systems of cash remittances from urban to rural areas are falling.

The next chapter considers four cash transfer schemes in more depth.

CHAPTER 3. CASE STUDY PROGRAMMES

During Stage 1 of this study, a number of cash transfer programmes were identified in the 15 ESAR countries included in the review. Four of these programmes were selected for in-depth analysis in Stage 2. The selection criteria aimed to maximise diversity in terms of implementing agencies, sources of funding, scale and coverage, target groups, and other programme characteristics. The four selected programmes are in Ethiopia, Lesotho, Mozambique and Zambia:

- Meket Livelihoods Development Project (Ethiopia)
- National Old Age Pension (Lesotho)
- Food Subsidy Programme (Mozambique)
- Kalomo District Pilot Social Cash Transfer Scheme (Zambia).

3.1 Comparing the Four Programmes

Table 3.1 presents summary information on the four case study programmes. Although all four are classified as 'unconditional cash transfer' programmes, important differences can immediately be seen between them in many respects, such as their implementing agencies and funding sources (government, bilateral donor or international NGO); coverage (nationwide or locality-based), target groups (economically inactive and 'vulnerable', or economically active but poor); numbers of beneficiaries (1,000 to 69,000); size of cash transfers (US$ 2.8 to US$ 25 per month); and so on.

Three of the four programmes are implemented by government ministries or agencies, while the fourth is implemented by an international NGO (Save the Children UK) with funding provided by a bilateral donor (the Netherlands Government). Two of the three government programmes (in Lesotho and Mozambique) are financed domestically, out of the state budget, while the third (Zambia) is funded by a bilateral donor (the German Government) who plays an active role in the project. The two state-funded programmes are both national in coverage (though the Mozambique programme is confined to urban areas including district towns), while the two donor-funded projects are both small scale, covering less than a single rural district. This has implications for 'scaling up': donor funding and NGO capacities are typically restricted to the sub-national level. This difference in scale is evident from the numbers of direct beneficiaries in each case, ranging from only 1,000 households in the Zambia district-level project to over 69,000 individuals in the Lesotho and Mozambique national programmes.

Three of the four programmes have been operational for less than two years; only the Mozambique Food Subsidy Programme has been established for a lengthy period of time. It follows that the Mozambique programme might provide lessons for other, less well-established cash transfer programmes in the region to learn from, not least in the area of dealing with fraud and corruption, which caused its predecessor, GAPVU, to be closed down.

The amounts of cash transferred to beneficiaries on these programmes are quite small: US$ 2.80 per month to a single-person household in Mozambique, US$ 3.50 per month per person to households in Ethiopia, US$ 6 per month to a single-person household in Zambia, US$ 8 if there are children. Lesotho's Old Age Pension stands out as relatively generous (US$ 25 month), but is low compared to neighbouring South Africa's social pension (US$ 111 per month).

It might be argued that the real value of the cash transfer varies from country to country according to differences in costs of living: Lesotho, being poorer than South Africa, is also a cheaper place to live. It might also be argued that living costs are lower in rural areas (no rent or electricity bills) than urban centres (the Ethiopia and Zambia projects are in rural communities); rural people also grow some or all of their food, while most urban residents are almost entirely market-dependent. In three of these four programmes, the target groups are economically inactive individuals (older people, chronically sick people, people with disabilities), sometimes further qualified as ‘living alone’ or ‘without support’. This implies that the cash transfer is intended as the main or only source of income; yet its value is so low that it can only serve as a supplementary income. Also, the only urban-based programme (in Mozambique) pays the least, notwithstanding the fact that urban living costs are higher. In Lesotho – the only fully national programme – no allowance is made for differences in costs of living between urban and rural areas. Apart from the Zambia project, no attempt appears to have been made to relate the amount of cash transferred to living costs (in the Zambia case the minimum payment buys one bag of maize). Three of the programmes do increase the transfer according to household size, but the amount of the increments is inconsistent, and Mozambique and Zambia impose ceilings on transfers per household. Only in the Ethiopian case is there a consistent relationship between household size and per capita cash transfers (approximately US$ 3.50 per person).

The following sections of this chapter introduce the selected cash transfer programmes.

Table 3.1: Summary information on four case study programmes

Country	Ethiopia	Lesotho	Mozambique	Zambia
Programme	Meket Livelihoods Development Project	Old Age Pension	INAS Food Subsidy Programme	Kalomo District Pilot Social Cash Transfer Scheme
Type of scheme	Cash for work and relief	Social pension	Social welfare	Social assistance
Implementing agency (type)	International NGO	Government Ministry	Government agency	Government Ministry
Implementing agency (name)	Save the Children UK	Department of Pensions, Ministry of Finance	National Institute of Social Action (INAS)	Department of Social Welfare, Ministry of Community Development and Social Services
Funding agency	Government of The Netherlands	Government of Lesotho	Government of Mozambique	German Technical Cooperation (GTZ)
Start date	2003	November 2004	1997	May 2004
Transfer amount	30 Birr (per person)	150 Maloti	Mzm 70,000–140,000	30,000-40,000 Kwacha
Transfer value (US$)	US$ 3.50 (per person) US$ 17 (5-person HH)	US$ 25	US$ 2.80 – US$5.60	US$ 6 (without children) US$ 8 (with children)
Frequency	Monthly (but irregular)	Monthly	Monthly	Monthly
Beneficiaries	46,600, approx 5000 receive cash relief	69,046 (individuals)	69,095 (direct)+ 91,411 (indirect)	1,027 (households)
Target group	Food insecure rural households	Older people	Citizens unable to work with no income	Poorest households (10%) with no able-bodied labour
Eligibility criteria	Unconditional payments to pregnant/lactating mothers older people, children, those with disabilities	Lesotho citizen Over 70 years old	Older women (55+) and older men (60+) unable to work with no source of income Physically ‘handicapped’ Chronically sick Malnourished pregnant women	Poorest 10% No able-bodied adult fit for productive work High dependency ratio (>300%)
Coverage	Half of Meket *woreda* (half of one district)	National	Urban centres (cities and district towns)	Two rural blocks in one district, Southern Province

3.2 Ethiopia: Meket Livelihoods Development Project

Save the Children UK has supported a series of cash transfer projects in rural Ethiopia since 2001, in several *woredas* (districts) in North Wollo and South Wollo (Adams and Kebede, 2005). Some of these interventions were labelled 'cash for relief projects', while others are part of the 'livelihoods development project' in Meket *woreda*. These cash transfer programmes are in keeping with Save the Children's own advocacy for cash-based assistance, in order to protect household assets and support local markets and producers, and the Government of Ethiopia's stated preference for humanitarian and developmental interventions to shift away from food aid. Meket Livelihoods Development Project (MLDP) began with a pilot phase that lasted from mid-2003 to mid-2004. Phase II runs alongside the government's 'Productive Safety Net Programme' (PSNP) but is not a part of it, and operates under different criteria. The PSNP began in January 2005. Phase II of the MLDP was scheduled to begin in July 2004 but the time taken to negotiate its rules with the Ethiopian Government meant that in practice it began at the start of 2005 – it will run for three years.

The objectives of the Meket Livelihoods Development Project (Phase II) include the provision of cash relief to vulnerable households to help them meet 'essential food expenditure' in bad years, and to invest in assets in better years. The longer-term goals are to contribute to the diversification of livelihood options, to enhance community-level assets, and to stimulate the rural economy, all in the project area. The argument is that all of these goals can be better achieved through the provision of cash transfers and the phasing out of non-emergency food aid. Another important advocacy goal is to analyse the impact of cash transfers on asset protection, rural development and child-caring practices, and to draw lessons in order to influence policy-making. The MLDP seeks to achieve these objectives through both cash payments within employment generation schemes and cash payments as gratuitous relief that is provided to those who cannot, or should not, work, including pregnant and lactating mothers.

The cash programme transfers 30 Birr (about US$ 3.50) per person per month to 40,000 beneficiaries who operate in the *meher* season and 6,600 in the *belg* season.[8] The amount of cash transferred increases with household size, so that a five-person household, for instance, should receive 150 Birr (about US$ 17.50). The MLDP targets the poorest households in each community, following established practice with other safety net initiatives in Ethiopia, such as the Employment Generation Scheme (EGS). Beneficiaries are identified through the local Peasant Associations and officials. Unconditional cash transfers are given to those households who cannot or should not work, an estimated 11 per cent of all households involved (estimated to be higher than the percentage of vulnerable households receiving cash relief through the government programme in this region but no figures were available to confirm). No formal number or percentage of beneficiaries of the cash relief is set in the Meket programme: the most vulnerable households are selected through the Associations using a number of criteria – most importantly livestock ownership, access to land and performance in the previous harvest - and then those who could not or should not work are designated as recipients of the unconditional cash transfer.

Progress in Phase II has been hampered by political events in Ethiopia, efforts to secure government support for the project, problems with ensuring that the poorest households are indeed reached, and rising grain prices.

3.3 Lesotho: Old Age Pension

In November 2004, the Government of Lesotho instituted an Old Age Pension for all resident Basotho aged over 70 years. This is the fourth and most recent social pension[9] scheme in the countries included in this study, after South Africa (scheme introduced in the 1920s), Namibia (in the 1970s) and Botswana (in the 1990s).[10] Lesotho is one of the poorest countries in Africa, and one of only two 'Least

[8] That is, not all beneficiaries receive the cash at the same time of year – it depends which harvest they rely on.

[9] A 'social pension' is non-contributory (ie, it is entirely state funded) and is not necessarily linked to retirement from the workforce: often, eligibility is simply triggered by reaching an age milestone.

[10] Within Africa, Mauritius and Senegal also operate large-scale social pension systems.

Developed Countries' in the world (along with Nepal) to operate a universal non-contributory pension for all its older citizens.

Lesotho's Old Age Pension is unusual in other respects as well. Most notably, it appears to have been generated entirely by a domestic political economy agenda, and financed out of domestic resources, with no technical or financial support from international donors. Indeed, there appears to have been some scepticism among observers like the International Monetary Fund (IMF) about the affordability of the pension and its macroeconomic implications. One motivation for its introduction might be a perception that older people in Lesotho are more financially vulnerable and less well supported than in the past, for a mix of economic, demographic and social reasons, including: declining remittance incomes; rising numbers of people living with HIV and AIDS (which is raising dependency ratios); recognition of the role of older people in the care of OVC; and a process of rapid social change that is characterised by increasing commercialisation and individualism. Importantly, however, the pension was explicitly not intended to support 'AIDS orphans' and other vulnerable children, but simply to provide financial support to older people.

Lesotho's social pension is modelled on that of Namibia and Botswana. Unlike the South African scheme, it is not means tested. On the other hand, the age qualification is higher than the other schemes in the region, which set eligibility at 60 or 65 years of age. (This suggests that the model for Lesotho's Old Age Pension might be Nepal, which starts at 75 years of age.) Out of a national population of 2m, only 74,900 Basotho (3.6 per cent of the population) qualify for the pension based on their age, 65,000 of whom are registered on the programme. Because of gendered differentials in life expectancy, the pension reaches more women than men: about 60 per cent of beneficiaries are women and 40 per cent are men.

Setting the age criterion at 70 years reduces the cost of the programme, which is important from the fiscal point of view, given Lesotho's low gross domestic product (GDP). The total cost of the transfer is currently M117m per annum, or 1.43 per cent of GDP and about 7 per cent of the government's recurrent expenditure. This is in line with the cost of social pensions in other countries in southern Africa. Delivery costs are low, at under M4 per pensioner (though many costs are incorporated into the Department of Social Welfare's normal running costs). The Lesotho Government plans to lower the age of eligibility to 65 years. This would bring 49,000 more pensioners into the system and would cost an additional M88m per annum. Lowering the entry age further to 60 would add another 48,000 pensioners and cost an extra M87m.

The benefit level is M150 per month (US$ 25), more or less equivalent to the official national poverty line, one objective of the pension being to lift older people out of poverty. It is not index-linked but the intention is to increase it periodically, at the discretion of the Minister of Finance. The Old Age Pension was not introduced as a welfare response to HIV and AIDS but older people in Lesotho have become "a generation of carers". For this reason, lowering the age of eligibility, as the government plans to do, would potentially improve the well-being of many more older people and OVC in Lesotho.

3.4 Mozambique: Food Subsidy Programme

The National Institute for Social Action (INAS), under the Ministry for Women and Social Action (MMAS), manages and implements a Food Subsidy Programme that provides a monthly cash transfer to recipient households. The value of the transfer is low and depends on the size of the household, starting at Mzm 70,000 (US$ 3) per month for a one-person household and rising to a maximum of Mzm 140,000 (US$ 6) for households with five or more members. The Food Subsidy Programme is not in fact a subsidy at all, but a cash transfer intended to be used by poor Mozambicans to buy food. It therefore supports entitlements to food through raising household income, rather than bringing down the price of food.

The Food Subsidy Programme is financed entirely through the state budget, with no direct donor support.[11] The programme aimed to reach 92,300 direct beneficiaries in 2005, but it currently provides transfers to 69,000 household heads, reaching 160,000 people (household head and registered dependants).

The target groups include people who are temporarily or permanently unable to work and unable to satisfy their subsistence needs. These include: older people (women over 55 years and men over 60 years) who are unable to work and lack family support; 'physically handicapped' people over 18 who are unable to work and living alone or heading a chronically sick household; chronically sick people over 18 and unable to work, as verified by medical certificate; and malnourished pregnant women. Other criteria for eligibility include being resident in the area for more than six months and having a monthly income of no more than Mzm 70,000.

These multiple eligibility criteria make targeting complex. Eligibility is determined by a combination of proxy indicators (age, disability), means testing (per capita monthly income below Mzm 70,000), and health status ('chronically sick' or malnourished). Some of these criteria are easy to observe, others require careful individual assessment and empirical measurement. Some beneficiaries' circumstances will change over time, so they are expected to 'graduate' out of the programme (pregnant women cannot claim the benefit for more than six months).

The registration procedure is lengthy: a community representative identifies and registers potential beneficiaries; this is followed by a house visit from the local district officer, and each case is then reviewed by the provincial department. At the next stage, an application form is completed by the Department of Social Welfare and an identity card and other relevant documents (such as a medical certificate) must be provided. The criteria for eligibility are stringent and dependants are not registered if they lack the appropriate identification (ID or birth certificate). This is especially a problem as seventy per cent of children in Mozambique do not have birth certificates, with this figure being even higher in rural areas.

The project's geographical reach is national, but it focuses on urban and peri-urban areas, ie, provincial capitals and district towns. However, expansion to rural areas has recently been approved by the Council of Ministers. Because of this limited scope and capacity/funding constraints, coverage is limited: for example, the population of Zambezia province was 2,891,000 according to the 1997 census, but the food subsidy in southern Zambezia only supports 4,257 people, slightly less than the quota allocated for this area. Nationally the programme targets less than 1 per cent of the population.

3.5 Zambia: Kalomo District Pilot Social Cash Transfer Scheme

The Kalomo District Pilot Social Cash Transfer Scheme (hereafter Kalomo Pilot Scheme) was initiated by the Government of Zambia in November 2003, with financial support from a bilateral donor (the German Government) for an initial period of two years. The Kalomo Pilot Scheme is implemented by the Department of Social Welfare's Public Welfare Assistance Scheme (PWAS), within the Ministry of Community Development and Social Services (MCDSS). The German agency GTZ is also providing technical support. Interest in providing additional support has been shown at both national and international levels by the African Development Bank (ADB), DFID and Care International.

The overall objective of the Kalomo Pilot Scheme is to reduce extreme poverty and hunger in the 10 per cent of households identified as most destitute and 'non-viable' among communities in the pilot area, with a focus on households headed by older people and households caring for orphans and other vulnerable children. A further objective is to evaluate the impacts of an experimental social cash transfer scheme, with a view to extending the project within Zambia and possibly replicating the concept elsewhere. It should be noted that prior to starting the pilot, research conducted in Choma district in March 2003 as part of the GTZ Safety Net programme found that AIDS was a major (but not the only) cause of labour constraints in the poorest 10 per cent of households, and that many of these

[11] Given Mozambique's high level of donor dependence, donor funds in the form of direct budget support are presumably being put towards the Food Subsidy Programme by the government, but the point remains that this spending choice reflects the government's decision to implement the programme; it is not donor-driven.

households were headed by older people living with orphans and other vulnerable children. These findings were further confirmed in a national household survey conducted by the PWAS in 2003; this also confirmed that 10.5 per cent of households were without productive capacity.

