# SOCIAL PROTECTION FOR THE POOREST IN AFRICA

## COMPEDIUM OF PAPERS PRESENTED DURING THE INTERNATIONAL CONFERENCE ON SOCIAL PROTECTION (8TH - 10TH SEPT. 2008)

Development Research and Training

Chronic Poverty Research Centre

MANCHESTER 1824
The University of Manchester
Brooks World Poverty Institute

THE REPUBLIC OF UGANDA

DFID Department for International Development UGANDA

SWISS DEVELOPMENT AGENCY

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Charles Lwanga-Ntale,
Chairperson, Conference Organizing Committee

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# PART 1: Messages

## 1.1 Message from the Ministry of Gender Labour and Social Development

Hon. Ministers, Development Partners, Representatives from CSOs, Social Protection Experts
All Protocol observed, Ladies and gentlemen

It is a great honour for me to participate in this extremely important forum on Social Protection. I wish to thank all of you who are present here for taking your time off your very busy schedules to attend this meeting.

I am aware that Social Protection has gained momentum in Uganda in recent years. Since 1997, the Government of Uganda has been implementing the Poverty Eradication Action Plan (PEAP) to improve the quality of life of the population and with a long term objective of reducing mass poverty to a dismal level within 2 decades. However risk and vulnerability, coupled with high population growth rate of 3.4 % per annum, has made poverty reduction hard to pin down in real terms. The statistics from the Uganda National Household Survey Report of 2005/06 indicate that poverty headcounts has reduced to 31%, but this represents 8.4 million people living below the poverty line, which is unacceptably high.

Statistics from the Uganda Bureau of Statistics and the Chronic Poverty Report reveal that 20% of the households or 26% of the population representing more than 7 million people are chronically poor, partly due to the inter-generational transfer of poverty and the livelihood shocks they have suffered over prolonged periods of time. Based on the current estimated population of the Country of 27.2 million, the number of the chronically poor should be well over 5.4 million. The majority of the poor were women in female headed households, widows, orphans, destitute children, internally displaced persons (IDPs), ethnic minorities, the unemployed youth, persons with disabilities (PWDs) and the elderly.

The multiple nature of poverty compels us to design different Social Protection instruments for lifting up the extremely vulnerable groups to a standard of human dignity and contribute to their human development.

Government in line with the Sector Wide Approaches to Planning established a multi-sectoral SP Sub-committee composed of representatives of Social Sector Line Ministries, Civil Society Organisations, Research Institutions and Development Partners to spearhead the Social Protection Agenda.

In recognition of the need to address specific concerns of the vulnerable groups who often fail to benefit from mainstream public programmes due to socio-economic or demographic factors and in response to demands for affirmative action from various interest groups, the Government of Uganda has developed a number of policies, which contribute to social protection of vulnerable groups. Some of the existing Social Protection interventions in Uganda include the Universal Primary Education, the

School Feeding Programme, the Universal Post-Primary Education Programme, the National Minimum Health Care Package, the Northern Uganda Social Action Fund (NUSAF), and the National Programme for Orphans and Other Vulnerable Children. Other specific efforts also being aimed at are enhancement of financial savings and assets, improving weather shock preparedness to mention but a few.

In spite of the sound Government policies, initiatives and interventions geared towards enhancing social protection, considerable constraints remain. The main challenge is lack of a Social Protection Policy framework to coordinate these interventions. The Social Protection Sub-committee has embarked on the process of formulating the National Strategic Framework for Social Protection. This Policy will consolidate information on all Social Protection interventions in the country, identify gaps and other innovative instruments, define the roles of different sectors and promote equity in inter and intra sectoral allocation of  resources thus enhancing coordination.

Nevertheless, the benefits of government's universal SP interventions do not trickle down to the marginalised and disadvantaged groups. In December 2006, the Parliament of Uganda enacted a law to establish the Equal Opportunities Commission. The Equal Opportunities Act is rooted in Article 32 of the Constitution of Uganda and it is intended to give due and full effect to the constitutionally guaranteed affirmative action measures in favour of marginalized and disadvantaged groups including among others women, persons with disabilities, youth, the elderly, ethnic minorities and children. Among other things, the commission will promote equal access to job opportunities and government programs that have hitherto eluded the majority of vulnerable groups such as PWDs, Children and the chronically poor.

In our endeavour to better design, coordinate and deliver social protection services, we must remember regional and international declarations that we are signatory to.

In March this year, the African Union and Government of Zambia co-hosted a sub-Saharan Africa conference on Social protection. In this conference sponsored by our partners, HelpAge International and DFID, African governments including the Uganda government called for several actions within their respective countries. These include;

GoU in pursuit of preventing hardships for the vulnerable groups has made visits to countries which have already found solutions to learn and share. These included Zambia, Kenya, Lesotho, South Africa, Malawi, Austria and Tanzania. The experiences gained, combined with local studies facilitated us to design and come up with 5 alternative targeting options to be considered for the scheme.  These include:

(i) Vulnerability targeting options for the poorest 10% of the poor;
(ii) Universal Old Age Pension Scheme;
(iii) Targeted old age pension of households headed by the elderly;
(iv) Targeted old age pension of older persons living in poverty
(v) Disability grant

However the challenges faced include the scale of the problem the chronically poor 7 million yet the scheme will cover only 10% of the poorest poor, targeting, and sustainability among others. These options are yet to be shared with the members of the Cabinet for their input and approval.  This Social Protection meeting is thus embraced as a golden opportunity for Uganda to share experiences and come up with better designed social protection strategy.

Ladies and gentlemen I once more take this opportunity to welcome you in Uganda and wish you fruitful deliberations.

Thank you
For God and my Country

# 1.2 Message from Proffessor Semakula Kiwanuka - Minister of State for Planning - Ministry of Finance Planning and Economic Development

## The challenge of reducing inequality in Uganda (and Africa) and the strategies that government is applying to respond to this challenge

Hon minister of Gender Labour and social development,
Hon members of parliament
Permanent secretaries
Distinguished participants (in your respective capacities)
Ladies and Gentlemen

On behalf of my ministry and on my own behalf, I take this opportunity to welcome you all to Uganda and specifically to this conference. It gives me enormous pleasure to have been invited to come and deliver this key note on a very pertinent subject, namely: Social Protection for the Poorest in Africa; Learning from Experience

Distinguished participants, the subject of social protection is a growing area of research and policy as many countries in the developing countries grapple with challenges of reducing inequality, poverty, vulnerability and achieving growth. It suffices therefore to mention that this conference could not have been organized at another time other than today/ this period.

Permit me also to mention that the conference comes at a time when the Uganda Government is heightening its efforts to have in place more effective poverty eradication strategies through the development of the five year national development plan and it is therefore my sincere hope and conviction that the experiences that shall be shared from this conference will be of immense use to inform this planning process and other processes on the African continent.

Distinguished participant, the term social protection is used differently by practitioners, researchers and academia among others. According to the chronic Poverty Research Centre, social protection conceptualizes all public and private initiatives that provide income and consumption transfers to the poor to protect the vulnerable against livelihood risks and enhance the social status and rights of the marginalized with the overall objective of reducing the economic and social vulnerability of poor, vulnerable and marginalized groups.
The World Bank suggests that social protection consists of public measures intended to assist individuals, households and communities in managing income risks in order to reduce vulnerability and downward fluctuations in incomes, improved consumption smoothing and enhancing quality. The absence of a universal definition of social protection creates a challenge and I hope this meeting will address this concern.

Disguised participants, Governments overarching objective is poverty reduction and great strides have been made in reducing income poverty among our people. However, of concern is the persistent high level of inequality in Uganda and in majority of the African countries. There is general evidence that inequality has a negative effect on economic growth and that if not tackled, it might prevent Uganda and perhaps more countries in Africa from achieving most of the MDGs by 2015.

Although the Poverty Eradication action Plan recognizes the problem caused by the rising inequality- slowing down of the growth process and limiting the potential long term benefits from poverty reduction programmes- it does not contain specific actions to address this phenomenon. This may be attributed to two reasons: first the limited knowledge and information on practical ways to overcome the various manifestations of inequality. Second, the false assumption that action aimed at reducing poverty will simultaneously lead to a reduction in inequality.

