



## Cashing in

### How cash transfers shore up Zambian households affected by HIV

#### Context

With adult prevalence at 16% and 845 546 AIDS orphans, Zambia's HIV epidemic has decimated households and torn the social and economic fabric of the country. Major programmes of prevention, treatment, home-based care are being scaled up, but few resources have until now gone into shoring up HIV-affected households and protecting them from extreme poverty.

Evidence shows that social cash transfers (small, regular payments) are a cost-effective tool for helping needy households, promoting health and education and boosting local economies – at least, in middle- and high-income countries.

Would they work in a country with few resources? Beginning in 2004, Zambia's Ministry of Community Development and Social Services (MCDSS), with technical support from German Technical Cooperation (GTZ), decided to find out, by pilot-testing a variety of social cash transfer (SCT) schemes in different parts of the country. These generated valuable information on impacts as well as the feasibility and costs and benefits of SCTs as a component of the country's Social Protection Strategy.

#### Approach

##### Who does what

Zambia's SCT pilot schemes are managed under the government's well-established Public Welfare Assistance Scheme (PWAS). Trained members of grassroots Community Welfare Assistance Committees (CWACs) look after the targeting of appropriate households, monitor payments, provide counselling for recipients and address local changes and problems. Area Coordinating Committees (ACCs), District Social Welfare Officers and District Welfare Assistance Committees (DWACs) provide increasing levels of supervision, and ensure that the full amounts of cash transferred reach beneficiary households regularly.

Further supervision and financial management of the schemes is provided by Provincial Social Welfare Officers. Officials in the Department of Social Welfare (MCDSS) oversee the entire project and conduct advocacy in collaboration with a Technical Working Group on Social Assistance, made up of representatives from government departments, civil society and partner agencies.

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Cash transfers give immediate support – and hope – to households such as this one, where an elderly woman in Katete District has been left to care for several grandchildren.

#### German HIV Practice Collection

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The Collection aims to stimulate dialogue, so please visit this website and tell us what you think.

Managing Editor ([ghpc@giz.de](mailto:ghpc@giz.de))

Peer-reviewed

## Targeting

SCT targeting uses the structures and criteria of Zambia's well-established Public Welfare Assistance Scheme, which provides in-kind support and bursaries to households in need. Unlike the PWAS, however, the SCT system targets only destitute households with no labour capacity, and it has been adjusted to make it easier to administer. HIV-status is not among the targeting criteria, to avoid stigmatizing households and excluding others that are destitute for different reasons.

*Destitute* households are defined as those where members are hungry, malnourished, lack shelter and adequate clothing, and with no regular sources of income other than, perhaps, begging. *Incapacitated* households are those that do not have enough fit members to care for dependents: more than three dependants for every fit member.

Training is provided to CWACs who identify eligible households, checks and balances are built into the system, and the pilot schemes include studies to compare the chosen community-based approach with one used for targeting old-age pensioners, over 60.

## Payment

In the Kalomo, Kazungula and Monze District pilot schemes, each approved household receives about US\$ 10.00 (40,000 Zambian *kwacha*) per month in cash, those with children (any number) get a bonus of roughly US\$ 2.50. The basic amount was calculated as equivalent to the average price of a 50 kg bag of maize with provision for inflation-adjustment over time. This will not lift households out of poverty, but attempts to stave off destitution and reduce their poverty over the long term by, for example, enabling them to invest in small assets and education. Higher transfers, with bonuses for children enrolled in primary and secondary school, are also tested in one pilot district. In Katete, pensioners receive US\$ 15 per month.

The cash is transferred bimonthly through *pay-points*, operated by government employees at local schools and health centres.

## Complementary services

Some members of community committees and other administrative structures have been trained in HIV manage-

ment, so that beneficiary households not only receive their transfers, they learn about antiretroviral therapy, voluntary testing and counselling and the dangers of stigma and discrimination. A national scheme would need to scale up this training.

## Monitoring and evaluation

Internal monitoring and evaluation (M&E) of Zambia's SCT system looks at all levels of the Public Welfare Assistance Scheme, ensuring that beneficiary households receive their transfers in full and on time, and that the system is well managed. External M&E, coordinated by the Technical Working Group, focuses on the feasibility, cost-effectiveness, and replicability of the pilot programmes for social cash transfers.

## Results

Early results, together with findings of independent studies of the different pilot schemes, suggest that Zambia's social cash transfer schemes are effective in targeting and helping HIV-affected households and that SCTs can be adequately administered despite the government's low capacity.

## Effectiveness

**Targeting:** Evaluations and studies show that the pilot SCT scheme (the first to provide detailed results) reached very destitute households and that its community-based targeting was largely accurate. This is not the only approach worth considering, however, and a national scheme may need to combine elements of different targeting approaches. Other targeting approaches deemed effective include geographic targeting, a multiple-criteria approach combining different categorical indicators or single categorical indicators such as 'households hosting orphans' or 'grandparent headed households'.

**Payment:** Authors of a fiduciary-risk assessment of the payment system for Zambia's SCTs conclude it is safe and cost-effective. In the very few cases of petty corruption among community members and pay-point managers that have been recorded, officials have addressed these effectively and future cases will be limited by intensive monitoring and scrutiny. A study that analysed alternative distribution mechanisms recommended a gradual move towards providing beneficiaries with debit cards that could

be used at banks and retail outlets of the beneficiaries' choice. Further research is needed on the optimal transfer amount for beneficiary households.