Only 1,027 households were included in the pilot scheme. The project provides cash transfers for AIDS-affected, incapacitated and destitute households. Each of the 1,027 targeted households initially received a monthly cash transfer of ZmK 30,000 (equivalent to US$ 6). This is enough cash to buy one 50kg bag of maize. Following complaints that this money was not enough to meet basic needs, especially in large households with many dependants, the cash transfer was increased to ZmK 40,000 (US$ 8) to households with children. This is not graduated or scaled according to the number of children, as all households with children get the same amount. The objective of providing a single top-up for families was to keep management/targeting as simple as possible, while recognising the needs of larger families with children, but not encouraging households to take in extra children.

The money is paid to beneficiaries through a local bank account or through pay points in schools and health centres. Community committees identify the 10 per cent most needy recipients, based upon: those who are extremely needy; those who have only one meal per day or depend upon begging; households without an able-bodied adult fit for work; or households with a very high dependency ratio (over 300 per cent). The list of the ‘most needy’ is revised each year. The project targets households that have lost their main breadwinner, and thus impacts directly upon HIV and AIDS, as 55 per cent of beneficiary households have lost their main income-earner to AIDS.

The cost of the pilot scheme is relatively modest, at US$ 110,000 per annum. Crude calculations suggest that if the social cash transfer is extended to all 200,000 households in Zambia classified (or estimated) as ‘destitute’, the total annual cost will amount to US$ 21-26m, or 0.5 per cent of Zambia’s GDP. Donors such as DFID consider this to be fiscally affordable and sustainable, despite involving regular cash transfers to potentially large numbers of people.

As noted, there is a great deal of interest in the Kalomo Pilot Scheme from international donors, NGOs and other African governments. GTZ are planning to support expansion of the scheme to the rest of Kalomo district and Monze district, while CARE will pilot the scheme in Kazungulu district and Chipata town; both agencies doing so with funding from DFID. The MCDSS and the ADB drafted the Zambia Child Welfare Project (which includes a cash transfer component), but this has not yet been approved, reflecting reservations within the Ministry of Finance. There is also interest in replicating the scheme in countries like Malawi in the next few years.

CHAPTER 4. LESSONS LEARNED: THE USE AND OUTCOMES OF UNCONDITIONAL CASH TRANSFERS

It is important to establish whether unconditional cash transfers reach and benefit children before looking at how the schemes work and how they could be scaled up. Do children benefit (directly or indirectly) from unconditional cash transfers? Do cash transfers have any negative effects on children's well-being? The nature of this study does not permit rigorous answers to these questions. Quantitative impact assessments were not conducted but the fieldwork did allow exploration of these issues in discussions with programme administrators, beneficiaries and other community members.

4.1 Spending Patterns and Children

A striking finding from all our case study programmes is the diversity of uses to which cash transfer income is put. These can be categorised into eight clusters:

- Food (maize-meal, vegetables, meat)
- Groceries (soap, paraffin, matches, candles)
- Household items (blankets, clothes)
- Services (health, transport, education)
- Assets (chickens, pigs)
- Income-generating activities (farming, trading)
- Social costs (funerals, community groups)
- Savings

As a general rule, the evidence from this study suggests that the first priority in terms of spending cash transfers is on meeting immediate consumption needs, especially food, but also groceries and small household items. Experience from Mozambique, where children are counted as indirect beneficiaries of the food subsidy, showed that on the whole beneficiaries spend the money on food that is shared and items that can be used by all the family.

Indeed, when food is scarce priority is given to younger children and adults skip a meal (MMAS/ UNICEF, 2004). Other items purchased, such as soap or shoe polish, meant that children felt more able and comfortable going to school.

> *"the Subsidio de Alimentos helps all my children, because the firewood, water and food I purchase are consumed by all family members".*
>
> Chronically ill widow in Chokwe (Collier and MacAskill, 2005).

Box 6: What is Spending on Children?

Three types of spending by households can be identified that affect children:

Child-specific: Spending that would not be made unless there is a child in the household, such as spending on education, child health care (including maternal health) and nutritional needs;

Family expenditure for child well-being: Household food security, basic necessities like fuel, water, shelter, and the health of the carer;

Family expenditure (enabling or productive): Asset-building or replenishing, debt repayment.

For children, what is important is the outcome – whether their families or carers feel they can afford to care for them, whether they can go to school, get medicines and treatment when ill, and whether their needs are prioritised or relegated behind the needs of other children and older household members.

Even with very small transfers, some of this is likely to be spent on basic services (health and education expenses), even in countries such as Zambia where education is supposed to be free.

Part of this income might also be allocated to investment in income-generating activities. In Mozambique, for instance, women justify putting some of their food subsidy cash towards petty trading activities by saying that they can buy more food for themselves and their children with the profits they generate. In Ethiopia, Meket Project participants spent some of their cash transfers on buying seeds for the farming season. This raises an interesting point, that spending patterns will vary through the year, especially in farming areas. For instance, food purchases will be highest in the 'hungry season' when granaries are empty, and lowest just after harvest. In Zambia, a recent evaluation found that 29 per cent of the transfer was spent on livestock and agricultural inputs (MCDSS/PWAS/GTZ, 2005).

Larger and/or predictable regular transfers can achieve a bigger impact in terms of investment in health, education and income generation, because of their cumulative value over time. This is why guaranteed payments, delivered regularly and on time, are crucial. People who receive regular cash transfers can gain access to credit at local stores, or can set aside something each month towards a major asset purchase (such as livestock for breeding, or a plough for farming).

Spending of Old Age Pension Income in Lesotho

Items purchased with pension income:

- *Food (maize, vegetables, meat)*
- *Soap*
- *Paraffin*
- *Candles and matches*
- *Chickens*
- *Medicines*
- *Clothes*
- *Blankets*

Services purchased with pension income:

- *Health treatment (formal and traditional)*
- *School needs (uniforms, books)*
- *Transport costs*
- *Burial society contributions*
- *Funeral services*
- *Membership of community groups*

It is possible that some cash transfer income could be 'misused' by being squandered on alcohol, for instance, so that other household members and children derive no benefits at all. This critique is more often made against cash transfers than food, the assumption being that food is more likely to be consumed by children in the household, while cash is more likely to be spent on non-essential items. However, there is little empirical evidence to support this (rather condescending) assumption, and it is important to emphasise that we found no evidence of this kind of abuse of cash transfers by beneficiaries in any of our case study programmes. Instead, individuals and households appear to make careful and strategic decisions about how to use this additional income for the best interests of the household, either immediately (buying more food and groceries) or for the longer term (buying chickens or a goat, investing in farm inputs, or paying schooling expenses for grandchildren).

It should be noted that no scheme collects systematic and detailed data on children. The Kalomo Pilot Project in Zambia collects more than others, tracking the nutritional status of children under five and school attendance of older children. The following sections look at different aspects of the outcomes of cash transfers.

4.2 Household Poverty and Food Security

Household food security

An important use of transfer income in all our case studies is to purchase food for the subsistence needs of beneficiaries and their dependants, including children. Given the fungibility of cash, the impact of cash transfers on food consumption can either be from direct purchases of food or through freeing up money that was previous spent on non-food expenses. It can also be used to purchase assets that can be sold for food at a later date. In Ethiopia, one cash transfer recipient said: "*If I did not get this money, I would have sold my goat to buy food",* confirming that the transfer is performing the function of protecting household assets, which is one objective of the Meket Project. In theory, the higher the value of the transfer and the more frequently it is disbursed, the bigger the potential impact on household food security.[12] If a cash transfer programme is well targeted at the 'ultra-poor' (who face chronic food deficits), it follows that the bulk of the cash will probably be spent on food, which has positive implications for household food consumption.

Mozambique's Food Subsidy Programme was first introduced following the abolition of the urban food ration programme in the early 1990s. The intention was to provide supplementary income to allow people to purchase the food that was no longer provided to them under the ration system. This is why it is called a food subsidy, although it does not subsidise food prices and there are no restrictions on how this money is spent. The value of the transfer has never been explicitly linked to the price of food, though it has been suggested that it should be – ie, that the cash should buy a proportion of a basket of basic food items, and that it should be adjusted as prices change. As of June 2005, the transfer for a single-person household could purchase 1,633kcal of maize per day, or 77 per cent of the minimum daily requirement (2,100kcal). Since the transfer only doubles (from Mzm 70,000 to Mzm 140,000) for households with four or more members, the maize that could be purchased would meet only 31 per cent of kcal requirements in a large household. This means that the income transferred must be seen as supplementary, since it does not fully cover household subsistence needs. For households with no other sources of income, this would not be sufficient.

The Kalomo Pilot Scheme in Zambia has explicit household food security objectives, the main aim being "to reduce extreme poverty, hunger and starvation". The transfer was initially set at a level adequate to purchase one 50kg sack of maize each month (ZmK 30,000), the reason being that the poorest 10 per cent of people in Southern Province consume on average one meal a day, so the intention was to provide them with a second meal. Beneficiary households with less than four members can now meet all their cereals-derived kilocalorie requirements, whereas households with six people would cover only 46 per cent of these needs (Nabugwere and MacAskill, 2005). As partial compensation for this, households with children now receive more cash than those with no children (ZmK 40,000 per month). Seasonality introduces a further complication: when granaries are empty, food prices are highest. (This is also the case in Malawi and Ethiopia, but less so in Lesotho.) However, one benefit of the Kalomo Pilot Scheme is that beneficiaries now retain their maize crop after the harvest, using their transfer income to meet essential expenses, rather than selling maize cheaply and buying it back at high cost later, as in the past. This strategy provides some protection against food price seasonality.

Box 7 outlines the ways the Lesotho pension has reportedly improved food security. Although the pension is intended for the sole use of the pensioner (so its value does not rise alongside household size, unlike our other case study programmes), it is of course distributed among all household members, so the impact on pensioners (and children) varies according to household size and composition. In large households with many dependants, food purchased using the pension is shared among more people, so each individual gains less. Another point made by several pensioners was that bulk purchases are cheaper, but the pension is too little to buy in bulk.

Box 7: Cash Transfers and Household Food Security in Lesotho

The Old Age Pension in Lesotho has reportedly improved household food security in three ways – through its positive impacts on food consumption, stabilised access to food, and nutrition.

(1) *Incremental food consumption:* The pension has allowed older people to increase the amount of food they eat. This gain was also reported by children living with pensioners; they are no longer sent to school hungry.

(2) *Stabilised access to food:* The relative regularity and predictability of pension income has stabilised food consumption and provided a safety net that was not there previously.

(3) *Improved nutrition:* Pensioners are purchasing more expensive and nutritious food (such as meat) for themselves and their dependants than before: *"Those without a pension live on vegetables, those with a pension can have meat."*

[12] 'Engel's law' states that the proportion of income spent on food falls as income rises. Adapting this 'law', Michael Lipton defined the poor as those who spend 60 per cent or more of their income on food, and the 'ultra-poor' as those who spend 80 per cent or more on food.

Since the Old Age Pension has been operational for less than one year, recipients have not yet tried to use the pension to negotiate credit in local stores, which is a strategy used by pensioners in Namibia and South Africa. In Kalomo district, social cash transfer beneficiaries sometimes pool their cash to derive economies of scale, and some have joined rotating savings schemes and credit associations.

While the income transferred on social protection programmes is the same for every beneficiary (though it is sometimes adjusted for household size), the amount of food and other commodities that can be purchased varies over both space and time. The real value of the pension in Lesotho varies significantly from one location to another. The difference between a 50kg bag of maize meal in urban Maseru and in rural Qacha's Nek in June 2005 was around M50, or one-third of the monthly pension. Rural pensioners also expend more time and transport costs in collecting their pensions, and in converting the cash into food through purchases at stores. This variability in the real value of cash transfers is a feature of all national programmes, but is less of a problem with localised programmes (such as the district-level case studies in Ethiopia and Zambia).

Food prices throughout rural Africa also fluctuate seasonally, being lowest after the annual harvest and highest during the 'hungry season' (when food is most needed). This variability in the value of cash transfers is one argument in favour of food transfers, especially where markets are weak. In Ethiopia's Meket Project, seasonal food price rises caused some project participants to suggest that they would prefer to receive a combination of food and cash, or food at some times of the year and cash at other times. According to Meket Project managers, if food prices rise too high, the amount of cash transferred will be adjusted upwards accordingly.

Dietary diversity

It is important to emphasise that food security, especially for young children, is not only about the quantity of staple food purchased, but also about the quality of the diet, including variety of foods. Programmes that enable households to purchase 'food' do not allow for purchases of vegetables and other food items, although these might be 'freed up' by the transfer. If the intention is to improve household nutrition, both quantity and quality components of the diet must be addressed. While we do not have enough data on the intra-household allocation of cash transfer spending, we do know that good nutrition is vital for the cognitive development of children under three years old, so there is a real concern that small cash transfers might not be meeting the dietary needs of nutritionally vulnerable household members. In Zambia a recent evaluation of the programme found that not only did food intake increase but also the quality of the diet improved. There was an increase in carbohydrate consumption (maize etc) but also a substantial increase in the consumption of cooking oil and animal fat (purchased) and the number of households consuming protein rich foods also increased. An increase in dietary diversity was also found amongst programme beneficiaries of the broader Meket cash programme in Ethiopia (Save the Children, 2005).

Income poverty reduction

Cash transfers can be given either to the 'poorest of the poor' (those who are labour-constrained and destitute, and require external assistance simply to survive), or to the 'middle poor' (those who are working, or able to work, but need support to raise their consumption to a minimum level, or to stabilise their incomes against shocks). In the former case, cash transfers fulfil a vital social welfare function, in contexts where fully developed social welfare systems are absent. In the latter case, cash transfers are often invested, and can contribute directly to economic growth and poverty reduction. This distinction is important because extravagant claims are often made for the poverty-reducing potential of cash transfer programmes. It is true that cash transfers raise incomes directly – but usually not enough to lift people above the poverty line, only to reduce the severity of their poverty. The exceptions are large scale national programmes such as social pensions in South Africa which is estimated to reduce the number below the poverty line by five per cent (Barrientos et al, 2003). It is also true that cash injections into poor households and communities generate income multipliers that imply positive impacts on the poverty of many others, apart from the beneficiaries. However, any claims that transferring tiny amounts of cash to extremely poor people will make a significant contribution to meeting the Millennium Development Goals on poverty reduction (in terms of lifting these people above the poverty line) must be treated with caution.

Box 8: Can Cash Transfers Reduce Chronic Poverty?

Mozambique

The Mozambique Food Subsidy Programme explicitly distinguishes between poor people who can work and poor people who cannot work, and a decision was taken to support only those who are unable to work. On the other hand, some beneficiaries can and do graduate out of the Food Subsidy Programme into other social programmes, many of which are also run by INAS. One case recorded in fieldwork was of a woman who enrolled on the Food Subsidy Programme when she fell chronically ill. After she recovered, being still extremely poor, she was transferred to the Income Generation Projects initiative, also run by INAS. The reverse has also happened, when poor people who start on INAS's Employment Programme fall ill or become old and are transferred to the Food Subsidy Programme.

At the household level, the value of the transfer is so small that beneficiaries complained it was "insufficient" or even "insignificant". Originally set at one-third of the minimum wage, it has fallen to just 9 per cent of the minimum wage, and will soon fall further to just 5 per cent when the minimum wage is raised. At the community level, it was noted that the cash transfers are so small that they do not "represent a significant cash injection that could stimulate the local economy".

Zambia

The Zambia case study highlights the fact that cash transfers generate income multipliers that have second-round impacts on poverty reduction. For example, of all purchases of maize made with transfer income, 63 per cent are from neighbours, 11 per cent from shops and 7 per cent from rural traders (MCDSS/PWAS/GTZ, 2005). Purchases of livestock and of ploughing services are also made from neighbours. Many of these households are also poor, so this boost to their household income could be contributing to a general reduction in poverty in the community.

The Kalomo district case study concluded that: "the reliable and timely delivery of cash transfers can be a cost-effective tool for securing the survival of the critically poor and incapacitated households (including OVC) … While the transfer does not lift the beneficiary households out of poverty, it does lift them from life-threatening critical food poverty."