## Strategies government is employing to address inequality

Government of Uganda has implemented far reaching reforms to ensure that there is fair distribution of growth across all sectors and regions of the economy. First are the reforms in the agricultural sector with a view to reducing poverty through increased incomes to the poor. This has been through the PMA that seeks to raise the incomes of the poor primarily by increasing agricultural productivity and the market share for subsistence farmers through interventions such as agricultural advisory services, rural finance and agro processing. Such efforts not with standing, poor targeting appears to have resulted in benefiting primarily active and progressive farmers with existing assets and good links to both agricultural extension agents and other officials responsible for service delivery at the local level.

Government has also increased its share of the national budget under the medium expenditure framework to sectors that can reduce inequality. Universal Secondary education was introduced to offer free access to secondary education to bridge the gap between the rich and the poor by enabling children who complete UPE to continue with their education. The extent to which this policy will contribute to reducing income inequality however remains limited.

On health, the sector has continued to emphasise the importance of financing the Uganda National minimum health care package and is currently at the stage of designing the national health insurance scheme as an avenue to reach the poor.

Important to note ladies and gentlemen, some segments of the population seem not to have benefited much from mainstream development programmes/ interventions. In Uganda were taxation is a challenge, the best option to reduce poverty and inequality is through emphasizing service delivery that focuses on the marginalized peoples and regions and this is where social protection plays an important role.
To address inequality in Uganda therefore, Government should consider;

1. Effecting direct fiscal transfers

2. Provision of micro finance through appropriate market product for the poor in general and women, people with disabilities in particular

3. Require a more equitable distribution of quality health care services beyond mere access to a

minimum health care package. The marginalized persons especially the elderly and people with disabilities must be given preferential treatment

4. Fostering equal opportunities and equitable access to services such as education to the vulnerable and marginalized communities such as the northern and eastern Uganda regions.

5. Replicating tailor made programmes targeting people in fragile environments such as NUSAF, KIDDP, ABEK among others

As I conclude ladies and gentlemen, I wish to literate that social protection is an important dimension in the reduction of poverty and multidimensional deprivation and inequality

To effectively achieve social protection, there is need to sensitize technocrats, the public and especially political leadership on its importance and the role of various actors.

I wish to once again ladies and gentlemen to welcome you to this conference and wish you fruitful deliberations

I THANK YOU ALL

# 1.3 Message from the Principal Judge, Justice James Ogoola

## The Right to Social Protection in Africa: The Role of Governments. Political Leaders and the Judiciary

Hon. Ministers and Members of Parliament
Permanent Secretaries
Distinguished Conference Participants (in your respective capacities)
Ladies and Gentlemen

Welcome to Uganda, especially those of you for whom this is a first time.

Thank you for inviting me to give a keynote address as you hold this roundtable meeting on ‘Social Protection in Africa’.

I was asked to share with you some of my thinking on ‘The right to Social Protection in Africa – The Role of Governments, Political Leaders and the Judiciary’. While this is a challenging invitation to engage with, it is also a most relevant one especially given deepening poverty for a large number of our fellow citizens.

I understand that you represent different constituencies from different parts of the world – united by a keen interest in issues of poverty eradication and prevention (or mitigation) of the effects of risk and vulnerability on the poorest. I am further informed that for two days you have been actively participating in presentations, debates and dialogues as practitioners, researchers, policy-makers and Social Protection advocates from different parts of the world - sharing experiences and lessons in the design and implementation of Social Protection programmes, particularly those that seek to address extreme and chronic poverty.

Vulnerability comes from the notion that certain groups in society are more exposed than others to shocks that threaten their livelihood or survival. Other groups are so defenceless that they live in a chronic state of impoverishment in which their livelihood is constantly at risk. Even a small decline in welfare for such people could be life-threatening or could have permanent consequences for human capital. It is important to observe at the outset that the vulnerable include not only those who are already poor but also those who are currently above the poverty line but who are potentially in danger of being affected by severe shocks and have little ability to manage risk – people who are most likely to “sink into poverty after a shock has occurred”.

Despite promising economic growth rates and poverty reduction efforts in an increasing number of African countries, social exclusion of the most vulnerable groups and communities continues to worsen. Rising income poverty and inequality is one manifestation of this problem. According to the Uganda Chronic Poverty Report (2005) 26 per cent of the total population of Uganda (now well over 7 million people) lives in chronic poverty. The number of jobless people continues to rise, and without appropriate measures to tackle these problems, this may not only lead to destitution, instability and rising levels of crime, but also conflict among our peoples. However, more fundamentally, it begs the question about what consciousness we have about the inalienable rights of our fellow citizens to a descent life.

People living in chronic poverty are at most risk, and this is the category which most requires Social Protection interventions. They include, but are not limited to: people with disabilities; youth who form the bulk of Uganda's unemployed persons; women (mainly the widowed, separated and divorced); the elderly with no social support; orphaned and neglected children; street children; the landless (particularly ethnic minorities and indigenous[1] peoples living in and around forest and wildlife protected areas); those affected by HIV/AIDS (especially in instances where the bread winner is ill or has died); the long-term sick; people in camps for the internally displaced (or newly established resettlement areas) and isolated communities; people living in marginal areas, particularly those which are prone to disasters; and those who often rely on own account agriculture or casual jobs.

Chronic poverty in Uganda, and in much of the rest of Africa, reflects deep-seated disadvantages for the economy and for society as a whole. Its persistence means that a significant proportion of the national population is not currently benefiting from anti-poverty actions by government and other non-state actors, with negative implications for the realization of the Millennium Development Goals (MDGs). Stagnation for such large proportion of the population has a "pull back" factor on the rest of the population, retards economic growth, and often leads to negative development outcomes. Further, a large proportion of people living in chronic poverty narrows the taxable base, hence low revenue collected (vis-à-vis services demanded), while at the same time negatively affecting people's ability to purchase goods and services.

Social protection policies and programmes should help to bridge the gap between needs and services. They help reduce key risks and to break inter-generational cycles of poverty and vulnerability. The main question for us to consider here is whether, in order to achieve this, the answer lies in technical, political, economic or even sociological interventions. I would propose that all are vital, but that there is something which is even more important – the fundamental basis which we adopt for social protection.

People understand instinctively that all people – poor or non-poor - are born with the same rights and that we have an obligation to protect those rights. The link between Social Protection and the realization of people's rights is specifically enshrined in the Uganda Constitution, and is backed up by a range of international human rights instruments, including the Universal Declaration of Human Rights, and the International Covenant on Economic, Social and Cultural Rights, to which Uganda is a signatory. I would like to believe that other African countries, and beyond, have similar provisions in their supreme laws.

The Universal Declaration of Human Rights (UN, 1948) reminds us that: "Everyone, as a member of society, has the right to social security (Art. 22); and that, "everyone has … the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control" (Art. 24).

Similarly, in the International Covenant on Economic, Social and Cultural Rights, 1966 the states which are party to the Covenant recognise the right of everyone to social security, including social insurance

[1]African Commission on Human Rights and Peoples' Rights, Indigenous Peoples in Africa: The Forgotten Peoples, 2006.

(Art. 9). Several other international, regional and national instruments reaffirm the same message [for example, the International Conventions on: All Forms of Racial Discrimination (1965); Elimination of All Forms of Discrimination against Women (1979); The Rights of the Child (1989); and The Protection and Promotion of the Rights and Dignity of Persons with Disability (2007)]. More recently, in 2006, the Livingstone Call to Action which arose out of the African intergovernmental meeting recognized that Social Protection is a basic human right… that directly tackles poverty, contributes to economic growth and stimulates local markets.

In Uganda, the National Objective and Directive Principles of State Policy XIV "charges the state to endeavour to fulfil the fundamental rights of all Ugandans to social justice and economic development and, in particular, to ensure that all Ugandans enjoy rights and opportunities as well as access to education, health services, clean and safe water, employment, decent shelter, adequate clothing, food security, pension and retirement benefits.

Distinguished participants, I would also like to observe that Chapter 4 of the Bill of Rights emphasizes affirmative action for marginalized groups (Article 32); protection of rights of minorities (Article 36); and, right to education (Article 30).