**Ministerial capacity:** Managing social cash transfers under the Public Welfare Assistance Scheme has reinforced these structures – for example, by training and strengthening the supervision of CWACs. The Ministry of Community Development and Social Services has secured greater support from the Ministry of Finance, but more will be needed.

#### Impact on households and communities

**Education:** In beneficiary households studied by the first Kalomo evaluation, school enrolment rates rose by 3% to 79% in 2004-2005, and 50% of all youth, aged 7 to 17, not enrolled in school in 2004 were enrolled a year later.

The second impact evaluation, completed in 2008, shows that in Chipata District beneficiary households spent up to 276% more on school fees and other educational expenses than other households. It also shows that, while school enrolment and attendance did not increase evenly across districts, enrolment among boys in Kalomo increased by 6% and among girls and boys in Chipata absenteeism dropped by 83%.

**Nutrition and health:** In Kalomo District, the number of beneficiaries living on just one meal a day decreased from about 19% to 13% between 2004 and 2005 and members of households felt more satiated after eating. Improved nutrition may also explain a marked decrease in incidence of illness per household. The second impact evaluation confirms that spending on food was significantly higher among beneficiary households than among households in the control group – as much as 64% higher in Kazungula District.

**Improved livelihoods:** Early evaluations indicate that SCTs provide a buffer against the often punishing effects of HIV on household finances. The average debt of beneficiary households dropped and asset ownership (of goats, chickens, etc.) rose during the first year of the scheme. Studies also show that beneficiary households consume and invest more. The second impact evaluation provides mixed results across districts: while the value for small livestock is 246% (Kalomo) to 377% (Kazungula) higher in rural areas for



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

beneficiary households, the study suggests that a higher transfer amount would encourage greater asset accumulation.

**Wider impact:** SCTs reduced both the prevalence and frequency of begging, and helped “to rebalance community relationships”, as beneficiary households were able to share again with neighbours, when they had sufficient food.

#### Affordability

Studies suggest that Zambia could afford a national SCT programme. The average annual cost of one of the more expensive schemes targeting 450,000 beneficiaries throughout the country, with transfers worth an average of US\$ 15.00 per month would cost 2.4% of the 2007 national budget. The government would need to boost its investment in social programmes, however, as spending in area of social assistance now represents less than 0.15% of GDP in Zambia, according to the International Labour Organization (2008).

#### Lessons learnt

##### Households affected by HIV benefit

Preliminary results strongly suggest that SCTs are a promising tool for helping households affected by HIV. For instance, households that have lost productive members owing to HIV do not have to resort to negative coping mechanisms (going without meals, for example) to survive. Their children attend school more regularly and are better fed; and those living with HIV gain access to better nutrition and health care, including potentially life-saving antiretroviral treatment.

##### Transfers are feasible

Based on the Kalomo District model, a national SCT scheme would cost the equivalent of just 0.4% of Zambia's GDP. As well, the various pilot studies have shown that even in relatively inaccessible settings with low population density and with low ministerial capacity and weak infrastructure, it is feasible to implement effective, affordable and secure SCT schemes.





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

### Sustaining social cash transfers

GTZ and Zambian government officials have begun to lay the groundwork for a sustainable social cash transfer programme. This has been done by identifying SCTs as a strategic priority in the country's social protection strategy and development plan, and institutionalizing them in the social security policy and social welfare policy. The future of SCTs has also been helped by concerted advocacy efforts, drawing on accumulating evidence of their benefits and feasibility, recruitment and training and the Technical Working Group's leadership in harmonizing the work of different agencies.

### Political will is critical

Zambia's Cabinet and the Minister of Finance in particular will need to be further convinced of the value of social cash transfers; so, sustained and strategic advocacy is necessary to overcome this barrier.

### Peer Review

To be documented in the German HIV Practice Collection, projects must demonstrate in peer review that they represent "good" or "promising practices". Peer reviewers have concluded that Zambia's SCT Scheme is worthy of documentation, owing to its effectiveness, gender awareness, monitoring and evaluation, innovation, and sustainability. The reviewers also had these comments on other key criteria:

### Transferability

The Kalomo pilot of Zambia's SCT Scheme provides a model for other low-income countries in sub-Saharan Africa and the evidence that it produced has encouraged the governments of Malawi, Kenya, Uganda, Tanzania, Ghana, and Rwanda to pilot similar schemes.

### Participation and empowerment

The SCT motto "The poor are not irresponsible" gets at the basic premise behind cash transfers: even destitute people can be trusted with their own budgeting and know best how to put scarce resources to the most effective use for priority needs.

### Cost-effectiveness

Cash transfers are more cost-effective than transfers in kind as they are easier and less expensive to provide and monitor. As well, they give households a greater choice of products and services, and inject cash into local economies, with no distorting effect on prices.

### Acknowledgements

The editorial board of the German HIV Practice Collection would like to give special thanks to officials in Zambia's MCDSS and its partner agencies, as well as to Drs. Bernd Schubert and Jörg Goldberg and to Esther Schüring, who developed the scheme described here.

### Tools

A detailed set of operational documents, pilot evaluations and other materials related to Zambia's social cash transfers can be downloaded at [www.socialcashtransfers-zambia.org](http://www.socialcashtransfers-zambia.org). These materials are also accessible online by going to [www.german-practice-collection.org](http://www.german-practice-collection.org).

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**Published by:**  
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**Photographs:**  
Esther Schüring, Matthias Rempel (p. 3) and Matthew Lumb (p. 4).

Eschborn, May 2009 (this edition January 2011)