The Lesotho, Mozambique and Zambia cash transfer programmes have no explicit ambitions to generate economic growth; they are social welfare programmes designed to provide relief to selected groups of disadvantaged citizens. These programmes reduce extreme poverty, alleviate hunger and protect people against falling into destitution. They also provide poor households with a regular and predictable income, which enables them to plan their spending. These are important objectives in their own right, and these interventions have certainly made the lives of thousands of poor people a little easier. Interestingly, the Meket Livelihoods Development Project in Ethiopia bridges the gap between 'welfarist' and 'developmental' goals, by providing cash for work for those who can work and unconditional cash transfers for those who can not (or should not) work. The cash is expected to be consumed in bad years and invested in good years. By contrast, the Government of Ethiopia's Productive Safety Net Programme (PSNP) has explicit poverty reduction ambitions. The PSNP targets economically active 'middle poor' households who will be assisted for a period of five years, after which they are expected to 'graduate' out of poverty and dependence on transfers. Because the economically inactive are more or less marginalised by this focus on the 'productive' poor, the PSNP has been criticised for excluding the poorest, and neglecting the 'welfarist' function of safety nets in pursuit of 'developmental' objectives.

Income generation

In most cash transfer programmes, the amount of resources transferred to beneficiaries is insufficient to allow significant investment in income-generating activities. Moreover, beneficiaries are often targeted precisely because they are categorised as economically inactive, such as people over 70 years old (in Lesotho), 'chronically sick over 18 unable to work' (Mozambique), or 'extremely poor households without able-bodied adult labour' (in Zambia). Nonetheless, some proportion of transfer income does get invested in small-scale enterprise development, as working capital (for petty trading) or to purchase essential inputs (such as seeds or fertilizer for farming) and assets (tools, livestock) (see box 9). The impacts on children will depend on how profitable these investments are. If the transfer income is multiplied as a result, more disposable income will be available to buy food and to pay for education and health care and, arguably, prevent children from being required to work to supplement household income. The impact also depends on whether older out of school children, aged 16 to 18, are involved in the investment/or able to invest some of the money in their own projects and develop their own skills.

Box 9: Investing Transfer Income

Lesotho

Although the pension is too small to accumulate expensive assets or invest in starting a business, small investments do take place. Some pensioners bought chickens to rear, and sell the eggs for profit. Others have started petty trading, buying and retailing sweets, for instance. Many pensioners are still working, well into their seventies, sewing clothes and repairing school uniforms, or making 'Vaseline', and some of their Old Age Pension is used as working capital for these activities.

Mozambique

Beneficiaries of the INAS food subsidy in Matole reported using the money to finance their petty trading (eg buying tomatoes for reselling) ie investing it in order to increase its buying power. This suggests that very few poor people are totally 'inactive' – they cannot afford to be. Alternatively, these programmes need to be better targeted at genuine 'social welfare cases', those who physically cannot work for a living and have no other means of support. Others placed the transfer in an informal savings scheme called *xitique* during the harvest season when their fields yield sufficient food – effectively investing in local savings schemes and support systems.

Zambia

A monitoring report on the Kalomo Pilot Scheme found that almost one-third of the income transferred to beneficiaries (29 per cent) was invested, either in purchases of small livestock (eg, poultry), in farming (purchase of agricultural inputs, hire of agricultural labour) or in informal enterprises (eg, working capital for basket-making) (MCDSS/PWAS/GTZ, 2005). These investments were second only to food purchases (42 per cent) in terms of spending priorities. Although this might not be what the programme administrators intended, this evidence suggests a potential for this programme to have sustainable impacts on poverty reduction, not just short-term poverty alleviation.

4.3 Access to Services

Access to basic services – both services for children, such as basic education and health care, and services for children's carers and all family members generally – are essential components of any minimum package of subsistence. Even where user fees are not enforced, a number of costs are associated with accessing these services, including transport, medicines, school books, uniforms and hygiene costs. Our fieldwork found that some transfer income is typically spent on these service-related costs. Sometimes this spending is regular and predictable, such as education-related expenses (see Box 10), and often it is irregular, dealing with situations that are potentially extremely damaging to household viability, such as health care for a family member affected by a serious illness. Cash transfers provide some assistance to households in meeting these costs.

Box 10: Cash Transfers and Access to Education

In Lesotho, pensioners with grandchildren in their care allocate some of their pension money to education expenses for these children (uniforms, books, stationery, hostel fees, school trips).[13] Children living in pensioner households also reported that they eat more and no longer go to school hungry. This is potentially very important, since several studies from around the world have demonstrated a causal link between nutritional status and cognitive performance. Well-nourished children concentrate better at school and perform better in examinations.

In Zambia, one 12-year-old boy in Kalomo Basic School told us that some of the ZmK 40,000 his grandmother gets from the pilot project is used for food and books for school, and for school fees. For each child, the family has to pay ZmK 45,000 per term for Parent-Teacher Association contributions and tuition fees. There is also some evidence that the social cash transfer contributed to reduced absenteeism, which declined from 40 per cent to 24 per cent after the programme was introduced (MCDSS/PWAS/GTZ, 2005). Headmasters explained this decline as caused by increased spending of beneficiary households on food, soap, clothing and educational materials, which according to them made it possible for pupils to attend school more regularly.

[13] It might be that spending on education increases with the duration of the transfer programme – eg, in South Africa and Namibia, where social protection pensions have been operating for longer, pensions are worth more and make substantial contributions towards children's education costs (Devereux, 2001).

The Meket project in Ethiopia has enabled families to access health care in a timely manner as they have readily available cash and do not have to wait till they sell grain before attending the clinics (Save the Children, 2005). Pensioners in Lesotho spend some of their pension on health services – transport to the clinic, consultation fees and medicines – which is not surprising, given that health status declines with age. Pensioners also use some of the money to pay contributions towards burial societies and funeral costs, as one way of taking this financial pressure off their relatives when they die. A common complaint was that the pension is not enough to meet this broader package of basic needs: *"We can buy food, but not health care."* This complaint could also apply to the health care needs of children in the household.

4.4 Social Consequences of Cash Transfers

Cash transfer programmes can affect the individual's status in the community as well as relations between beneficiaries and non-beneficiaries, including impacts on informal support systems.

Intra-household and gender impacts

How the cash is used is often determined by who receives and controls the transfer. Supporters of food transfers as opposed to cash transfers argue that food can be given to women who cook it and feed their children. They argue that a cash grant is often collected by the male head of household, who might not spend it on the rest of his family. This can be avoided by giving the money to women through the targeting/ delivery mechanisms. Other research indicates that pensions received by grandmothers are more likely to be spent on children. The inherent advantage of a pension – or another transfer that is dependent upon an individual's rather than a household's eligibility – is that both women and men are eligible to collect it. Women also tend to live longer.

Our case studies did not highlight sufficient evidence of intra-household resource allocation. The more general lack of information on intra-household spending/outcomes of cash and other transfers needs to be addressed through monitoring and evaluation systems.

Caring practices

Information about caring practice is only available from the Meket project in Ethiopia (Save the Children, 2005). This assessment of the practices of young mothers who would have been eligible for the unconditional cash element of the project, found that the frequency of feeding of children has increased since the project began. Importantly, women could spend more time with their children as their need to rely on collecting firewood or dung for an income was reduced. As a baby and firewood cannot be carried at the same time, it is common for infants to be separated from their mothers for long periods of time when the women are collecting fuel.

Social status and envy

Social protection programmes have social consequences, as well as impacting on household livelihoods and material well-being. Many of these consequences are positive: social pensioners, for instance, often acquire an increased degree of independence and autonomy, and enjoy more respect from their relatives and neighbours. Although many older people do contribute financially to their families (eg, through their manual labour or caring responsibilities), the pension allows them to be more financially self-reliant and, in some cases, to be less of a burden on their families. This has spill-over benefits to other community members who might then contribute less to support their older relatives – which might indirectly benefit children, if more resources are spent on their needs instead. Another impact is to enhance the social status of older people, as indicated by these pensioners in Lesotho.

> *"Before we were treated as if we were dead."*
>
> *"People now respect me."*
>
> Pension recipients in Lesotho

There might also be negative social consequences. In Lesotho, there have been unsubstantiated rumours that pensioners have become targets for thieves and muggers, and some pensioners reported being afraid of being attacked, especially on pay-days.

Box 11: Exclusion and Resentment in Zambia's Cash Transfer Programme
Some community members asked *"What about us?"* when they heard about the Kalomo Pilot Scheme, complaining that they are also poor *("We are all poor here"),* so it was unfair to exclude them. However, the level of jealousy in Kalomo district appears to be low. Part of the problem is lack of clarity about the criteria for eligibility: many non-beneficiaries interviewed did not understand why their neighbours had been registered on the programme, while they themselves had been excluded. It is very important that eligibility criteria and registration procedures are transparent, and that an information campaign explains these sensitive aspects of the programme to all community members, in order to minimise resentment from ineligible households.

There is always a risk that a targeted programme that transfers free resources to some community members but excludes others will create social tensions, unless it is sensitively handled so as not to give an impression of unfairness. See box 11. This raises a point about targeting. As will be argued below, communities are more likely to accept transfers that are only given to some community members if the targeting criteria are transparent and based on objective proxy indicators of deprivation or vulnerability, such as age, physical disability or illness, orphanhood or widowhood. The criteria in Mozambique's Food Subsidy Programme fit this description. Also, the cash amount transferred "is so small that it doesn't appear to create any social jealousy". Another important factor is that the eligibility criteria appear to be accepted by the communities as robust indicators of vulnerability and need. However, INAS officials were also wary of creating demand that could not be satisfied, given capacity and financial constraints.

The advantage of universal transfers is that they tend to enjoy widespread support, for example, everyone in society stands to benefit from a pension at some point in their life.

Challenging misconceptions of dependency

'Dependency' is a word often associated with social welfare programmes, and the risk of fuelling a 'dependency syndrome' among beneficiaries is an outcome that governments, donors and NGOs are understandably keen to avoid. Any programme that provides free or subsidised resources risks creating dependency – defined as any changes in behaviour induced by the resource transfer that undermine the beneficiary's self-sufficiency.[14] In Africa, it is widely accepted that large distributions of food aid, especially in non-emergency contexts, can undermine farmers' incentives to produce food and traders' incentives to market food – thus making people dependent on further food aid. Cash transfers avoid this form of dependency, but it might also be argued that people who receive free cash are less likely to use their own initiative to look for work and income. How do our case study cash transfer programmes address this dilemma?

In reflecting on this issue, it is important to distinguish between different types of cash transfer programmes that reach different target groups with different needs. Some programmes are designed to provide financial support to groups of people who are vulnerable because they are unable to work – they are labour-constrained because of illness, infirmity or disability. In such cases, rather than *creating* dependency, cash transfers should be seen as a *response* to rising dependency in communities where poverty and food insecurity are chronic, and where HIV and AIDS have raised household dependency ratios and undermined capacity to cope. People who are targeted for Lesotho's pension, Mozambique's food subsidy, and Zambia's social cash transfers are already dependent by definition, and require external assistance to meet their subsistence needs. Being disengaged from the workforce, they are in no position to stop work (or to look for work) once they start receiving a regular cash transfer, so disincentive effects do not arise. For this 'social welfare' caseload, it is anticipated that receipt of the cash transfer probably needs to be permanent, and often no attempt is made to 'graduate' beneficiaries out of the programme. In the Zambian project, beneficiary households are reviewed annually and may graduate out.

A different type of cash transfer programme targets people who are able to work but whose income is so low (either temporarily or chronically) that they need support to maintain a subsistence level of

[14] For example, it is often argued that the availability of unemployment benefits in European social security systems undermines incentives to work.

consumption. This is the thinking behind the Government of Ethiopia's Productive Safety Net Programme, as discussed above, which transfers cash to poor rural households with the aim of breaking the cycle of dependence on food aid, at both national and household levels. Also in Ethiopia, the Meket Project combines a cash grant for the most vulnerable with employment generation schemes, but with a stronger focus on the most vulnerable. This two-pronged approach recognises that some poor people can benefit from labour market opportunities, but that there will always be poor and vulnerable individuals who will require assistance, some of whom (eg, the terminally ill) will never graduate out of poverty and dependence on support. In both cases, there are strong arguments for providing this support in the form of cash. The 'economically inactive poor' have a range of health-related and other expenses, while the 'economically active poor' can invest some of their cash transfers in assets and enterprises.

Two design features of the cash transfer programmes reviewed for this study minimise the risk that they will induce dependency, in the sense of undermining individual incentives to work. Firstly, as noted, most programmes selectively target groups who are vulnerable precisely because they are economically inactive and unable to work. Secondly, in most programmes the value of the cash transfer is too small to meet all of the household's basic consumption needs. Available evidence suggests that even tiny amounts of cash are divided among many people apart from the primary beneficiary, and these other people are usually dependants themselves (such as pensioners' grandchildren). In Mozambique, beneficiaries complain that the food subsidy cash they receive is inadequate and needs to be supplemented from other sources. The challenge facing programme managers is how to set the transfer amount at a level that makes more than a marginal contribution to subsistence, but not so high that it creates any form of dependency. A different type of dependency could occur, for example, if formal cash transfers 'crowd out' informal support systems, and this possibility is considered next.

Informal support systems

The other, related long-running debate in the safety nets and social security literature is whether public transfers 'crowd out' private (informal) transfers, which reduces the net value of the public transfer. This implies that the beneficiary could have survived without this transfer, and that it might distort and undermine traditional values of reciprocity and informal social support. A type of dependency effect could occur when the beneficiary comes to depend on the cash transfer, in the sense that they lose their previous sources of (informal) support. If the transfer programme is withdrawn, and the beneficiary fails to re-establish a relationship with their previous benefactor, he or she might be left worse off than before.

In Lesotho, it is too early to tell whether indications of changing support patterns would lead to 'crowding out'. Extensive research in South Africa on the social pension suggests that this is not the case (Lund, 2002). In Lesotho, one pensioner who previously washed clothes for small amounts of cash complained that people are no longer willing to pay her for this service, since she receives a pension now. In some cases, all family support has ceased, and occasionally these pensioners are expected to increase their financial contribution to household expenses, sometimes reversing the net flow of resources. To the extent that the cash *substitutes* for (rather than *supplements*) private support, its net value to the recipient's livelihood is reduced. There may even be complete substitution, and in extreme cases the recipient could be left worse off than before. On the other hand, if the people providing private transfers are themselves poor, then the injection of cash provides additional support to both poor givers and poor receivers: this is 'good crowding out'. This is particularly the case in areas of high HIV and AIDS where the numbers of chronically ill people and children made vulnerable are stretching informal support systems.

In Zambia, the Kalomo Pilot Scheme has partially substituted for informal support to beneficiary households, but this is regarded by the community as a social good, since it has taken the pressure off them to care for the destitute and give food and cash to beggars. "The community welcomes the scheme because it reduces the overwhelming social burdens and the incidence of begging…There is no evidence that the already weak traditional safety net has been further weakened by the scheme. Neighbours still collect water and firewood for the infirm" (Nabugwere and MacAskill, 2005, p.27).

4.5 Child Protection Concerns

Family structures and fostering systems in east and southern Africa are complex; many families take in children of relatives and/or others for a range of reasons, not least because their parents have died or are critically ill. Families respond to availability of resources. The social pension in Namibia and South Africa is known to have affected household composition, as children are sent to grandparents with pension income to support them, and the number of these ‘missing middle generation’ households rises.

However, a common criticism of social security schemes that are child-oriented (ie, a household/ carer is eligible when a child is living with them) is that they can lead to families taking in more children in an attempt to secure more income from the cash transfer scheme. This is a potentially serious child protection issue.

None of our main case studies targeted children explicitly; three of our four case study programmes (Ethiopia, Zambia and Mozambique) do, however, vary the level of cash transfer payment according to the number of children in the household; Zambia also aims to reach households with very high dependency ratios. The schemes in Lesotho, Zambia and Ethiopia, as well as the pre-pilot that does target children in Kenya, are arguably too new to highlight clear trends of households taking in more children to obtain the transfer. Most of those involved agreed that the Mozambique food subsidy, though it has been in operation for longer, is too small to have this kind of effect.