In summary, the right to social protection is recognized as an important human right for those who are concerned with breaking the inter-generational cycle of poverty. It enables access to essential services, and to securing an adequate standard of living for the most vulnerable and excluded. The first primary objective for us all must, therefore, be to fully recognize Social Protection as a human right and to do all actions which are necessary to incorporate it into both our conceptualization and design. A related objective should then be to make Social Protection policies and programmes consistent with human rights standards and principles. In other words, the policies and programmes must adhere to the principles of "Universality"; "Indivisibility and interdependence"; "Equality and non-discrimination"; "Participation and inclusion"; "Accountability and rule of law"; and "Availability, adequacy and accessibility".

The specific standards of the human right to social protection are codified in the internationally agreed human rights declarations, conventions and agreements which I outlined earlier. Once a state ratifies international treaties affirming the right to social protection, an individual is entitled to claim social protection from the state, and the state agrees to be accountable to both its citizens and to the wider international community for this right.

While human rights place obligations and duties on all in society, the state is responsible for the necessary regulation to guarantee that those rights are realised. Specifically, the state has the duty to respect, protect and fulfil the right to social protection. The obligations to respect and protect have immediate effect. The obligation to fulfil (meaning in this case that the state must positively facilitate, provide and promote the right to social protection) can be met progressively according to resources and capabilities. But even here, the state must clearly describe how it intends to achieve this - what legal, administrative and budgetary steps it will take towards full realisation.

This transparency of planning and strategy is essential to avoid policy fragmentation and piecemeal initiatives. A time-bound "road-map" could in this instance be developed to guide the process of developing a national social protection policy and strategy.

The rights approach to social protection embraces both the ethical justification for social transfers and social justice - the humanitarian imperative to assist people during crises, redress social and economic inequalities, and ameliorate severe forms of deprivation and distress.

Such concern must motivate not only civil society and NGOs, but perhaps, even more importantly, the political leadership of our countries – men and women who are charged with the responsibility of setting the political priorities for our countries' development and for translating those priorities into actions.

I would like to propose that the extent and depth of poverty and vulnerability in most African countries today reminds us of the need to invoke the social and economic rights of our peoples, as articulated in both national and international declarations and covenants.

To-date, some people have approached social protection from the perspective of "providing support to those in extreme poverty" or "helping those who are in dire straights". Others still pursue social protection from the angle of categories of the most vulnerable, such as people affected by HIV/AIDS, elderly persons, orphaned children, exploited workers, people with disabilities, etc. I propose that rather than approaching social protection from the point of view of specific vulnerabilities, the focus should shift to the rights-based spotlight which stresses entitlement, a focus which should quickly be followed by universal and comprehensive policies – aimed at reducing unacceptable levels of vulnerability and risk. I further propose that the onus is on the political leadership of our countries, first, to respect human rights standards; understand social protection as more than charity or simply a technical response to vulnerability; and then to ensure that social protection policy is consistent with human rights principles.

Finally, let me conclude this keynote address by stating that Social Protection is not just about improving the capacity of people to cope with crisis, but can indeed be a positive force in spurring poor people's development – and hence more total national development. Through the generation of increased productivity, the development of human capacity, and building of voice and citizenship, it is one of the tools we must seek to embrace in order to bring marginalised groups into the mainstream of development. Yet we should also recognize that despite the existence of various legal frameworks for protecting the rights of vulnerable persons, such as people with disabilities, the elderly, ethnic minorities and other chronically poor, translating these noble intentions into actions still falls far too short of expectations. This is a political question for us all to focus on – not just a technical matter. The linkage between poverty, vulnerability and economic and social rights is well documented. Increasingly, poverty is being tied to the lack of access to equal opportunities, inequitable distribution of resources, and the marginalization and disempowerment of certain groups -- hence the need for Social Protection. In summary, Africa cannot claim to be sensitive to human rights without it recognizing and providing for the Social Protection for its most vulnerable groups.

# 1.4 Message from Hon. Mwesigwa Rukutana, Minister of State for Labour

The Minister of State, Finance, Planning and Economic Development,
The Principal Judge, Hon. Justice James Ogoola,
Representatives from Development Partners,
Representatives from Civil Society Organisations,
Distinguished Participants,
Ladies and Gentlemen,

It gives me great pleasure to be invited to address this high level stakeholder round table on social protection for the poorest in Africa. I wish to thank Chronic Poverty Research Centre and Brookes World Poverty Institute and other partners for their work in linking social protection programmes in Africa and in particular, Uganda. Similarly I would like also to take this opportunity to thank Development Research and Training for organizing this workshop.

I am happy to note that this conference has brought together elites from government and civil society organisations in all Africa to discuss issues pertaining to the development of social protection.

Ladies and Gentlemen, the Government of Uganda has been implementing the Poverty Eradication Action Plan (PEAP) with a long term objective of reducing poverty to less than 10% by 2015. However, the risks and vulnerability, coupled with high population growth rate of 3.4% per annum, have to some extent thwarted the poverty reduction strategies.

Statistics from the Uganda National Household Survey Report of 2005/06 indicate that poverty headcounts reduced to 31% of our population. This represents 8.4 million people. These live below the poverty line. This is still very high!

In addition, the Chronic Poverty Report reveals that 20% of the households or 26% of the population (representing more than 7 million people) are chronically poor. This is partly due to the inter-generational transfer of poverty and the livelihood shocks they have suffered over prolonged periods of time.

The majority of these are women in female-headed households, widows, orphans, destitute children, internally displaced persons (IDPs), ethnic minorities, the unemployed youth, persons with disabilities (PWDs) and the elderly.

In recognition of the need to address specific concerns of the vulnerable groups who often fail to benefit from mainstream public programmes, the Government of Uganda in line with the Sector Wide Approaches to Planning has established a multi-sectoral Social Protection Sub-committee composed of representatives of Social Sector Line Ministries, Civil Society Organisations, Research Institutions and Development Partners to spearhead the Social Protection Agenda.

The Government has established some of the Social protection interventions that includes;

- The Universal Primary Education,
- The Universal Post-Primary Education Programme,
- The National Minimum Health Care Package,
- The Northern Uganda Social Action Fund (NUSAF),
- The National Programme for Orphans and other Vulnerable Children, to mention but a few.

Government has also put in place the legal framework that addresses some of the Social protection issues; this includes:-

- The Equal Opportunities Act which is rooted in Article 32 of the Constitution of Uganda and is intended to give due and full effect to the constitutionally guaranteed affirmative action measures in favour of marginalized and disadvantaged groups including, among others, women, persons with disabilities, youth, the elderly, ethnic minorities and children.
- The Occupational Safety and Health Act, 2006.
- Employment Act, 2006
- Labour Disputes Act, 2006
- Workers Compensation Act, 2000
- Disability Act, among others

These laws have provisions that cast some new responsibilities towards Social Protection.

In a bid to formulate a meaningful social protection policy, Government officials have made visits to other countries which have already found solutions to social protection problems. These countries included Zambia, Kenya, Lesotho, South Africa, Austria and Tanzania. The experiences gained, combined with local studies facilitated my Ministry to design and come up with 5 targeting options to be considered for the scheme to help the poorest of the poor.
These include:

- Vulnerability option targeting the poorest 10% of the poor;
- Universal Old Age Pension Scheme;
- Targeted Old Age Pension of household headed by older Persons.
- Targeted Old Age Pension of Older Persons Living in Poverty.
- Disability Grant.

The main challenge however will be how to select the 10% to benefit from the scheme given that there are over 7 million chronically poor persons.

It is my hope that this meeting will provide the government with an opportunity to reflect on the choices and challenges they face in embedding social protection programmes into national development programmes and budgets.

I want to assure you that the Government of Uganda is committed towards fulfilling its constitutional mandate of providing social protection to its citizens. What is left is for each one of us to play active roles in the formulation and development of viable social protection strategies that will enable us fulfill our mandate.

It is my hope that with this high profile participation of government and a cross section of civil society organisations, you will be able to debate and understand the developments regarding social protection issues and its implications to development.

Ladies and gentlemen I once more take this opportunity to welcome you to this workshop and wish you fruitful deliberations.

For God and My Country.

# 1.5 Statement from the Development Partners by Joanne Bosworth DFID

Justice Ogoola
Minister of State, Investment
Minister of State, Labour
Chair, National Planning Authority
Officials of GoU
Chair and the Organising Committees
Colleagues from development partner agencies
Representatives of civil society and private sector
Ladies and Gentlemen

On behalf of the development partners involved in the conference, I am pleased to have had this opportunity to discuss and learn from experience about policies and practical approaches to address vulnerability and extreme poverty in Africa. The past few years have seen a rapid increase in interest in social protection by many development agencies, and this is demonstrated by the range of development partners who have participated here this week. These are: the World Bank, UNICEF, DFID, Swiss Development Cooperation, Italian Cooperation, German Development Cooperation, ILO, and Irish Aid. Many of these agencies have public commitments to support social protection in developing countries, some have set aside specific finances, and they are supporting many and varied programmes on social protection. Examples include social action funds, employment schemes, social cash transfers, health insurance schemes, school feeding programmes, and many others, including research and learning events such as this one. Although we may have differences in interpretation and emphasis, we share the conviction that social protection is an important component of public policy as Africa moves forward into the twenty first century.

Increasing interest among development partners is partly responding to the evidence from countries in Africa and other parts of the world that demonstrate that, far from being an unaffordable luxury for low income countries, social protection is increasingly affordable and necessary. Similarly, political commitment to social protection in developing countries is growing. A growing number of African governments have introduced social protection programmes with and without external financing. Examples from Ghana, Malawi, Kenya, Lesotho, Ethiopia and Uganda among others are demonstrating what is possible where governments make the political choice to invest in social protection. Next month in Namibia, representatives of AU countries will gather to discuss progress in implementing the AU's Livingstone Call to Action, under which 13 countries, Uganda included, pledged to develop costed national action plans for social protection.

What explains this increased interest, and what have we learned from this conference? There are many reasons for our increased interest: I will mention three.

(i) Economic growth is a vital basis for generating the resources necessary to improve people's lives, but it is not enough on its own to tackle the challenges Africa faces. Economic growth that leads to rising inequality can lead to social and political discontent. Opening economies to market forces and globalisation increases vulnerability to global shocks such as the recent food and fuel price increases. Urbanising populations may offer more opportunity for concentrating production and employment and providing services, but large numbers of urban poor and marginalised present risks to social and political cohesion. We have learnt this week from economic history that social protection can help both to ease the process of rapid economic growth, facilitating population movements and urbanisation, and can also be good for growth in itself. So we recognise that as economic growth takes off in many low income countries, it needs to be accompanied by measures to distribute the benefits of that growth among the population, including to those least able to benefit or those (for example people who lose their land rights) who may actually be harmed by the process of growth.

(ii) Social protection is affordable. Many studies and simluations have now been conducted which show that basic social protection programmes can be implemented at a cost of 1-2% of GDP in many African countries. But studies and models are not enough: there are a growing number of cases where African governments (Lesotho, Ghana, South Africa) have introduced social protection programmes that are viable without external financing, and many others who are doing the same with external assistance. Again from economic history, we learnt that England had a basic universal social protection system in the 16th century, based on local resources, at a time when its national economy was smaller than Uganda's is now.

(iii) Social protection is increasingly recognised as being an integral component of public spending, helping other forms of spending achieve their objectives. Cash transfers combined with microfinance or with policies to raise agricultural production can provide pathways for poor people out of poverty and into productive lives. Social protection combined with basic health and education services can improve nutritional, health and education outcomes. Integrating social protection with other programmes will require improved multi-sectoral co-ordination, and in African countries because of limited fiscal room for manoeuvre these complementary programmes need to be balanced and sequenced, but this is not an either/or choice: combining social protection with other programmes leads to better outcomes.

The conference this week also raised some important questions for development partners, and suggests ways that we can improve our understanding and our role in this area.

(i) broadening the "menu" beyond cash transfers. Much of the recent evidence has been about the success of long term predictable and guaranteed cash transfers, and development partners have been keen to share this learning. But we do recognise that cash transfers are just one of a broader range of measures, including input subsidies, employment guarantee schemes, contributory insurance schemes, school feeding, and transformative interventions such as protection of labour rights. Development partners can do more to work with governments to explore a range of options and identify those most appropriate to the needs of specific societies. But let's not throw out cash transfers in the process.

(ii) Addressing political challenges. The conference showed that the most effective social protection programmes have been those where governments have acted alone, without development partner support; or where development partners have supported a clearly government-led and owned programme. In the absence of government leadership it can be difficult to expand and sustain social protection programmes. We were advised to work better with Ministries of Finance, to present stronger economic cases for social protection interventions. This is good advice, and to follow this up, members of Uganda's Social Protection Task Force led by the Ministry of Gender, Labour and Social Development look forward to an invitation to meet and put the case to the Ministry of Finance and the National Planning Authority. We also need to bear in mind that it is political leaders and citizens who are the most important political actors. Increasing awareness of the political, social and economic benefits of social protection among political leaders, civil society groups and even the private sector is another strategy we can employ more effectively.

(iii) Short-termism, or is social protection just another donor "fad"? The conference showed that social protection is a long term agenda, requiring stamina on the part of advocates, and for donors and other actors to look beyond short time horizons and expectations of quick fixes. Social protection has not been a "fad" in the developed world, where on average countries spend between 10-20% of their budgets on social protection, and where social protection is critical to the "social contract" between governments and citizens. Governments who require external backing for social protection will also need long term financial commitments from development partners to secure the resources necessary for programmes.

We also learned in the conference about some of the specific issues surrounding social protection in Uganda. Uganda has made good progress in developing social protection policies and programmes but there are a number of challenges and areas where development partners are willing to offer support. Firstly, Uganda's social protection policies and programmes are scattered across different sectors with diffused responsibilities. They need to be brought together to increase coherence and exploit synergies between the sectors, and more needs to be done to help government to identify the best and most appropriate interventions for the challenges Uganda faces over the coming years. Development partners are ready to help in this task. Secondly, social protection is still not widely appreciated or understood among policy makers or by the public. We can do more to increase understanding and build support for social protection among the policy community and the public. And lastly, Uganda has the opportunity to trial approaches to social protection including cash transfers in line with similar developments in many other African countries. We are ready to support the Government of Uganda in this task.

Thank you

# 1.6 Statement from Civil Society Organisations - delivered by Arthur Larook, NGO Forum, on behalf of the Civil Society

## Build on what exists!

### Post Social Protection Conference Statement by Representatives of Civil Society Organizations in Uganda[1]

Representatives of civil society organizations in Uganda that were part of the Social Protection Conference held in Entebbe between 8th-10th September 2008 are glad to have been part of this important event. We learnt a great deal on the renewed focus on the Social Protection agenda as shared by experiences external and internal to Uganda.

As a result of our participation in the said conference, we share the enthusiasm by various participants especially from experiences elsewhere, but also are now deeply aware of the need for a useful level of caution that is needed as we take the Social Protection Agenda forward in Uganda. We desire, not just a 'welfarist' or 'handout' approach, but one that is more empowering, culturally/ traditionally sensitive and long- term focused.

This statement therefore reflects our resolve and commitment to work with ordinary Ugandans, our government and other actors to develop and promote a people- driven Social Protection process in Uganda.

### Social Protection and its Importance

1. We join others in affirming the need for and value in Social Protection defined as social and other forms of actions by state and non state actors (including family) in response to or as part of ongoing practices to mitigate the adverse effects of vulnerability and poverty.

2. In Uganda as in many countries in Africa, this agenda is very important because in spite of lowering levels of income poverty, approximately 26% of Uganda's population is still trapped in a pervasive and enduring cycle of chronic poverty. This group is likely to continue being by- passed by opportunities that economic growth offers, mostly to the 'active poor'. Such a group excluded from mainstream and conventional programming must therefore be targeted if their situation is not to degenerate.