Some concerns were raised during the research, for example in Lesotho, about children being abused or neglected – being used as domestic labour in return for financial support from relatives. Cases of child exploitation and abuse have been reported in South Africa in households eligible for the Foster Care Grant. It is critical that *all* types of schemes are monitored for this kind of negative effect and actions are taken to ensure that children are protected. In Mozambique’s Food Subsidy Programme and Kenya’s pre-pilot cash subsidy, the cash transfer is linked to support to families and communities from welfare officers and children’s officers respectively.

An additional preventative measure is to reduce the financial incentive. In the Kalomo Scheme, following complaints that the initial fixed payment of ZmK 30,000 per household per month was inadequate for households with children, programme managers considered adding ZmK 5,000 per child, but compromised by adding ZmK 10,000 for households with children, to avoid creating an incentive for households to ‘import’ children in order to maximise their transfer entitlements. The Mozambique cash transfer programme also has a ‘cap’ on the total cash transferred. While the Meket Project adds the same amount of cash for each household member, Peasant Association officials maintain lists of household members in Ethiopian villages, making it difficult for household composition to change in response to incentives such as accessing social protection programmes.

CHAPTER 5. LESSONS LEARNED: DESIGN AND IMPLEMENTATION OF CASH TRANSFER SCHEMES

The success of any transfer programme depends on good design and effective implementation. This chapter considers targeting criteria and procedures; issues around delivery of transfers (general challenges of disbursing large amounts of cash in poor communities, especially remote rural areas), as well as specific delivery mechanisms adopted in our case study countries; and management of cash transfer programmes.

5.1 Targeting Criteria and Procedures

The debate about targeting transfers has two aspects: *whether* to target, and *how* to target. The case for targeting is usually made on cost-effectiveness and equity grounds: with a limited public budget for social transfers, it seems sensible and fair to allocate these transfers to those who need them most. This implies excluding non-needy individuals or households, which raises the problem of *how* to target. The case against targeting is that it is expensive to achieve accurately and can be socially divisive. Wealthier people might also resent paying for programmes (through their taxes) that do not benefit them. For these reasons, a universal transfer programme, reaching an easily identifiable vulnerable group (such as older people or young children), has clear advantages in terms of coverage, administrative simplicity and acceptance.

In practice, many programmes adopt a compromise between narrowly targeted and untargeted (universal) transfers. For instance, Lesotho's Old Age Pension is universal for all citizens over 70. Other programmes, such as the Kalomo Pilot Scheme and Mozambique's Food Subsidy, have a number of complex proxy indicators and means testing procedures to define and identify eligible beneficiaries. Below, we examine alternative approaches to targeting that have been adopted in cash transfer programmes in east and southern Africa.

Proxy indicators and means testing

Successful targeting must be both *technically robust* (accurate) and *socially acceptable*. To satisfy programme administrators, it must correctly identify the intended beneficiaries. To be acceptable to the communities in which beneficiaries live, it must appear fair and must not generate resentment. This aspect is often neglected. In general, communities are more likely to accept an intervention that targets categories of people who face obvious disadvantages: orphans, older people, people with disabilities, people who are chronically ill. Some of these categories are used to define eligibility in our case study cash transfer programmes. However, while these proxy indicators are relatively simple to identify, they are not always robust indicators of economic vulnerability. Much depends on the support these individuals receive from their immediate family, extended family and community. One 11-year-old girl in our Mozambique study defined poverty poignantly, as *"not having any relatives to care for you"*. This is why proxy indicators or vulnerable groups are often qualified by phrases such as 'living alone' or 'without support' (as in 'widows living alone', or 'orphans without support'). Alternatively, as in Mozambique's Food Subsidy Programme and the Kalomo Pilot Scheme, a combination of targeting criteria is used: combining *proxy indicators* (eg, 'household dependency ratio > 300 per cent' in Zambia) with *means testing* (eg, 'no source of income' in Mozambique; 'poorest 10 per cent' in Zambia).

Targeting based on means testing (assessing individual wealth status) presents problems to both administrators and communities. Administrators find it extremely difficult to accurately measure an individual or household's income and wealth, and often lack the administrative capacity to maintain and update information systems to accurately target the poor and vulnerable. Communities, on the other hand, find it hard to accept that the 'ten poorest households' will receive free transfers while the eleventh poorest household will not. This is especially problematic where poverty rates are high, as in rural areas throughout east and southern Africa, so that most people 'should' objectively receive assistance, but because of budget constraints only the 'poorest of the poor' are registered for transfer programmes. This inevitably results in 'exclusion errors' and resentment.

One way around these problems is to complement the cash transfer with other forms of assistance that people can access if they do not fall into the group defined as eligible for the grant. In Ethiopia, a two-pronged approach has evolved over many years, whereby those who can work do public works for food or cash, while those who cannot work (usually not more than 20 per cent of individuals) receive 'gratuitous relief'. This approach, which has been adapted for the Meket Project, makes social protection more comprehensive and the targeting system more socially acceptable. Another way around the targeting problem is to involve communities directly in the identification of beneficiaries (see Box 12).

Community involvement in targeting

'Means testing plus community selection', where communities are asked to decide which of their members are the poorest, and to allocate a limited amount of external resources to them, features to some extent in all the case study schemes except Lesotho, with strong community involvement in Zambia and Ethiopia.

Lessons from these and other experiences in the region show mixed results. Giving communities the responsibility for selecting beneficiaries can be extremely divisive. Community targeting was adopted by the Government of Malawi around the distribution of free fertilizer and seed packages. Some communities rioted over the choices they were required to make; others divided the resources into tiny equal portions for all households; others rejected the packages altogether, complaining they brought too much trouble to their village. Conversely, in the Dedza Safety Nets Pilot Project implemented by an

Box 12: Approaches to Targeting Vulnerable Children in Kenya's Cash Subsidy Project

Whereas the South Africa Child Support Grant uses a more centralised means testing system, the evolving cash subsidy for children affected by HIV and AIDS in Kenya works through district and community processes to identify and prioritise beneficiaries.

- *Who is a child affected by HIV and AIDS for the cash subsidy?* A questionnaire was used to help district and community committees identify those eligible. This identified the poor(est) households, using a community-based definition of poverty, then identified those with the most vulnerable children – many took this to mean (and wanted it to mean) orphans. Sometimes this included children living with an elderly carer (a suggested criterion for the next phase). HIV status was not used in the targeting process to avoid stigma (and due to practical difficulties).
- This combination of a simple locally relevant poverty assessment and an identification of vulnerable children was seen to be important for two main reasons. Firstly, a cash subsidy is an income support measure, and not all children affected by HIV and AIDS are poor. Secondly, those in need of assistance can often be living in households affected by chronic illness, for example, those living with one single parent who is sick.
- *Who is more vulnerable?* Each of the three districts approached the final selection of the beneficiary children differently. One weighted the criteria to ensure all orphans benefited, one randomly selected from within the list of poorest and vulnerable, and one gave preference to younger children and girls.
- This was achieved through district-level Area Advisory Councils (set up to monitor and implement the Children's Act) working in co-ordination with the Children's Department (a department within the Ministry of Home Affairs) who have children's officers at district level. These officers assisted communities to identify children affected by HIV and AIDS, then agreed the list and disbursed funds. Community Development Committees were supported to play a key role in the identification process, and agreement with a broader community meeting was sought for final selections.
- Difficulties were experienced when it came to defining vulnerability and then selecting from a long list of eligible children. A clearer weighting system, with guidance, is being designed for the pilot stage to ensure that a common approach is taken to prioritising the most vulnerable.

NGO in one district of Malawi, communities were also asked to identify beneficiaries for cash transfers or vouchers, but in this case local committees had been mobilised several months in advance of the project and the eligibility criteria were 'categorical indicators' that were clearly visible and accepted as fair by the majority of community members. The latter situation seems to be the case in Ethiopia and Zambia, where the cash transfer schemes enjoy high levels of community support.

There are additional benefits from this approach: it can bring about improved understanding of local needs and vulnerabilities, and stimulation of open discussion of the issues and collective planning for the care of vulnerable children. This was the case in Kenya, where communities played an important role in identifying vulnerable children and verifying the final selection carried out the by Area Advisory Councils and the Children's Department (see Box 12 above).

Experience from all relevant case studies confirms that it is important not to underestimate the time and human resources required for the community-based selection process – and the level of understanding required by those involved. It is also important not to assume that communities function in a particular way, and that any existing community structures automatically represent the poorest. The case studies highlight different approaches to preventing any problems that might arise, including the Kalomo scheme's systems for monitoring who is receiving the transfer, hearing complaints and regularly re-targeting beneficiaries

5.2 Transfers: Cash or Food?

Is cash the most appropriate way to transfer social assistance to the poor and vulnerable? This is a long-running debate in social protection policy,[15] with firmly held views on either side. Lessons learned from Ethiopia, Lesotho, Mozambique and Zambia are summarised in Box 13.

Box 13: Attitudes to Cash Transfers *Versus* Food Aid

Ethiopia

1) On previous 'cash for relief' projects in Meket *woreda,* beneficiaries registered a strong preference for cash transfers rather than food aid, on the grounds that cash allows a wider range of household needs to be met, including costs of schooling and farm inputs.
2) Thoughts on food versus cash varied in Meket, this is common, largely dependent on the availability of food in the markets (Amdissa and Devereux, 2005).

Lesotho

1) There was a strong preference among Lesotho pension recipients for payment in cash rather than food. This is probably a reflection on the highly monetised nature of Lesotho's economy.
2) Concerns were raised that food delivered as transfers would be sold and distort local markets. Some administrators felt that cash transfers could be inflationary, but that this was not a serious risk, given the strength of markets. Vouchers were seen as too complex.
3) Delivering food in Lesotho's mountainous terrain is more costly and difficult than delivering cash. Even with cash, a helicopter has been needed to reach isolated areas.

Mozambique

1) A group of secondary school girls highlighted the advantages of giving money as "sometimes adults have to sell rations in order to pay off small loans they have taken to pay for emergencies such as transport costs to medical centres".
2) When the programme was designed, beneficiaries of the Food Subsidy Programme were supposed to be "extremely food insecure", ie, "consuming only 60% of their minimum caloric requirements". Programme designers argued that: "inadequate consumption in urban areas is principally due to lack of purchasing power and therefore, a cash transfer was judged to be the appropriate intervention".

[15] Amartya Sen has argued that, where food markets are relatively well functioning, boosting household entitlement to food by providing 'cash aid' is a more efficient way of delivering assistance than providing 'food aid'. In effect, INAS in Mozambique follows that principle, as do most unconditional cash transfer programmes.

3) The 2004 Mozambique vulnerability assessment advocated cash transfer programmes in rural areas with production surpluses and food insecure households, to boost purchasing power in poor families and incentivise farmers to continue producing surpluses.

Zambia

1) Cash is preferred by most programme beneficiaries in Kalomo district, mainly because it gives them more choices than transfers in kind.
2) The cash transfer does not take seasonal price variations into account. This means that its value can vary from month to month, so that beneficiaries can buy less food when prices are high, during the annual hungry season, and more food when prices are low, after the harvest.
3) Cash also generates demand for goods and services and therefore strengthens markets, rather than creating disincentives to traders and producers, which should ultimately result in markets becoming integrated over both space and time, until price seasonality disappears.

5.3 Delivering Cash Transfers: Challenges and Mechanisms

Methods of delivery

Methods of delivering cash transfers to beneficiaries vary according to the context. In Lesotho, the cash is distributed through a well-developed network of post offices in rural settlements as well as urban areas, and pensioners collect their money using pension books that include their photograph. In Zambia, project beneficiaries located nearer the centre open bank accounts where their money is deposited. In Ethiopia, by contrast, no formal financial institutions exist in rural areas and people do not have personal documents or photographs, so cash is handed out in markets or at roadsides, where the names of beneficiaries are publicly announced and claimants are verified by designated observers. In other countries, such as Namibia and South Africa and outside Africa, technological advancements (eg biometrics, mobile automated teller machines, transferring cash via mobile phones etc) are being developed for transfer delivery.

Security concerns associated with moving substantial amounts of cash around rural areas means that armed security guards are needed to accompany the money. In South Africa and Namibia, private security firms are contracted to provide protection for the distribution of the social pension, but in Lesotho, the army and the police perform this service. In Zambia, the use of banks means that funds are transferred electronically, thereby by-passing the problem of securing physical cash although some cash still is taken to outlying pay points.

Box 14: Challenges of Delivering Cash Transfers in Rural Environments

Any country where financial services are not well developed faces challenges delivering and handling cash transfers to large numbers of rural residents. In Ethiopia, despite a harsh topography, decades of experience in delivering food aid has created an extensive network of trucking routes, warehouses and depots which suggests that delivering cash should be relatively simple – or at least that there are lessons for cash transfer programmes to learn from the logistics of food aid distribution. But cash poses a different set of logistical and management challenges.

For one thing, rural banks in Ethiopia are reluctant to handle monies disbursed to poor people under safety net programmes, because the amounts involved are too trivial to set up individual accounts for all beneficiaries, most of whom are illiterate and have never had any exposure to formal institutions such as banks. (The Zambian experience might be useful for Ethiopia to draw on here, since the Kalomo Pilot Scheme was used as a way of improving poor people's access to banking services.)

Secondly, security considerations inevitably arise when large quantities of cash are moved around in remote areas. Parts of Ethiopia are heavily militarised, with demobilised soldiers, militia and bandits carrying weapons that could be used to attack and rob trucks carrying cash. NGOs such as Save the Children UK who are engaged in cash transfer programmes face problems in transporting this cash, because they have a policy of not carrying armed personnel in their vehicles. One solution adopted in the Meket Livelihoods Project is for government vehicles to be used to transport the cash, so that armed guards can accompany the money.

The following four boxes describe the mechanics of the cash transfer delivery system in each of our country case study programmes. It is striking how in each case solutions have been found that are appropriate to local conditions.

Box 15a: Delivering Old Age Pensions in Lesotho

The draft ‘Policy Framework on Old Age Pension Scheme’ in Lesotho stated that a payment method would be found “that minimises the costs both to the recipients and Government”. Post offices were selected for disbursing the funds, because of their wide spread across the country. Each month, the Ministry of Finance deposits the pension funds into the Post Office bank account at the Central Bank in Maseru. Post Office officials withdraw the money and distribute it to 291 pay points throughout the country. The Lesotho Defence Force and the Lesotho Mountain Police accompany these officials to ensure security. In some mountainous areas where there are no roads, the pension is distributed by helicopter.

Pensioners collect their money by going to their designated local post office with their pension book, which includes a photograph for identification purposes. After their name and identity are verified, the Post Office teller pays out M150, and the pensioner signs (or thumbprints) the pension book to acknowledge receipt. In cases where the pensioner sends a delegate on their behalf, a photograph of the delegate must be included in the pension book and a letter of verification must be produced, signed by the local chief.

This programme is in the early stages of delivery (it had only been running for six months at the time of this research). Some pensioners complained about the current irregularity of payments, and found it particularly frustrating that they sometimes spend hours walking (or paying for transport) to the post office only to be told that the pension has not yet arrived. Other schemes face similar problems – it is certainly not specific to a pension.

Box 15b: Delivering Cash Transfers in Kalomo District, Zambia

Two delivery mechanisms are used to disburse cash transfers to beneficiaries of the Kalomo District Social Cash Transfer Pilot Scheme. Beneficiaries living within 15km of Kalomo Town, the district capital, are advised on how to open bank accounts at the Kalomo branch of Finance Bank. About one-third of project participants have done so. Every month, money is paid into these accounts and beneficiaries draw out the money as and when they choose to do so.

For beneficiaries living further than 15km from Kalomo Town, 19 pay points have been established at rural health centres and schools, and a pay-point manager collects the money from town each month and distributes it to beneficiaries in the vicinity. For those unable to collect their money in person, designated delegates are authorised to receive the money on their behalf.

Box 15c: Delivering Cash Transfers in Rural Ethiopia: The Meket Project

In Ethiopia, problems of illiteracy and lack of documentation (eg, personal identification) among rural populations have been circumvented using several innovative tactics. Cash payments on the Meket Livelihoods Development Project, for example, are made using the following procedure. Firstly, beneficiaries gather by the roadside or at a market on a day when they have been told payments will be made. When the distribution team arrives, a team member (usually a *woreda* official) calls out names in groups of ten, and gives the list to the first person called. People queue up to ‘sign’, usually by making a fingerprint or thumbprint on the list. Fingerprints are used as signatures for two reasons. First, most beneficiaries are illiterate. Second, it serves as a control mechanism to prevent individuals from coming back to try to claim twice, since their fingers are stained with ink. After all ten people on the list have ‘signed’, payment is made: the first person on the list takes the money for all ten, each is told how much is due to him or her, and the money is shared out accordingly.