### Our Philosophical Disposition on Social Protection

3. From the conference and indeed in much of the literature, we see a danger of looking at and promoting a social Protection approach that is largely remedial and symptomatic in nature, rather

[1] Uganda child rights NGO Network, Cross Cultural Foundation of Uganda, Plan International, action Aid- Uganda, Network of Ugandan Researchers and Research Users, Caritas Uganda, Environmental alert, Kabarole Research and Resource Center, Development Research and Training and the Uganda National NGO Forum.

that one that focuses on the underlying causes and drivers of the undesirable situation for which social protection Programmes are meant to respond to . As a result, the response suggested is rather simplistic and technocratic in nature with a predominant focus on transfers ( mainly cash ) and attendant pre occupation with who gets the cash, how frequent, in what quantities and for how long ( usually not long).

4. As Uganda thinks through its Social Protection strategy, it has the option of pursuing the 'welfare' ,' hand out' and technocratic- they do not have money, give them money' approach explained above which in many aspects is fundamentally disempowering because of its pre dominant focus on income/consumption from the state or other external actors. We also have the option of thinking a bit more about a more empowering approach with no cash transfers! In this option, the starting point is a more inward look at community resources, practices and local planning. While we understand the strains and limitations of traditional protection mechanisms, Uganda's social protection policy and strategy should seek to build on, rather than replace such mechanisms.

5. The issue however is not one of either or, rather the need to locate a social protection approach that is sensitive to culture and tradition. A delicate balance is important, but we should not make the mistake of borrowing too much from outside lest we peddle an externally driven agenda that at best makes us dependent and at worst, dislocate our societies further.

## Gaps and Challenges so far?

6. Clearly the social protection agenda is not new in Uganda and several state and non state (though these haven't been documented as much) response actions have been and or are ongoing. In the case of the state driven ones- NUSAF, UPE, CHAI, Social Security and others, many challenges have been shared and forecasted in literature, but also emphasized at this conference, including:

    - The sporadic nature of many of the response actions, many of which are not communicating to each other because of the absence of an overarching social protection policy and strategy.

    - The short term (project mode) nature of many of the programmes exuding concerns of sustainability and possibilities of keeping the poor in the margins or even killing their resolve and innovativeness. This is not helped by the fact that most of these programmes are externally conceived to (intended beneficiaries, by government, donors and even some NGOs) and driven.

    - The limitation and confinement of social security programmes to the formal sector, leaving out the vast majority of Ugandans found in the informal sector.

7. The proposed responses are predictable: have a social protection policy and strategy in place to harness better coordination and policy direction, strengthen capacity of the lead ministry, more political will which hopefully will be accompanied by more finances, etc.

8. Our contention however is that an effective response to social protection challenges in Uganda will go beyond the predictable suggestions above. They will require questioning the efficacy and delivery mechanisms of social protection programmes, they will succeed if the intended targets are more involved in planning, they have a better chance of success if located within age-old,

but dynamic cultural and traditional solidarity mechanisms. Above all, we will need social will as perquisite to build sustainable political will.

## Our Commitment as Civil Society

9. As civil society, we are pleased to be associated with this renewed focus on social protection and pledge our commitment to :

    - Intensify our attention and advocacy on social protection as an agenda. Build greater and broader support for culturally and traditional sensitive approach and ensure that this is more visible in the national policy agenda, not least the National Development Plan ( NDP) and other inter- linked policies such as the national budget.

    - Specifically, we commit our available resources (time, capacities and research agendas) to furthering the quest for a comprehensive social protection policy and strategy informed by both state and non state actors, knowledge, experiences and practices.

    - We commit to be part of the implementation of initiatives- projects and programmes that will ensue from the social protection strategy and where possible devote our own resources to this cause.

    - We commit to building the much needed social will amongst the citizenry in order for them to directly or through their preferred communication mediums make greater demands for state responsibility to the welfare of the vulnerable. 'Social will' and citizen agency makes it politically risky to ignore citizen demands and this in our view is an important way of building political will.

## Conclusion

Clearly the social protection agenda is an important agenda for development more broadly, but one that has the potential to significantly contribute to poverty alleviation amongst the poorest sections of society. For social protection programmes to succeed, we will need concerted effort by all actors and this calls for effective coordination and leadership. In this regard, we will need a lot of effort to overcome the constraints and impediments the Ministry of Gender, Labour and Social Development faces in its leadership and coordination role. Anything less than this may leave the social protection agenda endemically in the margins.

Civil society Organisations in Uganda are committed to this struggle.

Thank You

# part 2:

# Social Protection Design programmes

# Part 2: Social Protection Design Programmes

## 2.1 Social Cash Transfers as a Component of a Comprehensive National Social Protection Programme – Lessons learned from facilitating the process of designing, piloting and scaling up inclusive social cash transfer schemes in Zambia and Malawi

**Bernd Schubert, Team Consult**

### Abstract

Using examples from Malawi and Zambia, this paper focuses on the sequence of policy decisions that have to be taken in the process of developing an integrated national social protection programme in which social cash transfers are one instrument among others. These decisions include:

- Priority setting: Which categories of poor and vulnerable households should be targeted and what are the main social protection needs of the prioritized target groups?

- Inclusive or categorical programme approach: Should interventions target poor and vulnerable households or specific vulnerable individuals like elderly persons, persons living with HIV and AIDS or OVC?

- Mix of interventions: Which ongoing interventions reach the prioritized categories of needy households and to which extent do these interventions meet the main social protection needs? Which additional interventions (instruments) are required?

- Projectized or institutionalized: Which target groups require temporary interventions (projects) and which require permanent programmes (institutions) like social assistance schemes?

- Choice of implementing agencies: What are the comparative advantages and disadvantages of

Government, NGO and private sector agencies with regard to implementing different types of social protection interventions?

As a result of this process a core objective of the Malawi social protection policy is to reduce and eventually eliminate ultra poverty. During the last decade Malawi's ultra poverty rate has stagnated at 22 per cent. It is estimated that about 40 per cent of the ultra-poor households in Malawi are labour-constrained (no adult household member fit for work or households with a dependency ratio of more than 3). The other 60 per cent have labour but are unemployed or underemployed.

The two categories of ultra-poor households require different kinds of social protection interventions. For the labour-constrained ultra-poor households, a Social Cash Transfer Scheme has been designed and is piloted in 7 districts. Once all the approximately 260,000 labour-constrained ultra-poor households in Malawi are reached, the scheme will cost USD 52 million per year. The approximately 300,000 non-labour-constrained ultra- poor households require either employment or a combination of temporary cash for consumption and productive assets that can be used for income-generating activities. Existing public works programmes will be reorganised to meet the specific needs of these households. In addition, innovative cash for assets programmes will be tested and scaled up, if cost-effective.

The paper describes the main challenges faced when designing, piloting, scaling up and financing social protection interventions in low-income African countries. It analyses the role of the UN, of donor agencies and of NGOs with regard to providing technical and financial assistance aimed at strengthening implementation capacity and ensuring financial sustainability of social protection programmes. The paper concludes by summarising lessons learned and formulating a number of principles for managing the process of establishing social protection programmes that effectively reach the poorest in Africa.

**Key words: Designing, piloting and scaling up inclusive social cash transfers schemes**

## Choices to be made in the Process of Elaborating a Social Protection Programme aimed at Reaching the Poorest

In the process of drafting a social protection policy and designing, testing and scaling up social protection programmes, governments of low-income countries and their partners have to make a number of tough choices. The main decisions to be taken include:

### Priority Setting

Which categories of households should be targeted by social protection interventions and what are the main social protection needs of the prioritized population groups? In Zambia and Malawi, a simple needs assessment of different categories of poor households was used for the priority setting. In Malawi, this was based on data resulting from the 2004/5 Integrated Household Survey (IHS2). According to the IHS2 52 per cent of the 13 million people of Malawi fall under the national poverty line and 22 per cent fall under the ultra poverty line. This means that 7 million people living in 1.3 million households are absolutely poor of which 3 million people living in 550,000 households are ultra-poor.

The distinction between moderate poverty and ultra poverty is important. Persons living in ultra-poor households suffer from severe hunger during most of the year, become physically weak, tend to sell or consume their productive assets (e.g. livestock, tools, seed), give up investing in their future (like sending children to school), and die from infections that other people survive. For these reasons, ultra-poor people are slow to respond to programmes, which demand a certain amount of effort and contributions (like credit and saving schemes).

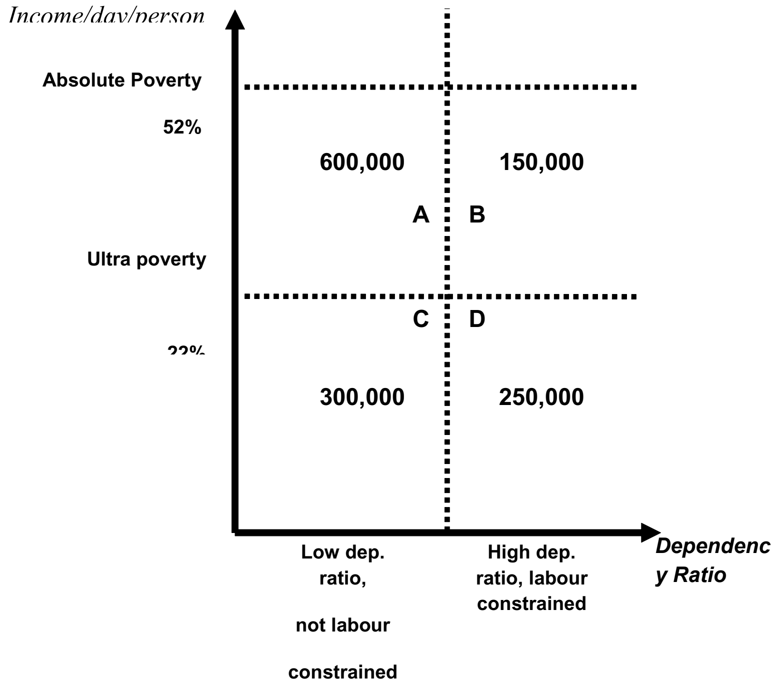
In the process of priority setting, it became evident that social protection interventions should give priority to the ultra-poor households. In line with existing policy papers like the Malawi Growth and Development Strategy, the core objective of social protection is to reduce and eventually eradicate ultra poverty. A second objective is to prevent moderately poor households from sliding into ultra poverty.

With regard to the causes of poverty it is estimated that out of the 550,000 households suffering from ultra poverty in Malawi, approximately 300,000 are poor because of conjunctural factors. Conjunctural poverty is caused by unemployment or underemployment. It involves households with able-bodied adults who have no access to productive employment. If these households get access to productive assets, to employment, or to well designed public-for-work programmes, they are able to escape from poverty.

The ultra poverty of the other 250,000 households is structural as it is related to the structure of the household. These households have few or no able-bodied adult household members. In statistical terms, these households have either no household member fit for productive work or have a high dependency ratio. They are labour-constrained. AIDS affects many of the households suffering from structural poverty. The breadwinners have died leaving grandparents, who are too old to work, and orphans, who are too young. Labour-constrained households cannot react to self-help-oriented or labour-based projects or programmes. Figure 1 summarizes the four categories of poverty described above.

The 600,000 households in Category A are in a relatively favourable situation. They are just moderately poor and include household members able to do productive work. They are able to respond to self-help-oriented projects and programmes in order to overcome their poverty and hunger.

## Figure 1: Households in Malawi suffering from different Categories of Poverty




The 150,000 Category B households are labour-constrained and are therefore unable to respond to labour-based interventions. Households headed by a pensioner, who receives a small pension, or households regularly supported by the extended family are typical for this group.

The 300,000 Category C households suffer from ultra poverty in spite of the fact that they have household members able to perform productive work. Many small-scale farmers and fishermen fall into this category. To improve the economic situation of these households they have to be targeted by programmes specifically tailored for vulnerable but viable households.

The 250,000 households in Category D are in the most unfavourable situation. They suffer from ultra poverty. At the same time, they cannot respond to development projects or programmes because they have no household members able to perform productive work. They have no or little self-help capacity. This group – the 10 per cent worst off households in Malawi – most urgently requires social protection interventions. More than 65 per cent of the approximately 1.2 million Malawians living in Category D households are children.

In the process of economic development, which will be accompanied by increasing opportunities for employment and self-employment, a number of households in Category A and C will be able to escape from poverty. Category B and D households will, however, not automatically benefit from economic development, because they lack employable adults who can make use of such opportunities. Demographic trends (growing number of old people) and the impact of AIDS (more orphans and more generation gap households) could increase the number of incapacitated households within the next 10 years. This has to be taken into account when designing the social protection strategy for countries like Zambia and Malawi.

## Inclusive or Categorical Programme Approach

There is a natural tendency for each Government department or UN agency or NGO to favour a social protection concept that is focused on its mandate:
UNAIDS, GFATM and the National AIDS Commissions tend to focus on HIV and AIDS-affected households

Helpage International favours social pensions for all old people
Other departments and agencies tend to focus on different groups of disabled people, on women and/or on OVC.

Some countries have started their social protection interventions by concentrating on one of these groups using categorical targeting: Lesotho has started social protection by establishing a universal social pension scheme. Kenya concentrates on a means tested OVC scheme. By focusing on individual members of one vulnerable group, these approaches exclude other categories of vulnerable persons from social protection unless they establish additional programmes that target other vulnerable groups. South Africa is a model of a social protection concept based on a multitude of categorical schemes. However, do low-income African countries have the financial resources and the implementation capacities to copy the South African concept?

Malawi and Zambia have chosen to concentrate on ultra-poor households because these households include the worst off cases of all types of vulnerable people (elderly, disabled, HIV and AIDS-affected persons and OVC). This approach is cross-sectoral and inclusive.

## Mix of Interventions

Existing and potential programmes have to be assessed in order to identify which programmes reach which categories of needy households and to what extend each programme meets the needs of these households. Cost-effectiveness should also be assessed. This is a touchy exercise because it may turn out that some of the programes implemented by influential stakeholders do not reach the priority target groups and/or do not meet their needs and/or are not cost-effective. In Zambia and Malawi it was concluded:

Category C households require interventions that are distinctively different from the interventions required by category D households.

Category C households need temporary transfers in order to meet their immediate basic needs (food first). In addition, they require employment opportunities or self-employment-promoting interventions that result in generating sustainable incomes.
Category D households require regular and reliable social transfers which will empower them to meet their basic needs and to invest in human capital (the health and education of their children).

For category D households, the following hypothesis was formulated and is tested by the Malawi Pilot Social Cash Transfer Scheme:Social cash transfers implemented by the District Assemblies as being a feasible, cost-effective and quick impact mechanism to provide social protection to households that are ultra-poor and at the same time labour- constrained.

### Projectised or Institutionalised Interventions

This is again a touchy issue but it cannot be avoided. Social assistance for category D households has to cover all regions of a country in a uniform and reliable manner and requires sustainable financing from public funds. Social assistance has to be seen as a permanent service like education or health - not as a project with an exit strategy or a patchwork of many projects implemented by NGOs or CBOs.

For these reasons, there is a growing consensus that social assistance should be seen as a core government function to be implemented by government officers. This does not rule out the fact that NGOs implement emergency-related temporary transfer programmes in cash or kind, or get involved in programmes targeting category C households. But social cash transfer schemes for category D households should from the beginning – even in the pilot phase – be implemented by government.

### Choice of the Implementing Agencies

Which government agency has the capacity, or at least the potential, to eventually reach each and every village and to provide a reliable service to a large number of the poorest of the poor households?

- In Lesotho the new social pension scheme is implemented by the Ministry of Finance. It has not yet been evaluated

- In Zambia the pilot social cash transfer schemes are implemented by the Public Welfare Assistance Scheme (PWAS) of the Department of Social Welfare which has Social Welfare Officers on district level. Evaluations conclude that the Department is politically weak and its performance leaves much to be desired. Capacity problems will be the main bottleneck for scaling up

- Malawi has decentralized most government services to the district level. For the Pilot Social Cash Transfer Scheme, the District Assemblies of seven districts have been chosen as the implementing agencies. All activities of the scheme are implemented by Assembly Officers from different departments (Social Welfare, Community Development, Planning, Finance, and Police). Compared to Zambia, the implementation capacity of the Malawi set-up is significantly higher. However, this varies from district to district. Effective leadership by the District Commissioners is essential for the performance of the scheme.