Observers are important elements of this system. Since beneficiaries typically do not have any form of identification, observers are there to ensure the right person receives the cash. These observers include Peasant Association officials and community elders, who know most community members personally. A further complication arises in cases where beneficiaries delegate someone in advance to collect the money for them. Again, the observers are there to ensure that the right delegate is receiving the cash. The public nature of the process and the presence of observers from the local community contribute to ensuring that errors and opportunities for corruption are minimised.

Box 15d: Delivering Cash Transfers in Urban Mozambique
In each urban centre of Mozambique, the money needed to pay all registered beneficiaries of the INAS Food Subsidy Programme is deposited into a dedicated bank account and withdrawn each month by local INAS officials, under police escort. Distribution occurs at various pay points (*posto de pagamento)* around town – sometimes these are under a tree in the open air. No pay point should be further than 30 minutes' walk from a beneficiary's home. Official identity documents (including birth certificates to verify age) must be produced, firstly to enrol on the INAS programme and secondly to collect benefits. Where necessary, INAS officials assist applicants to obtain these documents, including getting photographs taken and completing the forms. Beneficiaries reported no problems with the delivery procedure. Payments are usually made on the same day each month, and waiting times range from under half an hour to two hours but can take longer. This regularity and predictability is appreciated by beneficiaries, who pointed out that they depend on the money and that it helps them to plan their spending if they know the money is definitely coming on a certain day.

5.4 Management of the Systems

Capacity issues

Government capacity to run national programmes is often limited, and there are real challenges in overcoming capacity constraints. Many government-run cash transfer programmes suffer from being institutionally located in weaker government ministries and departments (eg the Department of Social Welfare in Lesotho, and the Ministry for Women and Social Action in Mozambique). This undermines their effectiveness in two ways: first, they lack management and administrative capacity (to put it crudely, the most capable administrators tend to gravitate towards higher-profile, more prestigious parts of government); and second, their bargaining power within government is low, so they have problems increasing or even maintaining their budget with the Ministry of Finance. In Mozambique, the Ministry for Women and Social Action (MMAS) is one of the weakest ministries. "MMAS's weaknesses, combined with published reports of the lack of transparent management in INAS in 2003 have indirectly limited INAS's ability to raise funds from the State Budget, which is its sole source of funding for the food subsidy programme" (Mozambique report).

Leakage

Corruption and 'leakages' are a consequence of weak management. Successful programmes are well-managed ones, and effective management requires budgeting for personnel, training and institution building. Apart from being good practice in itself, there is an important argument related to 'political sustainability'. When social welfare programmes become tainted with corruption scandals, they rapidly lose political support, both from the wealthier citizens whose taxes are funding the programme and from political elites. It would be most unfortunate if the current trend towards introducing unconditional cash transfers as a form of social welfare across Africa were to be undermined by corruption scandals that weaken their effectiveness and cause political support from governments and international donors to evaporate. These transfers should be considered a lifelong right of citizenship, not a time-bound project.

Three of our four case study programmes have been operational for less than two years, and only the longer running Mozambique Food Subsidy Programme has suffered problems with corruption and fraud. Its predecessor (GAPVU) was closed down in 1997 because of corruption. It should not be assumed that this is inevitable in all longer-running programmes (or necessarily any greater in cash-based social protection than other public sector activities), but it is vital to build risk management into any scheme. The collapse of GAPVU was at least partly because it aimed to maximise the 'alpha-ratio' (the proportion of total budget transferred directly to beneficiaries) by cutting back on management. This resulted in a lack of monitoring and cross-checking, inadequate supervision, no financial controls, and opportunities for corruption on a grand scale which went undetected until it was too late. GAPVU was relaunched as INAS, which was supposed to redress GAPVU's failings by introducing financial audits, greater transparency and public accountability. Information and monitoring systems were upgraded. INAS has also faced allegations of corruption and mis-spending of funds in recent years and continues to improve its systems (eg, with the production of clear guidelines). The long-standing social pension schemes in South Africa and Namibia have also experienced corruption and fraud scandals that Lesotho will do well to avoid. Already there are anecdotal reports in the Lesotho scheme of unreported deaths, 'ghost' beneficiaries, money going missing, and so on. There are important lessons to be learnt by the new generation of cash transfer programmes about how corruption might creep into long-running schemes, and how it can be dealt with once it has been detected.

5.5 Cost-effectiveness

Regular transfers cost a lot more than one-off payments, so issues of affordability and cost-effectiveness become important considerations. The costs of implementing cash transfer programmes include the payment itself (multiplied by the number of beneficiaries and the frequency of delivery), administrative personnel (salaries and expenses), transport (vehicles, fuel, maintenance), handling costs (bank charges, security guards) and office equipment (stationery, computers). Since one objective of these programmes is to maximise transfers to beneficiaries, managers often face pressure to minimise 'overheads', by keeping operating costs as low as possible.

Projects funded by donors and NGOs are usually fully costed, so it is fairly straightforward to calculate the total costs and unit costs per beneficiary. It is less straightforward to calculate the full costs of government-run programmes, since their personnel and administration costs are usually incorporated into normal government functions. The total cost per annum of Zambia's Pilot Social Cash Transfer Scheme, which reaches 1,027 households, is US$ 110,916, including US$ 90 per household as direct transfers plus US$ 18 for administrative costs (so the alpha-ratio is 83 per cent). Capacity development, monitoring and evaluation are not included in this calculation, but would add US$ 24–36 per household, for a maximum cost of US$ 144 per household and a total budget of under US$ 150,000 per year. If the scheme was extended to all 200,000 destitute households in Zambia, the annual costs would amount to US$ 22–26 million, depending on capacity development requirements. This is equivalent to 5 per cent of annual foreign aid inflows, or 0.5 per cent of Zambia's GDP, so social cash transfers must be considered affordable, especially if the government and donors share the costs.

Since the main cost of any transfer programme is the transfer itself, costs can be kept low if the payment is low, beneficiaries are few, or the transfer is delivered infrequently. Lesotho's Old Age Pension is restricted to citizens over 70 years old, and currently transfers M 117 million to 65,000 people, equivalent to 1.4 per cent of GDP – in line with the costs of social pensions in other countries. Lowering the age eligibility threshold to 65 would reach 114,000 citizens, but would raise the programme costs to M 205 million, or 2.5 per cent of GDP. Mozambique's Food Subsidy Programme transfers tiny amounts of cash, and could achieve bigger impacts by raising the payment level. Both these government-funded programmes are affordable because costs are low, but the consequence is that their coverage and impacts are limited.

Data from our Mozambique case study indicate that cash transfers are generally cheaper to deliver than food aid. According to WFP's Country Programme for Mozambique (2002-06)[16], it costs WFP US$ 23 to provide 63kg of maize per beneficiary per year (worth between Mzm 186,325 and Mzm 310,541, depending on the retail price of maize). It costs INAS US$ 66 to provide beneficiaries in Quelimane with Mzm 840,000 per year, which will purchase 168-280kg of maize. In comparative terms, it costs WFP US$ 0.37 to provide one kilogram of maize, while INAS beneficiaries can purchase one kilogram of maize for US$ 0.24 when the price is low and US$ 0.39 when the price is high (Collier and MacAskill, 2005).

Although more detailed work is needed into the full costs, cost-effectiveness and fiduciary risk of cash transfer programmes, the evidence from this review suggests that concerns about their 'unaffordability' or 'fiscal unsustainability' may be overstated. As the Government of Lesotho demonstrated by introducing a social pension against IMF advice, whether any public social transfer programme is feasible is a political choice, not purely a financial calculation.

---

[16] Source www.wfp.org.

CHAPTER 6. MAKING CASH TRANSFERS WORK FOR CHILDREN

This study demonstrates that unconditional cash transfers are spent on basic needs for children and others within the household, but further work is required to quantify this impact. It supports the findings of other (limited) research on the spending of cash in the region and elsewhere (eg, studies of social pensions in southern Africa), which conclude that cash is an effective form of transfer. It provides evidence to make the case for unconditional cash transfers reaching children, to complement studies of the importance of conditional cash transfers in, for example, Latin America.[17] It indicates that regular, predictable cash schemes *are* worth taking seriously as a feasible option in low-income countries.

In this chapter we review programming approaches and make recommendations – based on case studies as well as the scoping survey – on ways to maximise the impact of cash transfers on children (these should be read together with recommendations made in the final chapter that deals with effective management, at scale). We are not recommending a blueprint model of programmes or packages: this report is designed to generate debate at international, regional, and most importantly, national level about which interventions will be most effective in any given social, political and economic context.

6.1 Do You Have to Target Children to Reach Them?

Evidence from the case studies strongly suggests that a scheme does not have to target children, including vulnerable children, in order to reach them and for the scheme to have positive impacts on their well-being. It should be noted that we are not quantifying impacts to compare one approach with another, and that without detailed intra-household data it is very difficult to see whether children taken into relatives' or others' households benefit in the same way that other children in the household might.

By targeting the poorest people and households, you reach vulnerable children, especially where targeting criteria make provisions for children within the households. In Zambia, where the scheme aims to reach households with high dependency ratios, 61 per cent of the 3,856 household members of 1,027 beneficiary households of the Kalomo pilot were children, 71 per cent of whom were orphans (MCDSS/PWAS/GTZ, 2005). Also, 6 per cent of beneficiaries are child-headed households. These children are more likely to be vulnerable, because most of the heads of household where they live are female (66 per cent), and/or an older person (54 per cent), and/or affected by AIDS (54 per cent). Only 3 per cent of members of these households were economically active adults (19-64 years old), meaning that most of the 2,350 children were living in households where no-one was able to take care of their material needs. "In terms of intra-household distribution, it has been reported that all household members benefit equally from the expenditure on food."

The INAS Food Subsidy Programme in Mozambique makes no mention of children among its target groups or eligibility criteria, and the value of the transfer has already been noted to be too small to impact significantly on child well-being. Nonetheless, it does reach children in several ways, including: (1) the value of the transfer rises with household size, reflecting the higher living costs facing households with several dependants; and (2) chronically sick household heads are a target group, and INAS officials "actively seek out elderly people looking after AIDS orphans" and encourage them to register for the programme. "INAS itself counts the number of dependants as indirect beneficiaries." There is still evidence from our fieldwork of spending on children. All household members consume food and groceries purchased by the household head, so any child living with an INAS recipient has a

[17] Again, comparative studies of conditional and unconditional transfers operating in the same areas would allow a comparison of the two.

chance of benefiting from this boost to spending and consumption, recognising that food allocations to children, particularly certain children, can still be insufficient. Moreover, some items that are partly or wholly purchased with INAS income are exclusively for children: school uniforms, for instance.

In Lesotho, as documented in the previous sections, children clearly benefit from the pension scheme despite the fact that this is not a stated intention (although in practice in a country with such high rates of HIV, the government and others are likely to recognise the role pensioners play as carers).

Targeting of other groups, be they older people, the chronically ill or poor households, are important strategies in their own right. Two major issues for reaching children through broader schemes are:

- ***Continued access.*** For how long can children rely on that support before the pensioner dies (recalling that in Lesotho pensioners are aged 70 or over)? What happens if another carer (eg a parent accessing the grant) dies? And after that, is there a different transfer they can access?
- ***Exclusion.*** This is an issue facing any scheme that does not explicitly aim to target children (and therefore does not assess whether they are reaching all those who should benefit from the scheme).[18] Some categories of vulnerable children do not have adult carers who can access grants (eg, child-headed households, street children). Many more vulnerable children live in the poorest households with parents and other guardians who would not qualify for a transfer aimed at older people or the chronically ill. How many poor and vulnerable children have relatives aged 70 or over who are able to offer them support? In Lesotho, for example, the point was made that the burden of care is extremely heavy on single mothers and young to middle-aged widows (those under 70 years old), but no provision is made to assist them, making a strong case for the government's plan to reduce the age criteria for the social pension. Targeting and programme design must be based on an analysis of the burden of care of children in the context of high rates of HIV and AIDS.

Exclusion of poor children is a particular concern facing highly-targeted schemes in areas where poverty is so widespread that, arguably, a universal transfer would be more appropriate.

Box 16: Targeting Children Affected by HIV and AIDS: Preliminary Lessons from Kenya[19]

It is too early to make concrete statements, particularly without detailed information on intra-household spending, but experience to date in the Kenyan pre-pilot scheme indicates that the transfers have been spent on the vulnerable children targeted. In the sample, 75 per cent of the beneficiaries of the pre-pilot scheme were orphans, 25 per cent vulnerable children, and the targeting approach included a simple assessment of poverty. Children showed off their new school uniforms and reported their recent (re-)entry into school; households told of increased spending on food, clothing, shoes, medical expenses (including antiretrovirals for children and adults) and minor household purchases. Children were pleased to be "sharing with their peers" again. Communities, who were concerned that some children were being treated like second-class citizens within households, are keen for the pilot to continue to target children affected by HIV and AIDS and even to make the transfer conditional upon their access to services and their well-being.

There are two main, potentially serious, concerns that the Kenya scheme is aware of:

- *Equity and exclusion issues*. It was reported that other children in the households seemed to have benefited as well in the Kenyan pre-pilot review and the programme does attempt to support other interventions that reach different children through CBOs (though there is still some way to go). However, this kind of targeting leads to concerns that these children receive different types of economic assistance at the expense of other extremely poor (or possibly even poorer) children – some within the household, others in other households, as has happened in Swaziland.
- *Stigma.* The social consequences of targeting particular children (particular households) as not just the poorest but also affected by HIV and AIDS (even though HIV status is not a criterion for involvement in the programme) is also a potential problem that the programme managers are aware of, and are monitoring. The Head of Protection at UNICEF Kenya suggested that in the context of ever-increasing rates of HIV and AIDS, now affecting the majority of Kenyan families in some way, the issue of stigmatising children by identifying those made vulnerable through HIV seemed not to be a major issue in the small sample covered (this would be context-specific}.

There were also no signs as yet of households taking children in, in order to qualify for the transfer, but it is early days: the transfer has been fixed to KSh.1,000 (ie, a maximum of two children can benefit) to try to prevent this happening.

---

18 This is not exclusion error per se, as the schemes are not setting out to reach vulnerable children in the first place.

19 It is too early to draw conclusions. Also, research draws on the write-up from the national review workshop and discussions with the UNICEF child protection officer – this needs more independent assessment.

6.2 Do Transfers Have to be Conditional to Benefit Children?

The positive outcomes for children that have been recorded where conditional cash transfers are in operation are certainly worth noting. This study focused on unconditional transfers rather than comparing unconditional cash transfers with conditional ones. Several points can still be made.

Unconditional transfers can and do have positive effects on children's well-being. It will be possible to quantify and analyse this impact in more depth the longer the schemes are in operation, and as more rigorous evaluations are carried out. The largely qualitative research carried out for this study was sufficient to indicate a positive effect. It supports other research that highlights the positive impact of unconditional transfers on tackling child poverty, (for example, Barrientos and DeJong, 2004, analysing the impact of unconditional transfers in South Africa and transition countries, and Devereux, 2001, considering the impact of social pensions in southern Africa). As a point of principle, many people, including those managing the schemes in Lesotho and Zambia, are adamant that no conditions should be placed on cash transfers.

> *"People know what's best for them."*

Sometimes, however, it is politically and socially more acceptable for transfers to be conditional. In Kenya, UNICEF reports that the beneficiary communities requested conditions to try to ensure some children "are no longer treated like second-class citizens".

Others note that conditions can be problematic[20]. Monitoring the fulfilment of conditions introduces significant administrative requirements. While linking the cash transfer with the delivery of basic services for vulnerable children and their carers or families has been shown to be very beneficial in Latin America, in east and southern Africa many governments are not able to provide the quality services that children and their families require in all areas. Investing in upgrading the accessibility and quality of schools and clinics in many areas is an essential prerequisite for making it compulsory for poor people to use these services. Therefore, although we recognise the success of conditional schemes elsewhere, we are not advocating that punitive conditions be attached to all schemes in east and southern Africa, linked to attendance at key services or well-being outcomes. There is a stronger case for a conditional transfer if the services are provided, and are of a reasonable quality, and if the recipients are found, through monitoring, to be not investing in all of their children's well-being (including any 'adopted' children).