In general, government agencies in low-income countries are weak and have been further weakened by two decades of structural adjustment policies. This should not be taken as an excuse for sidelining government. The most promising approach may be to select a government agency which is politically well established and has potential that can be strengthened by systematic and long-term capacity building.

Designing, Piloting and Scaling up Social Cash Transfers as a Component of an Integrated Social Protection Programme

The social cash transfer schemes in Zambia and Malawi are components of the social protection policies and programmes of the two countries. They have the task to economically empower those households that for reasons beyond their control are not able to fend for themselves (category D households in Figure 1). In order to serve this purpose, the schemes had to be designed, tested and scaled up in such a way as to meet the following criteria:

- owned and implemented by the government and supported by partner organisations;
- feasible with regard to the implementation capacity of the respective country;
- effectively targeted (low inclusion and exclusion errors);
- meeting the main social protection needs of their target group;
- providing a reliable service in terms of timely delivery;
- linking the target group households to other social and welfare services;
- having the potential to be scaled up to achieve national coverage;
- cost-effective and free of corruption;
- Sustainably financed.

In order to meet these criteria the process of designing, piloting and scaling up has to adhere to the following principles:

- involve stakeholders from household, community, district and national level and organize the process as participative as possible;
- address households, not individuals;
- design and test the scheme in a systematic, transparent and well documented process;
- Provide appropriate and long-term capacity building assistance.

The following sections summarize the process and the results of establishing social cash transfer schemes in Zambia and Malawi.

[2] The preparation, organization, implementation and evaluation of the scheme is documented in a series of reports accessible at www.socialcashtransfers-zambia.org

# ZAMBIA:

# THE KALOMO PILOT SOCIAL CASH TRANSFER SCHEME

## The Process

The recommendation for a pilot social cash transfer scheme transferring cash to ultra- poor households in Zambia was first given in a GTZ financed study for the Ministry of Community Development and Social Services (MCDSS) named 'Social Welfare Interventions for AIDS Affected households in Zambia' conducted in April 2003 (Schubert, 2003). The recommendation was accepted and by August 2003 the GTZ assisted Social Safety Net Project of the MCDSS started to design and prepare a pilot scheme to be implemented in two agricultural blocks of Kalomo District.

In May 2004, the scheme was launched and by December 2004, the scheme had been rolled out and covered 1,027 households. A comprehensive evaluation report was published in October 2006 (MCDSS, 2006 a)[2] . The scheme was the first of its kind in East and Southern Africa and became the focus of the Livingstone Conference on Social Protection for Africa, held in Livingstone in March 2006 (Helpage International, 2006). Attention to the scheme has resulted in scaling up to four additional districts and in increasing budget allocations to the scheme by the Government of Zambia and by donors. The Kalomo scheme served as a learning experience for the development of other schemes.

## Organisation of the Scheme

Institutional Setting and Objectives

The scheme is administered by the Public Welfare Assistance Scheme (PWAS) of the Ministry of Community Development and Social Services (MCDSS). The pilot scheme has the following objectives:

- Reduce starvation and extreme poverty in the 10 per cent most destitute and incapacitated households in the pilot region. The focus of the scheme is consequently on 'generation gap' households, headed by the elderly who are caring for OVC because the breadwinners are chronically sick or have died due to AIDS or other reasons.

- Generate information on the feasibility, costs and benefits and all positive and negative impacts of a social cash transfer scheme as a component of a social protection strategy for Zambia[3].

Based on survey results and consultations at national, provincial and district level, a Manual of Operations has been drafted, tested and revised during a preliminary test phase (November 2003 to April 2004). The manual has been further refined throughout the subsequent pilot phase (MCDSS, 2006 b).

[3]Based on the Kalomo pilot scheme social cash transfers have become a core element of the social protection strategy of Zambia (MCDSS, 2005)

[4]The 10% limit is based on several research findings, among them the results of the National Household Survey carried out by PWAS in September/October 2003. It does not reflect the financial constraints of the scheme but rather refers to a category of households in Zambia that can be classified as 'extremely poor and labour constrained.'

[5]The dependency ratio is measured here as the ratio of unfit members in the household divided by the number of fit household members.

## Targeting Criteria and Targeting Process

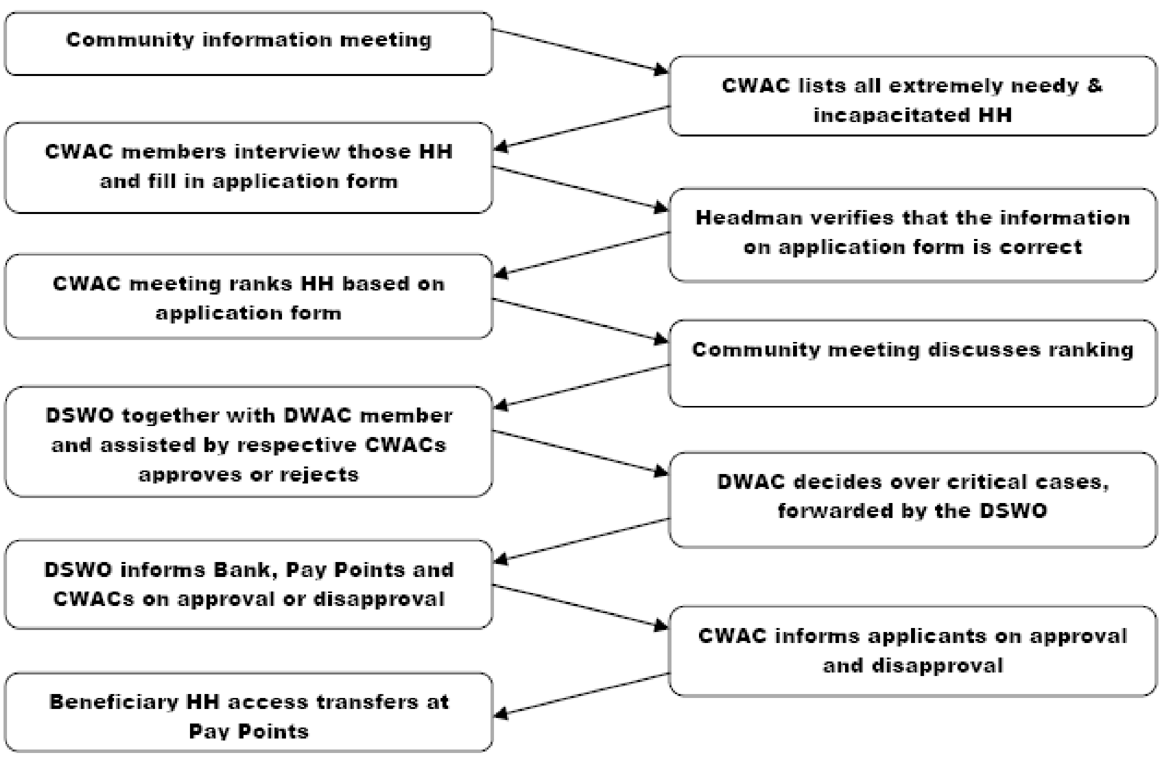
Targeting is done by Community Welfare Assistance Committees (CWACs) which are the grassroots-level structures of PWAS. The CWACs use a multi-stage participatory process to identify the 10 per cent neediest incapacitated households[4] in their area involving the headmen, the community and the District Welfare Assistance Committee (DWAC). The two criteria a household has to meet to be considered for the scheme are:

- Extreme poverty
- Being labour-constrained.

Being labour-constrained means that the household has no household members who are fit for work and are in the working age group (19 to 64) or that there is a very high dependency ratio (3 or higher)[5]. This criterion is used to focus the programme on households that cannot be reached by labour-based schemes such as food or cash-for-work or micro-credit and are therefore bypassed by most major poverty reduction schemes operating in Zambia. The targeting process is described in Figure 2 below.

The process from the first community meeting to paying the first transfers to the approved beneficiaries takes two months. The process is managed by the District Social Welfare Officer and his/her assistants. Costs for targeting, approval, delivery and supervision (all logistical and administrative costs) amount to USD 20 per beneficiary household per year.