This is not to say that linking cash transfers to child wellbeing outcomes and human capital development is not important. Cash transfers can be linked to enhanced children's well-being in other ways. Upgrading the accessibility and quality of basic services can be partly achieved through explicitly encouraging governments to prioritise these investments. More directly, it could be done by promoting the linkage between the cash transfer and services at the pay-point through co-ordinating pay-days with immunisation, health and education services, and birth/child/family registration sessions. In Zambia's Kalomo district, recipients asked for *"advice on how money could be invested".* Training and information dissemination could be fairly informal and low-level, but could extend to a variety of issues, including financial management, HIV prevention, nutrition education and other topics that would support the well-being of beneficiaries and their dependants, if done well. Ensuring that children are indeed benefiting from an unconditional transfer requires a basic but adequate monitoring system – this should include a consideration of intra-household spending and link to a response mechanism that responds to cases of misuse.[21] The strong case for a 'package' of social protection is made in section 7.3.

[20] See, for example, Ayala Consulting, 2003.

[21] 'Misuse' is also subjective. Is the purchase of a goat that provides milk and can be sold in a time of hardship, preventing the family needing to send their child out to work to contribute to income, pro-child spending or not? Any conditions should be related to child outcomes rather than priority spending allocations.

6.3 Some General Recommendations to Increase the Positive Impact on Vulnerable Children

Value and regularity of transfer

"MVC have a right to basic education and health care, as well as sufficient food. The cash transfer is not sufficient to meet all the needs of MVC registered on the programme… Throughout the study, the majority of people interviewed advocated for either an increase in the amount of cash provided or additional types of support to meet other needs" (Zambia report, p.31). Payment should not be set at some arbitrary level, but should be related to the cost of a basic basket of goods and services, including food items and basic services (education, health care, water). Payments to households should ideally be proportionate to household size, eg, by adding a fixed amount for each child. One proviso: this could result in distortions as children are sent to beneficiary households; Zambia and Mozambique schemes cap the increases, Zambia in as simple a way as possible so as to reduce the complexity of design.

Payment levels should be index-linked, so that payments are adjusted automatically (every six months or once each year) in line with price variations, especially of food staples. This also avoids the problem of weak ministries having to negotiate for increases with the Ministry of Finance, resulting in payment levels stagnating for years. There might be a need to vary the value of the payment geographically as well as seasonally over a period of years. Throughout, the trade-off is between maximum intended impact and simplicity for sustainable management. The aim is a regular and predictable transfer.

Enabling access

Any scheme must be accessible to the poorest and most vulnerable, including children where appropriate. This means ensuring that the poorest households and individuals can access the scheme wherever they live – including remote rural areas – by finding (and making secure) pay points, eg in schools, clinics, or village communal areas. Transferring cash through banks and post office branches can be an important method, and is discussed further in Chapter 7. Access is a particular issue for child-headed households who are often excluded from receiving grants because they are under 18 – and are not usually permitted to open a bank account.

It is important to ensure that all children who are entitled to benefit (either as a child whose carer is eligible for the grant or as a dependant that increases the size of grant available to the household) are registered to access the transfer. Governments and others need to build on work already started to provide children and families with the necessary documentation to secure access to their entitlements.

Is cash always the right intervention for children?

Not necessarily! There may be occasions when in-kind transfers are more appropriate. Although imported food aid in particular is less cost-effective, sometimes food is more appropriate, when there is little grain or other food available on the market – or when the market is not functioning well - and when it is judged to be inappropriate to try and stimulate the market with injections of cash. If households are using cash to pay for education fees, then it is likely to be more effective to remove user fees. This is an important social protection mechanism in its own right for ensuring access to school for all children, although the removal of user fees alone will not remove all the costs of education. The same is true for health care: it is particularly important that children infected and affected by HIV and AIDS have access to the public health services that are vital for their survival and development, preferably treatment for both opportunistic infections and including antiretroviral drugs (ARVs). Cash cannot be seen as a panacea for all problems. For a vulnerable child affected by HIV, for example, a range of interventions are often needed across different sectors, including health care and psycho-social support; cash is effective for addressing their (income/economic) poverty that results in broader well-being outcomes as part of that range of interventions.

National (and local) information systems and monitoring systems

Information and monitoring systems are required to:

- track who is benefiting from a particular cash transfer scheme (and how) and who is not

- track the situation of children across the area/country, noting which children are vulnerable (and to what), and track the burden of care-giving (by age and status of carer)
- reduce overlap and gaps in social protection provision for children and others
- disaggregate all information by age (eg, infants, younger children, primary school-aged, secondary school-aged, young people as well as younger and older adults), gender and wealth. Each of these age cohorts has different needs: for pre-schoolers (0-5) the priority issues might be nutrition, health and sanitation; for primary school-aged children (6-11) ensuring access to good quality education is vital; for youth (12-17) the focus might shift towards vocational training and related support for entering the workforce. Data collected on cash transfer programmes (or any child-focused social protection programme) should report on children as disaggregated groups, for this reason
- track, and make available, data on cost-effectiveness.

6.4 Key Programming Approaches for Reaching MVC

Three sets of approaches are outlined here: a universal social pension, cash transfers to the poorest households, and transfers to households with children or carers of children – either universal or means tested. Targeted transfers explicitly for the care of MVC are included in the last category. Two important points that influence our approach are:

(1) That unconditional cash transfers are an economic intervention to support family incomes that are most effective for the *economically vulnerable* (the poorest) – ie, children affected by HIV and AIDS in a context of chronic poverty.

(2) Our generally preferred approach is one of broad poverty reduction rather than highly targeted schemes.

We are not suggesting the follow as either/or options but as considerations during decision making about social protection measures.

Universal social pension (eg Lesotho Old Age Pension)

Supporting a universal pension is an important strategy for reaching vulnerable children because large numbers of children, particularly orphans, live with grandparents, and older people play an important caring role in nursing chronically ill parents and/or children. The pension is a simple, often very cost-effective, scheme because it is targeted at a universally identifiable group without the costly administrative problems of means testing. A government-run universal pension, once in place, is arguably also more difficult to remove and is politically attractive (Lesotho's Old Age Pension was in the government's election manifesto.

A scheme could maximise impact on vulnerable children by:
- increasing the value to recognise, where possible, that the pension is not just covering an older person's needs but is making a significant contribution to the costs of caring. This could be achieved by adding an allowance for dependants
- lowering the eligible age to ensure that as many older carers as possible can benefit from the scheme
- investing in information systems that allow identification of other poor and vulnerable children (including orphans) living in families without an older person eligible for the pension, for whom alternative social protection mechanisms would be required. This scheme should also enable local child protection/welfare officers to identify children in households where an older carer has died and ensure that they continue to be cared for/supported financially.

Transfer to the poorest households (eg INAS food subsidy, Kalomo Pilot Scheme, Meket Livelihoods Development Project)

Supporting a cash grant to the poorest households is an important strategy for reaching vulnerable children, because it should reach the poorest children (including orphans and other children in the poorest households) with an intervention that is effective for supporting those with low incomes (ie, not all orphans are poor). The eligibility criteria often include households caring for children, with high dependency ratios. These broader transfers can secure both political and financial support from those in a position to provide this support to different vulnerable groups.

A scheme could maximise impact on vulnerable children by:

- applying eligibility criteria that include households with a large number of children (eg, high dependency ratio, as in Zambia)
- increasing the value of the transfer to enable families to cover children's needs aside from than basic food requirements
- supporting the registration of births/children to enable them to be included as dependants
- developing information systems that track the well-being of children in households that benefit from the scheme, and those that are 'excluded' from the scheme, and adapting the programme or complementing the scheme with other activities, to ensure that the most vulnerable people benefit.

The following reflections on child-oriented schemes draw on available documentation and the schemes in South Africa, Kenya and Tanzania. For these schemes, some possible negative aspects are also highlighted, so that a child-focused agency such as UNICEF is aware of the trade-offs involved.

All (poor) children through a child support grant

There are three levels of this option to consider. The first two both take a broader approach to reaching the most vulnerable children.

(1) **A universal child support grant.** A universal child benefit, for the under 3s, under 5s, under 7s, under 13s and under 16s, is in operation in many transition countries as well as Europe, for example, in the UK.

(2) **A means-tested child support grant** that reaches children in the poorest households. In South Africa, the child support grant is for children aged below 13 in households below a certain income.

(3) **A cash transfer aimed at a particular group of vulnerable children within the community**, eg those more directly affected by HIV and AIDS (including orphans, those living with chronically ill carers, and others).

Supporting a universal, child-oriented cash grant is an important strategy for reaching vulnerable children because it is a simple, often very cost-effective scheme, targeted at a universally identifiable group without the more costly administrative problems of means testing or targeting 'vulnerable children'. Similar to a pension that anyone can benefit from at one point in their life, a government-run universal child benefit could help most households and, once in place, is arguably more difficult to remove. A means-tested child support grant would cover all children most in need of an income support grant. A scheme focused on particular groups of vulnerable children – so long as they are economically vulnerable – can have the advantage of being clearly focused on those most in need of income support.

Some issues to be aware of:

- For targeted schemes of in-kind and cash assistance, the process of identification and then the status of being seen as an MVC has, in many situations, led to discrimination.
- Schemes targeted at individual MVC within households could lead to inequities between the children within a household or within a community.
- The process of identifying who is an MVC/child affected by HIV and deciding who is more vulnerable can be difficult when definitions of MVC are broad and vary from place to place.
- It might be possible (even desirable) to target all children in a particular age group, for instance, under 3s or under 5s, who are particularly vulnerable to ill-health. The case for a universal transfer is even stronger in a context where HIV and AIDS and chronic poverty affect a large proportion of the population. Again, this makes the case for programme design based on an analysis of the situation of vulnerable children and their households.
- Child-oriented grants are, in theory, supposed to move with the child beneficiaries if they move households. Experience also from South Africa suggests there are problems with this assumption.

Maximising the impact on vulnerable children *and* ensuring well-managed, sustainable transfer programmes that can reach the increasing numbers of vulnerable children in the east and southern Africa region is important. The final chapter of this report considers issues related to ensuring that cash transfer schemes are sustainable and reach as many beneficiaries as possible.

CHAPTER 7. MAKING CASH COUNT

The scale and urgency of the need to address the effects of the HIV pandemic, chronic poverty and food insecurity across the east and southern Africa region require effective social protection programmes that reach as many vulnerable people as possible, as soon as possible. This sense of urgency is evident in the current level of donor interest in social protection in general, and in cash transfers in particular. While this interest is to be welcomed, a number of challenges lie ahead, some of which are considered in this chapter. These challenges include: 'going to scale', the importance of investing in management, the importance of complementary policies, the benefits of partnerships, the need to institutionalise programmes in government, and the need to recognise cash transfers as a 'social contract' or citizenship right.

7.1 Going to Scale

Some of the cash transfer programmes reviewed in this study are operational in defined localities (typically a district or sub-district), whereas others cover the entire country. The methods of and constraints involved in 'going to scale' (scaling up from local to national coverage, and institutionalising the transfer) are important considerations when assessing the feasibility of increasing the outreach and beneficiaries of a scheme. Significant costs are involved in going to scale, but these are not necessarily prohibitive.

Models for scaling up

Two of our case study programmes, the Old Age Pension in Lesotho and the Food Subsidy Programme in Mozambique, went to scale immediately. Even in these cases, however, there is scope for bringing in more people by extending their outreach. Our two other case studies, the Meket Project in Ethiopia and the Kalomo Pilot Scheme in Zambia, are locality-based, but there is great interest in replicating and scaling up the Zambia pilot project, and one objective of the Meket Project is to contribute to an improved design and implementation of the Government of Ethiopia's national Productive Safety Net Programme.

Some of the different approaches and options for scaling up are:

- ***Ethiopia**:* The Meket Project is a sub-district NGO pilot that aims to engage with and influence a national scheme – the government's Productive Safety Net Programme.

- ***Kenya**:* The Cash Subsidy pre-pilot has limited coverage in three districts, but in the pilot phase will increase coverage in these districts and, if current plans are achieved, would ultimately scale up to national level through the Children's Department and other structures.

- ***Lesotho**:* The Old Age Pension already covers the entire country, but only those over 70 or over are eligible; so outreach could be extended by lowering the age threshold to 65 or even to 60 years of age.

- ***Mozambique**:* The government's Food Subsidy Programme is currently confined to urban and peri-urban areas, but there are plans to extend its outreach to rural communities in the near future. This planned expansion raises a new set of challenges (see Box 17 below).

- ***Zambia**:* The Kalomo Pilot Scheme started in two agricultural zones, and will be replicated in other districts by government working with partners, including NGOs.

Box 17: Going to Scale in Mozambique
Mozambique's Food Subsidy Programme is a national programme but with a limited outreach, as it currently covers all urban and peri-urban areas, but no rural areas. This has the advantage of keeping costs down, both by restricting the numbers of beneficiaries and by keeping delivery costs low, given the fragmented nature of Mozambique's rural roads and transport infrastructure. On the other hand, this 'urban bias' means that vulnerable families and children in rural areas do not benefit from the programme. The government intends to expand the programme into rural areas, but this would require a large increase in the programme budget, which requires political commitment as well as additional funding, and would introduce new administrative complexities that could threaten to undermine the achievements of the programme to date. The ministry that implements the Food Subsidy Programme is weak, so has limited bargaining power with the Ministry of Finance, and limited implementation capacity outside of urban centres. The Food Subsidy Programme also requires careful documentation and regular monitoring of the status of beneficiaries – their incomes, nutrition status, age, etc. – which will be more problematic among rural populations. If the roll-out to rural areas is to succeed, some fundamental design and implementation characteristics of the programme will need to be reconsidered and modified.

Some challenges of scaling up

One challenge for schemes like those in Zambia and Ethiopia for scaling up is losing the advantages of intensive NGO/government/donor involvement with local communities. This includes the investment in sensitising and mobilising communities, identifying and prioritising local needs through participatory approaches, pilot testing alternative interventions and targeting mechanisms, and using local knowledge to select project participants or beneficiaries. Save the Children UK and GTZ have developed close working relationships with the people of Meket *woreda* and Kalomo district respectively, and this relationship over many years has undoubtedly contributed to the success of the cash transfers and other programmes they have implemented in these districts. The main disadvantage of the so-called 'NGO model' is the limited coverage implied by working at local rather than national level, and this fact alone makes the case for 'going to scale' a powerful one. There are clearly trade-offs between high-impact, holistic, well-targeted programmes, and the need for programmes to go to scale and be implemented across the country.

The difficulties of scaling up programmes, such as those in Kenya and Zambia, with an institutional home in an under-funded department, whose skill-set is not necessarily what is needed for managing a national cash transfer scheme, should also not be underestimated. This is the case for many ministries and departments of social welfare – and is arguably even more so for children's departments – without strong links to the more powerful central ministries, such as those of finance and/or planning. Investing in management is critical.

The Kalomo pilot project – and other programmes such as *Progresa/ Opportunidades* in Mexico – note the importance of piloting, of evaluating and planning a strategy of advocacy to demonstrate and persuade decision makers of the value of the approaches.

7.2 Investing in Management

Implicit in most cash transfer schemes that are designed within developmental/social security contexts is an assurance to beneficiaries that transfers will be regular and predictable, and that the money promised will reach all eligible beneficiaries, in full, on the scheduled dates. This requires sound management and administration, as well as logistical capacity and financial systems that can deliver cash transfers competently, efficiently and routinely.

Good management does not come for free; it has to be budgeted for. Adequate resources must be allocated within programme budgets to management, administrative systems, information systems, supervision, monitoring and evaluation. This might make it necessary to reduce the proportion of total programme budget allocated to cash transfers and to allocate more resources to personnel, training and systems (ie, accepting a lower 'alpha-ratio'). Programmes that try to cut management costs in an effort to maximise transfers to beneficiaries, for instance, by imposing a limit of 7 per cent on 'overheads', as happened with GAPVU in Mozambique in the early 1990s, raise their susceptibility to mismanagement. Inadequate provision for monitoring and cross-checking in the region has increased likelihood of the diversion of programme funds away from transfers to eligible beneficiaries, thereby undermining the objective of maximising these transfers.

An important parallel activity is to work with communities to inform them about their entitlements to transfers and to hold their government to account for the delivery of these transfers, in full and on time, every month. Once a beneficiary has been registered for a social transfer programme, they are entitled to expect the government (or donor or NGO) to deliver on their obligations, since registration establishes, in effect, an implicit contract between the government and its vulnerable citizens. Building citizens' capacity to hold their local or national government to account creates an additional ('bottom up') pressure to ensure good programme management.

7.3 Policy Processes that Prioritise Cash Transfers and Ensure Complementary Programmes

Prioritising cash transfers

The policy processes and institutional contexts within which cash transfer programmes are located are critical factors that affect their likelihood of success or failure in the longer run. Despite a recent trend towards drafting 'National Plans of Action for OVC' and 'Social Protection Strategies' in most countries throughout east and southern Africa, many cash programmes reviewed in this study are in fact projects that have been designed and implemented in isolation from broader strategic planning frameworks. This lack of integration into larger institutions and policy processes limits their political and financial support, and therefore their coverage and impact.

Comprehensive social protection policies: avoiding a 'patchwork quilt' approach

None of our four case study programmes appear to have been designed as part of a comprehensive, national social protection strategy.[22] They are programmes run by government (in Lesotho and Mozambique), a donor (GTZ in Zambia, working through a government ministry), or an NGO (Save the Children UK in Ethiopia working with *woreda* officials, with donor funding). Each scheme reaches narrowly specified 'vulnerable groups' (people over 70 in Lesotho; sick people and people with disabilities in Mozambique) and meets an important but limited range of needs. Most interventions are geographically restricted in terms of their outreach (one district in Ethiopia and in Zambia, urban areas in Mozambique). On the other hand, government-run programmes are usually connected to other initiatives to some extent. Lesotho's Department of Social Welfare runs a Public Assistance programme that gives 'destitute' and 'disabled' citizens M100 every month. INAS in Mozambique comes closest to providing a coherent set of social assistance programmes that target different vulnerable groups and different needs. Attempts are made to 'graduate' beneficiaries from one INAS programme to another, for example, from welfare dependence (while chronically ill) to income-generating initiatives (after recovery).

This 'patchwork quilt' approach to social protection has two significant implications, in terms of *exclusion* and *unmet needs.* Firstly, large numbers of highly vulnerable people – including orphans and other vulnerable children – are excluded from benefiting either directly or indirectly from these cash transfer programmes. Secondly, many social protection needs are not being met through these programmes. One response to this criticism might be that governments, donors and NGOs are budget-constrained and cannot possibly cover all needs across an entire country. While we accept that universal social protection in poor countries is a goal that must be reached in a series of small steps, it follows that the initial efforts must be based on a rigorous identification of priority needs – the most serious unmet needs must be addressed first. Social protection interventions should be designed within broader policy processes, such as poverty reduction strategies, that identify the priorities and combinations of responses required. Box 18 below highlights the need for this in Zambia and the progress made since the Kalomo Pilot Scheme began.

[22] The Kalomo pilot project has informed the development of the national social protection strategy.

Box 18: Social Protection in Zambia
The Government of Zambia runs a large number of Social Safety Net programmes under the Ministry of Community Development and Social Services, which together provide assistance and support of various kinds (from education bursaries to fertilizer and seed packs) to different groups of people (from MVC to poor farmers). The Public Welfare Assistance Scheme (PWAS) in principle provides assistance to 2 per cent of Zambia's population, but due to capacity constraints it actually reaches only about 20 per cent of its target group. Its impact has been dismissed as "negligible". There are many other initiatives – such as NGOs running projects for street children, and providing home-based care to PLWHA – but these activities are weakly co-ordinated. Pilot project beneficiaries in Kalomo district suggested that "households who graduated off the programme could be helped by other programmes which would ultimately stop them falling back into the cash transfer later". This implies a need to link the cash transfer programme to 'productivity-enhancing' interventions, thus providing a more holistic package of support to vulnerable households and MVC. A Social Protection Strategy was drafted in May 2005 that takes a broader perspective than previous social safety net programmes, has a strong focus on vulnerable children, and aims to co-ordinate existing and new initiatives under a coherent vision.

It is important not to underestimate the need for comprehensive social protection strategies that ensure that the requirements of as many vulnerable children as possible are met through combinations of social protection interventions. To achieve this, ultimately, we would recommend aiming for universal social protection for children and their carers through a comprehensive programme that includes a universal cash transfer to at least the under fives (and then above), and a universal pension for people over 60. Whether national populations and governments support similar goals and how they would reach these, or more nationally relevant goals, depends on the national context and requires more national-level feasibility research and policy debate.

Taking a holistic approach to social protection planning

Planning for comprehensive social protection strategies also includes promoting synergies between sectors. This is to ensure that social protection strategies are multi-sector, combining activities to support the *incomes* of the poorest with those that reduce the *expenditure* of the poor (for example, assistance for the chronically ill to cover health care costs) and build the *assets* of the poor. Comprehensive social protection and broader development strategies should also ensure, for example, that the *quality* of services accessed by children when their carers are supported to send them to school or clinic is sufficient.

National poverty reduction strategy processes offer an often under-utilised opportunity for governments and others to take a more holistic approach to addressing the vulnerability of poor families (Marcus and Wilkinson, 2002).

7.4 Partnerships for Cash Transfers

Many cash transfer programmes are implemented by a partnership of actors, including the government, local and international NGOs, donors and the private sector.

Programme management should be rooted in ministries that retain ultimate control and ownership. With different – but mostly weak – ***government agencies*** increasingly engaged in cash transfers (Social Welfare, Community Development, Department for Children, Women's Affairs, Agriculture, National AIDS Commission), a 'powerful' ministry (such as the President's Office, or the Ministry of Finance) should have a strong role in terms of co-ordination and ownership. This should also guarantee sustained, high-level government support, and ensure that the programme is on-budget. On the other hand, since a Finance Ministry is unlikely to be an appropriate implementer, priority must also be given to strengthening Social Welfare and other implementing departments, as they have the experience, knowledge and contacts to work effectively at community level.

Local structures are also important in the development and management of cash transfers. ***Local government*** authorities are increasingly important players where decentralisation processes are underway. ***Community structures and recipients*** themselves are also important partners and stakeholders. Too many cash transfers and other schemes are designed and implemented with nominal consultation, if any, with targeted communities. Any social protection intervention should be designed in a consultative manner, with a participatory needs assessment and prioritisation exercise undertaken with potential beneficiaries as an essential first step.

Donors that finance cash transfer programmes rarely implement them directly; instead, they provide support through governments or sub-contracted NGOs. Multi-annual support from external donors may be necessary for many years for some – though not all - schemes (see Sections 7.5 and 7.6 for concerns).[23]

International, national and local NGOs, FBOs and CBOs can all play an important role in the development, implementation and monitoring of cash transfer programmes. Aside from piloting schemes, well-placed programmes with strong analytical capacity can contribute to the design of schemes, particularly on the issues of targeting and the level of cash that would make a difference to poor(est) families. Some organisations work over large geographical areas; many, like Save the Children UK in Ethiopia, have long-standing relationships with communities and districts. Increasingly, NGOs are playing a watchdog role, monitoring the delivery of services and assistance and empowering communities, often simply by providing information in an accessible format, to hold their governments to account.

Government-run programmes, such as the social pensions in South Africa and Namibia, often sub-contract ***private companies*** to deliver the cash and provide security. A partnership approach provides opportunities to strengthen the private sector's response to poorer citizens. Working through the banking system or local post offices, for instance, has been effective in many countries, including Zambia, where one-third of Kalomo Pilot Scheme beneficiaries have opened bank accounts. This provides security and flexibility for the recipient as well as security for the delivery of funds, and reduces the potential for corruption. Important by-products include orientation of the financial sector towards the poorer members of society as well as the richer, and introducing poor people to formal financial services, often for the first time in their lives.

7.5 Institutionalisation

If predictable cash transfers are to become a permanent feature of social protection policy and practice in poor countries, they need to be *institutionalised* into national government structures and budgets. At some point, any projects that are initiated, managed and funded by international donors and NGOs need to be handed over and institutionalised within national and local governments. This is the stated ambition of several 'new generation' cash transfer programmes in Africa, but it requires careful planning, capacity building, political commitment and a sustainable financing strategy.

To date, we have found little evidence that this process is underway in the programmes reviewed for this study. Instead, donor enthusiasm for these initiatives appears to be running ahead of government interest and capacity. It might be no coincidence that the longest-running programmes we have found in east and southern Africa – including social pensions in South Africa and Namibia, and GAPVU/INAS in Mozambique – are all implemented and financed by national governments, with little prompting or propping up by international donors.

This suggests that political commitment at the highest level is vital, and it must be sustained over time. The introduction of the Old Age Pension in Lesotho in 2004 was the realisation of a manifesto commitment by the ruling party (the Lesotho Congress for Democracy) during the 2002 elections. Being child-oriented can draw political support. The major donor behind Kenya's cash subsidy for children affected by HIV and AIDS believes that the scheme does benefit from being MVC-focused, in terms of securing political and financial support (UNICEF, personal communication).

[23] See Marshall, 2005, for a discussion of aid effectiveness in the context of tacking childhood poverty.

7.6 Regular, Predictable Cash Transfers as a 'Social Contract'

Providing regular, predictable cash transfers to chronically vulnerable children and adults is not the same as a response to an immediate crisis (for instance, emergency food aid to help people survive a drought) or a short-term issue (such as support to demobilised soldiers). These are not one-off payments or even three-year projects, but a long-term commitment to supporting the development of durable national social protection systems. In countries with well-developed social security systems, eligibility for welfare benefits (such as a state pension, or unemployment insurance) is recognised as a right of citizenship. Even in poor countries, if a government or donor makes a commitment to deliver regular cash transfers to some of its citizens, this should be seen as an entitlement and a 'social contract'. This requires a new way of thinking about social protection, one that turns on its head the still dominant view of social assistance to poor people in poor countries as little more than charity.

It means, for instance, that delivery has to be reliable and on time. Delays in payments, for whatever reason, are unacceptable to recipients who adapt their livelihood strategies to include receiving cash transfers as promised on a regular basis. Moreover, it is unacceptable for such programmes, once introduced, to be withdrawn. The recent enthusiasm for a proliferation of cash transfer pilot projects in Africa raises concerns about whether these are merely experiments with a fashionable new development instrument.

Unconditional cash transfers have the potential to contribute significantly to the lives and livelihoods of children, their carers and communities in east and southern Africa. It is the responsibility of all involved to ensure that schemes are institutionalised in permanent government-led structures and are supported by adequate allocations of recurrent government funds and, where necessary, long-term commitments of external funds.

REFERENCES

Adams, L. and Kebede, E., 2005, Breaking the Poverty Cycle: A case study of cash interventions in Ethiopia, Humanitarian Policy Group Background Paper, London: ODI

Aliber, M., 2001, 'Study of the incidence and nature of chronic poverty and development policy in South Africa: an overview', *Chronic Poverty Research Centre, Background Paper* 3, Programme for Land and Agrarian Studies, School of Government, University of Western Cape

Amdissa Teshome with Devereux, S., 2005, *Country case study report on the 'Meket Livelihoods Project' in Ethiopia,* London: Save the Children/HAI/IDS

Ayala Consulting, 2003, *Workshop on conditional cash transfer programmes (CCTs): operational experiences*, report, Quito: Ayala Consulting

Barrientos, A., and DeJong, J., 2004, *Cash transfers and child poverty,* CHIP Report 4, London: CHIP

Barrientos, A., Gorman, M. and Heslop, A., 2003, 'Old age poverty in developing countries: Contributions and dependence in later life' *World Development,* vol 3, no 3, pp555-570

Barrientos, A. and Smith, R., 2005, *Social assistance in low-income countries database (Version 1)*, Manchester: IDPM and CPRC, University of Manchester

Beales, S. and German, T., 2005 (forthcoming), *Situational analysis of social protection and cash transfers in Africa,* London: HelpAge International

Case, A. *et al.,* 2003, 'The reach of the South African Child Support Grant: Evidence from KwaZulu Natal', *Working Paper 38,* Durban: Centre for Social & Development Studies, University of Natal

Case, A. and Deaton, A., 1998, 'Large cash transfers to the elderly in South Africa', *The Economic Journal*, 108, pp1330-1361

Clark, F. and Monasch, R., 2004, 'The role of older people as carers of orphans in sub-Saharan Africa: a quantitative analysis', *Ageing and Development 16,* London: HelpAge International

Collier, E. and MacAskill, J., 2005, *Country case study report on the 'INAS Food Subsidy Programme' in Mozambique,* London: Save the Children/HAI/IDS

Devereux, S., 2001, 'Social pensions in Namibia and South Africa', *IDS Discussion Paper 379,* Brighton: IDS

Devereux, S. and Marshall, J., 2005, *Methodology manual for research on cash transfers*

Devereux, S. and Sabates-Wheeler, R., 2004, 'Transformative social protection', *IDS Working Paper 232,* Brighton: IDS

Gertler, P., 2005, 'The impact of conditional cash transfers on human development outcomes: A review of evidence from PROGRESA in Mexico and some implications for policy debates in South and Southern Africa', 27 January, Southern African Regional Poverty Network

Government of Ethiopia (GOE), 2004, *Productive Safety Net Programme: Programme Implementation Manual,* Addis Ababa: GOE

Government of Mozambique, 2004, *INAS Manual de Orientações e Procedimentos do Programa Subsídio de Alimentos,* Maputo: INAS

HelpAge International, 2004, *Age and security. How social pensions can deliver effective aid to poorer people and their families,* London: HelpAge International

Herz, B. *et al.,* 1991, ‘Letting girls learn: Promising approaches in primary and secondary education’, *World Bank Discussion Paper No 133*, in UNICEF, 2004, *State of the World’s Children*, New York: UNICEF

ILO, 2004, *Extending social security and fighting poverty: Two reform proposals to extend social security in Kenya*, Geneva: ILO

Kingdom of Lesotho, 2004a, *Policy framework on Old Age Pension Scheme*, May draft

Kingdom of Lesotho, 2004b, *Old Age Pension Act: Draft Bill*

KPMG, 2003, *Audit/Evaluation of the* ‘Ubudehe Mu Kurwanya Ubukene’ *Poverty Reduction Programme: Final Audit/Evaluation Report*, Delegation of the European Commission in Rwanda

Kruger, J., 1998, *From single parents to poor children: Refocusing South Africa’s transfers to poor households with children*, Paper presented at the ISSA’s 2nd International Research Conference on Social Security, Jerusalem 25-28 January

Lund, F, 2002, ‘“Crowding in” care, security and micro-enterprise formation: Revisiting the role of the state in poverty reduction, and in development’, *Journal of International Development,* vol 14, no 6

Marcus, R., 2004, *The role of cash transfers in tackling childhood poverty*, CHIP Briefing 2*,* London: CHIP

Marshall, J., 2003, *Childhood poverty: some questions answered*, CHIP Briefing Paper 1*,* London: CHIP

Marshall, J., 2005, *Donor approaches and aid mechanisms in Ghana and Tanzania: Tackling childhood poverty in sub Saharan Africa,* CHIP Report 12, London: CHIP

Meintjes, H., Budlender, D., Giese, S. and Johnson, L., 2003, ‘Children in need of care of in need of cash? Questioning social security provisions for orphans in the context of the South African AIDS pandemic’, *Joint Working Paper of the Children’s Institute and the Centre for Actuarial Research*, University of Cape Town

MCDSS/PWAS/GTZ, 2005, *External monitoring and evaluation report of the Pilot Social Cash Transfer Scheme, Kalomo District, Zambia,* Lusaka: MOCDSS/GTZ

MMAS/UNICEF, A Study of Community Coping Capacity for the Care and Protection of OVC in the context of HIV/AIDS, September 2004

MTT, 2005, *Achieving access and retention for educationally marginalised children: Innovations in social protection.* Durban: MTT/HEARD

Nabugwere, A and MacAskill, J, 2005, *Country case study report on the ‘Kalomo District Pilot Social Cash Transfer Scheme’ in Zambia,* London: Save the Children/HAI/IDS

Lerisse, F., Mmari, D. and Mgeni Baruani. 2003, *Vulnerability and social protection programmes in Tanzania*, Dar es Salaam: Research and Analysis Working Group

Levy, S., Nyasulu, G. and Kuyeli, J., 2002, *Dedza Safety Net Pilot Project: Learning lessons about direct welfare transfers for Malawi’s Safety Nets National Plan of Action for orphans and other vulnerable children 2004-2009*, Lilongwe

Marcus, R. and Wilkinson, J., 2002, *Vulnerability, social protection and PRSPs*, *CHIP Report 0*, London: Save the Children

Munro, L., 2003, *A social safety net for the chronically poor? Zimbabwe’s public assistance in the 1990s*, Institute for Development Policy and Management, University of Manchester

Nyasulu, G. and Kuyeli, J., 2002, *Dedza Safety Nets Pilot Project: Learning lessons about direct welfare transfers for Malawi’s Safety Nets Strategy*, Interim Report

ODI, 2004, *Food security options in Mozambique: one country, two worlds?* Forum for Food Security in Southern Africa Country Food Security Options Paper No. 3 www.odi.org.uk/food-security-forum

Pelham, L., Nyanguru, A. and Croome, D., 2005, *Country case study report on Lesotho’s ‘Old Age Pension’,* London: Save the Children/HAI/IDS

Samson, S., 2004, *The challenge of ageing for social security in South Africa*, Union of African Population Studies, http://www.eldis.ids.ac.uk.

Save the Children UK, 2005, *Bottlenecks and Drip-feeds. Channelling resources to communities responding to orphans and vulnerable children in Southern Africa,* London: Save the Children

Save the Children UK, 2005, *Impact of a cash for relief programme on child rearing practices in Meket Woreda,* unpublished

Save the Children UK, 2004, *Southern Africa: the cycle of poverty continues*

Schleberger, E., 2002, 'Extension of social security: Namibia's universal pension scheme: trends and challenges', *ESS Paper* 6, Geneva: ILO

Schubert, B. 2003, 'The social welfare interventions for AIDS affected households in Zambia', Eschborn: GTZ

Subbarao, K. and Conry, 2003, *Orphans in sub-Saharan countries: 14 frameworks for public action,* WHO Africa Region and Human Development Network

UCT, 2005, *Innovations in Public Works in east and southern Africa: Reaching the most vulnerable children in a context of HIV and AIDS.* Cape Town: UCT

UNDP, 1999, 'Safety nets in Malawi – How much for how many?', October, Lilongwe: UNDP

UNICEF, 2005, *Supporting OVCs Programs: NGOs models of interventions and Scaling Up actions*, UNICEF Ethiopia, March 2005

UNICEF, 2004, *A framework for the protection, care and support of orphans and vulnerable children living in a world with HIV/AIDS,* New York: UNICEF

UNICEF, 2003, *Synergies, cost-benefit analysis and child policies,* internal publication

UNICEF/Government of Kenya (GOK), 2005, Cash subsidies for children affected by HIV/AIDS Background Paper on pre-pilot initiative, April 2005, unpublished

UNICEF, UNAIDS and USAID, 2004, *Children on the brink, 2004,* Washington DC: USAID

USAID, 2004, 'Ethiopian Burial Societies turn their attention to the Living' downloaded from http://www.fhi.org/en/HIVAIDS/pub.story/success1.htm.

Zambia Vulnerability Assessment Committee (ZVAC), 2005, *Zambia vulnerability and needs assessment*, June, Lusaka.

ANNEX 1: TERMS USED

Beneficiaries: Direct recipients of support from programmes.

Cash Transfer: Money distributed to individuals and households.

Categorical/Vulnerable Group Targeting: Selection of programme beneficiaries based on individual or household characteristics or assets, e.g. age, disability, landlessness. These can sometimes be social categories taken as proxies for income/ consumption poverty

Conditional Cash Transfer: Cash distributed to individuals or households on condition that they undertake specified activities, e.g. that children attend school or primary health centres.

Coverage: The population reached by a programme. Coverage rate measures the extent to which programmes reach their target population.

Errors of Exclusion: Proportion of target group of a programme who, for different reasons, are not able or permitted to participate in the programme or are 'missed' by the targeting procedure.

Errors of Inclusion: Proportion of beneficiaries included in the scheme who were not included in design target group (eg better off households in a scheme for the poorest households).

Geographic Targeting: Selection of beneficiaries on the basis of their residence in poorer regions or locations.

Grant: A sum of money or in-kind subsidy awarded to compensate for specified contingencies, e.g. resettlement, old age, or disability.

In-kind Transfer: Non-cash transfers, e.g. wheat, flour, school materials.

Leakage: Similar to inclusion error, leakage is the extent to which a programme includes beneficiaries not in the target group. Leakage often refers specifically to diversion of programme funds away from the intended beneficiaries, such as through corruption.

Means or Income Test: A test applied to determine eligibility for programme benefits. It usually defines a threshold above which applicants are not eligible for support. The threshold can be based on the income or assets, or both, of the applicant and her immediate family (spouse, household). The test also determines the value of the benefit paid, for example the difference between current income and the threshold.

Pilot Project: A small-scale project undertaken in an effort to determine whether a larger-scale project or programme should be undertaken at a later date.

Poverty Headcount: The proportion of a population who are poor (under the, usually nationally determined, poverty line)

Relief Assistance: Assistance provided on a temporary basis for individuals, households, or communities affected by shocks, such as natural disasters.

Self-Targeting: Describes programmes which do not define participation requirements but include design features that attract some target population only, e.g. public works that pay wages lower than the market wage will only attract the unemployed or underemployed.

Social Pensions: Term applied to non-contributory pensions, describing unconditional cash transfers paid to older or disabled people.

Social protection: All public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalised; with the overall objective of reducing the economic and social vulnerability of poor, vulnerable and marginalised groups.

Targeting: The selection of beneficiaries of a programme.

Unconditional Cash Transfer: Cash transferred to individuals or households without conditions or requirements (ie beneficiaries don't have to work for the transfer, or spend the transfer on particular goods and/or services).

ANNEX 2: STUDY DESIGN AND METHODOLOGY

A2.1 Overall Study Design

Objective of study

The aim of this UNICEF-led review was to contribute to the scale-up of action for MVC and vulnerable households by providing details of programme design, delivery issues and potential benefits of a scale-up of social protection programmes in ESAR.

Selection of countries

The focus countries for the review were those countries:

- in the East and Southern Africa region (ESAR);
- with a generalised HIV epidemic (based on the WHO classification of HIV epidemics) i.e. all countries with an HIV prevalence in its general population higher than 5 per cent;
- in which OVC Rapid Appraisal Analysis and Action Planning (RAAAP) process documentation has been completed. Each RAAAP includes a situation analysis of all programmes focusing on OVC within a country.

These criteria give us a list of 15 countries: Botswana, Burundi, Ethiopia, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, South Africa, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe.

Stages of the review

The review was completed in 2 stages:

Stage 1: A literature review, e-mail survey and telephone interviews focusing on developing: an inventory of safety protection interventions in each sector for the 15 countries; a narrative overview of the types of interventions (based on the inventory), a methodology for Stage 2 (January to May 2005). See section A2.2.

Stage 2: Specific case studies for a more in depth review, which were conducted between June and August 2005. See section A2.3.

A2.2 Stage 1 Methodology

In collaboration with other study teams and UNICEF, a generic questionnaire (table A1) was designed, aimed at capturing basic descriptive information on current (and recently discontinued) cash transfer programmes in all 15 countries. The questionnaire was kept as short and as simple as possible, with just 22 questions, to encourage respondents to complete it at low cost in terms of their time.

Potential respondents were identified through a combination of contact lists provided by UNICEF, SC-UK and HelpAge International country offices, and internet searchers on agencies and Government departments. In practice, most of the information reported was elicited in telephone and email interviews with individuals in-country, and from important secondary sources, to complete the questionnaires as far as possible. Over 120 ‘email interviews’ and 60 telephone interviews were conducted with respondents in Africa and the UK. A further 104 individuals and institutions were contacted but failed to respond to our repeated efforts to establish contact with them.

Table A1: Questionnaire

1	Title of programme/ project	e.g. National Social Security Fund; or Flexi-voucher Pilot Scheme; or Orphan Support Fund.
2	Type of scheme	e.g. Social pension; or Disability grant; or Orphan support scheme.
3	Objectives of programme	From project documents - list up to three objectives.
4	Name of implementing agency	e.g. Ministry of Social Welfare; or Department of Women's Affairs; or Save the Children UK.
5	Type of implementing agency	e.g. Central Government Ministry; or Local Government department; or Parastatal (government-funded but independent); or Donor agency; or local NGO (including faith-based organisation); or Private trust.
6	Name of funding agency	e.g. World Bank; or Government budget. (Specify the type of agency - e.g. "charity" - if it is unclear.)
7	Programme budget	Budget per annum if possible; if not, state what period it covers (e.g. the project's total lifespan).
8	Additional programme support	Does any other agency support the programme (e.g. with co-funding)? If so, which agency provides this support? What is the nature of this support (e.g. technical advice; or contributions in-kind)?
9	Start date	When did the programme start? (Month and year, if possible.)
10	End date	If the programme has already finished, when did it end? If the programme is ongoing, when is it scheduled to end? (If the programme is continuing indefinitely, write "Permanent".)
11	Documentation available	What documents are available about the programme (e.g. a project proposal; or evaluation report). Can you forward electronic copies of these documents to us? If not, how can we get access to them?
12	Contact details for programme	Programme Manager or another contact person (name; job title; email address; phone number).
13	Value of cash transfer	How much money is given to beneficiaries each time they receive a payment? (e.g. "300 shillings").
14	Frequency of transfer	How often are payments made to beneficiaries? (e.g. "every week"; or "every month"; or "once only").
15	Form of transfer	How are payments made? (e.g. in cash; payments into Post Office or bank accounts; vouchers; cheque).
16	Number of direct beneficiaries	How many people are (or were) registered to receive cash payments?
17	Target group	Who does the programme aim to benefit? (e.g. orphans; or poor households; or the elderly; or people with disabilities; or people living with HIV/AIDS; or care-givers; or farmers affected by drought).
18	Targeting/ eligibility criteria	Who is eligible to receive benefits from this programme? (e.g. orphans under 15 years old; or all citizens over 60 years old; or poor households; or registered blind people; or war veterans).
19	Targeting procedure	How are eligible beneficiaries identified? For example: means tested (households living below the poverty line); or by registration (e.g. people registered as disabled); or by community committees; etc?
20	Geographic coverage	e.g. National; or Regional; or Provincial; or District, or Ward. (If this is not a national programme, how many provinces or districts are covered?)
21	Consideration of HIV impact	Is the impact of HIV on beneficiaries taken into account in programme design? If YES, how?
22	Additional comments	Any additional points you want to note that aren't covered by the questions above.

Interviewees included staff from:

- **Government Ministries** – Finance; Gender and Community Services; Local Government; Prime Minister's Office; Social Service Affairs; Social Welfare; Women Affairs and Child Welfare;
- **Multilateral agencies** – European Commission; UNAIDS; UNDP; UNICEF; WFP; World Bank;
- **Bilateral donors** – DFID; GTZ; USAID;
- **International NGOs** – ActionAid; Concern; CRS; HAI; Plan; SC-UK; SOS Sahel; World Vision;
- **Local NGOs/CBOs/FBOs** – Africa Cooperative Action Trust; Incarnate Word Sisters; National AIDS Coordinating Agency; NGO Policy Forum; Pensioners Union of Tanzania;
- **Academic researchers** – from universities in Botswana, Lesotho, South Africa; Tanzania; UK.

A2.3 Stage 2 Methodology

Case study aims and approach to selection

The overall objective of **Stage 2** of this study was to examine in detail the design and implementation of selected cash transfer programmes in four African countries.

The case studies selected for the review by the respective organisations were chosen to ensure:

(1) A geopolitical mix of countries that are Anglophone, Francophone and Lusophone, small and large, in East and in Southern Africa.

(2) Interesting or innovative social protection programmes including a mix of government and NGO/donor led schemes;

(3) Programmes that appear to be scalable, replicable and provide evidence of good programming.

The in-country research covered five sets of issues:

(1) Policy context, policy processes and institutional drivers for cash transfer programmes;
(2) Programme conceptualisation and design (targeting criteria, delivery mechanisms, etc.);
(3) Cost-effectiveness (cost per beneficiary, financing, affordability, constraints to scaling up);
(4) Targeting and reaching children (direct and indirect outreach to MVC);
(5) Impacts of the programme (economic and social impacts, impacts on children).

Case study methodology

Fieldwork was conducted at three levels: (1) *national* (the capital city); (2) *programme* (e.g. a district capital); and (3) *local* (community level). The key research sites in each country were the capital city and two or three selected communities where the programme is being implemented. At the national level, interviews were conducted with individuals from government ministries, donors, non-governmental organisations and academics who are actively engaged with safety nets and social protection policies, or programmes dealing with MVCs and/or HIV/AIDS. Key informant interviews were also conducted with senior, middle and junior level officers who have detailed knowledge of different aspects of the programme itself, from design and funding to implementation and evaluation. Two communities were selected for the locality-based fieldwork. The main criterion for selection was that some members of the community must be receiving benefits from the cash transfer programme.

In each country, semi-structured interviews and discussions were conducted with key informants, communities, focus groups, beneficiary households, excluded households, and children. Researchers also observed the cash transfer programme at first hand, for example by attending distributions on programme pay-days.

- ***Key informant interviews*** with programme staff (from government, donors or NGOs) who conceptualised, designed or implemented the programme, both nationally and locally.

- ***Community discussions*** and ***focus group discussions*** with adults and children in areas where the cash transfer programme is operational (groups stratified by wealth, gender and age).
- ***Case studies*** of households that are receiving cash transfers from the programme (and excluded households).
- ***Children's interviews:*** In groups or individually, in appropriate contexts such as local schools.
- ***Observation:*** Attending a distribution point for the cash transfer programme, to observe the delivery process.
- ***Review of programme documents*** such as Concept Notes, Inception Reports, Monitoring and Evaluation Reports.

Where comprehensive documentation already existed – the case in Zambia and Ethiopia – field work was designed to fill in the gaps rather than duplicate efforts. For details of the methodology adopted in each of the four case studies, please refer to the individual country case study reports.

Notes on information availability

Partly because there are relatively few unconditional cash transfer programmes in East and Southern Africa, and those that are in operation were mostly introduced fairly recently, very few comprehensive impact assessments of these programmes have yet been conducted.[24] One partial exception to this rule is the Kalomo Pilot Project in Zambia, which has generated a wealth of documentation, but even in this case no evaluation has yet been done that includes a control group against which to compare impacts of the social cash transfer. The present review does not claim to add to this limited impact assessment literature as this was not the aim of the work. During community-level fieldwork with programme beneficiaries, qualitative and participatory methods were used, and the findings reported here are anecdotal and indicative rather than statistical. Rigorous and holistic evaluations of unconditional cash transfer programmes in Africa are urgently needed, especially given the current interest among donors and governments to expand, replicate and scale up these programmes. Important issues require further assessment, including whether they are more cost-effective than alternative interventions, whether they have significant growth and poverty-reducing impacts, and to what extent they reach and benefit vulnerable children (particularly those living within foster households).

[24] A further factor might be pressures on programme administrators to maximise the 'alpha-ratio' (to transfer as much of the total budget as possible directly to beneficiaries), leaving little budget to allocate to an evaluation of impacts.

Making cash count

In the light of chronic poverty, food insecurity and increasing HIV and AIDS in east and southern Africa, there is a growing recognition by policy-makers and practitioners of the importance of cash transfers for reaching vulnerable children and households.

This report documents the use of unconditional cash transfers in the region and the lessons learned from selected schemes in Ethiopia, Lesotho, Mozambique and Zambia. It explores the ways children, their carers and families benefit from the transfers, and considers different design, implementation and management issues. Given the scale of the challenges ahead for east and southern Africa, the report calls for a significant shift in approach towards regular, predictable, cash-based support that reaches the poorest.

Cover photo: Paul Weinberg/Panos

HelpAge International
Leading global action on ageing

HelpAge International
PO Box 32832
London
N1 9ZN
UK
+44 20 7278 7778
www.helpage.org

IDS

Institute of Development Studies
University of Sussex
Brighton
BN1 9RE
UK
Tel +44 1273 606261
www.ids.ac.uk

Save the Children
UK

Save the Children UK
1 St John's Lane
London
EC1M 4AR
UK
Tel +44 20 7012 6400
www.savethechildren.org.uk