## Figure 2: Targeting Flow Chart




[6]Exchange rate: 1 USD = ZMK 4,000

households without children and ZMK 40,000 for households with children (USD 7.5 – 10)[6]. The transfer is based on an average price of a 50 kg bag of maize. The scheme thus allows beneficiary households at least one additional meal per day. The beneficiary households are free, however, to spend the transfers in any way they want. The scheme applies no conditions on how to use the transfers. It is up to beneficiary households to decide whether they want to consume, save or invest the money according to their needs and interests.

The basic assumption of the scheme is that the beneficiary households spend the money wisely. Experience of the scheme strongly suggests that, in this context, poor people are not irresponsible and know best how precarious their situation is and what they need most in order to survive and develop. At the same time, households are not supposed to misuse the transfer, meaning that money should not be spent on alcohol, gambling or exclusively consumed by one household member. The transfer is meant for the entire household. It is also assumed that the heads of the beneficiary households (most of them are elderly women) spend most of the transfer on orphans and other vulnerable children (OVC) living in their households. Evaluation results indicate that both assumptions are realistic (MCDSS, 2006a).

# THE MALAWI PILOT SOCIAL CASH TRANSFER SCHEME

## The Process

Since 2004, UNICEF Malawi has advocated that social protection and especially social cash transfers should be integrated into development plans (like the Malawi Growth and Development Strategy) and into the budgets of funding organizations (like the application to the Global Fund for AIDS, Tuberculosis and Malaria). In early 2006, UNICEF organized exposure trips for policy makers and technocrats to study cash transfer schemes in Zambia and Brazil. Simultaneously, a consultancy for the Department of Poverty and Disaster Management Affairs (DoPDMA) was financed to facilitate a participatory process of designing and testing a cash transfer pilot scheme. In the process initiated by the consultancy, stakeholders agreed on Mchinji District as a pilot region and on using the District Assembly as the implementing agency for the pilot scheme.

It was also agreed that the scheme targets ultra poor households which are at the same time labour constrained (i.e., households that have no adult aged 19 to 64 fit for productive work or more than 3 dependants for one fit adult). It is estimated that about 10 per cent of all households in Malawi (250,000) belong to this category, which cannot benefit from labour-based interventions and are unable to fend for themselves. More than 65 per cent of the members of these households are children of which 80 per cent are orphans (unpublished data from the Mchinji scheme). A typical household of this category consists of a grandmother and grandchildren who have been orphaned by AIDS.

Between April and August 2006, procedures for targeting, approval, delivery, training and monitoring were elaborated, tested and documented in a Manual of Operations and in Guidelines for Internal Monitoring[7]. UNICEF also invested in capacity building (equipment and on-the-job training) for officers on national and district levels.

[7]The preparation, organization, implementation and evaluation of the Scheme is documented in a series of reports accessible at www.socialcashtransfers-malawi.org

In September 2006, the pilot scheme started operations. Monthly monitoring reports indicate that the scheme is progressing as planned. The scheme has been rolled out to 4 village clusters per month. By August 2007, it had covered the whole pilot area (3,129 beneficiary households).

The scheme is frequently visited by policy makers, donor representatives and technocrats from national level and from neighbouring countries. It is acknowledged as a realistic option as a core component of the emerging national social protection policy and programme. In November 2006, Cabinet officially endorsed the Mchinji Pilot Scheme and decided to scale it up to six additional districts. By end of 2008, the scheme will cover 7 districts and reach 20,000 households.

## Organisation of the Scheme

### Institutional Setting and Objectives

The scheme is implemented by the District Assemblies, which have set up Social Cash Transfer Secretariats for the day-to-day management. On a national level, the scheme is supervised by the Ministry of Economic Planning and Development and the Ministry of Women and Child Development. It is integrated into the process of elaborating a Social Protection Policy Framework, which is guided by a Social Protection Steering Committee and a Social Protection Technical Committee. The objectives of the scheme are:

- Reduce poverty, hunger and starvation in all households living in the pilot area that are ultra poor and at the same time labour-constrained.

- Increase school enrolment and attendance and improved health and nutrition of children living in target group households.

- Generate information on the feasibility, costs and benefits and on the positive and negative impact of a social cash transfer scheme as a component of a social protection programme for Malawi.

### Targeting Criteria and Targeting Process

The targeting criteria are similar to those used by the Kalomo Scheme. In order to qualify, households have to meet two criteria:

Ultra poor

- This means that they are in the lowest expenditure quintile and under the ultra poverty line (only one meal per day; not able to purchase essential non-food items like soap, clothing, school utensils; are prone to begging; have no valuable assets).

Labour-constrained

- A household is labour-constrained when it has no able-bodied household member in the age group 19 to 64, who is fit for work, or when one household member in the age group 19 to 64 years, who is fit for work, has to care for more than 3 dependants (dependants are household members that are under 19 years of age or over 64 or are unfit for work because they are chronically sick, or disabled, or are schooling).

The targeting criteria are used in a multi-stage participatory targeting process:

- Community Social Protection Committees (CSPCs) at village cluster level list, visit and interview all households that seem to meet the targeting criteria. They then rank all households that have no labour or have a dependency ratio of more than 3 according to degree of need.

- The CSPCs present the households selected and the ranking to a community meeting in order to ensure that no households meeting the criteria are left out, that ineligible households are deleted from the list, and that a consensus on the appropriate ranking is achieved. The community meeting should also facilitate that the scheme and the targeting process are as transparent as possible. This methodology has shown to be effective in identifying ultra-poor labour-constrained households.

A Social Protection Sub-Committee (SPSC) at district level (sub-committee of the District Executive Committee) assisted by extension workers, checks if the targeting process has been fair and transparent and if the results are correct. The SPSC then approves the 10% neediest households. The 10 per cent cut off point is based on the assumption that on the average less than 10 per cent of the households meet both criteria. Further research to verify this assumption is underway.

## Amount and intended Use of Transfers

The monthly cash transfers vary according to household size and take into account if the household has children enrolled in primary or in secondary school: one-person household MK 600 (USD 4), two-person household MK 1,000 (USD 7), three-person household MK 1,400 (USD 10), 4 and more persons MK 1,800 (USD 13).

For children enrolled in primary school a bonus of MK 200 is added; for children in secondary school a bonus of MK 400. This bonus is meant to encourage school enrolment and attendance and to discourage child labour and premature drop-outs. It facilitates caregivers meeting schooling-related child needs such as food, clothing, soap, exercise books and pencils. However, no conditions are applied.

On the average, the transfers amount to MK 2,000 (USD 14) per household per month. This amount is sufficient to fill the gap of MK 1,343 between the ultra poverty line of MK 6,447 per month for a 5.8 person household and the average monthly expenditure of MK 5,103 of households in the lowest income quintile.

The costs per household per year are USD 168 for the transfers plus USD 30 for operational costs. In case the scheme would be extended to all the 250,000 ultra-poor and labour-scarce households in Malawi (10 per cent of all households) the annual costs would be USD 50 million. The scheme would then benefit approximately 1.2 million persons including approximately 780,000 OVC and approximately 220,000 elderly people.

[8]Exchange rate: USD 1 = MK 140

## Impact of the Social Cash Transfer Schemes

External evaluations of both the Zambia and the Malawi pilot social cash transfer schemes, report significant positive impact with regard to food security, health, shelter and education of the members of the beneficiary households. They also show that the assets of beneficiary households have increased dramatically. This has improved their productive capacity and reduced their vulnerability to shocks. Non-recipient households have benefited because the burden of caring for destitute households (begging) has reduced and the high economic multiplier effect of cash transfers has strengthened the local economy.

It is beyond the scope of this paper to describe the impact achieved in more detail. The Annex gives a two-page summary of the impact of social cash transfers on 409 beneficiary households in Mchinji after receiving the transfers over a period of 6 months. More information can be accessed at the websites of both schemes (www.socialcashtransfers-zambia.org and www.socialcashtransfers-malawi.org) and at the website documenting the evaluation reports (www.childresearchpolicy.org).

## Some Lessons Learned

- Evidence from the Zambia and Malawi schemes and from other social cash transfer schemes in different parts of the world indicates that the impact of cash transfers on the livelihood and well-being of poor households is immediate and significant. It has been proved beyond doubt that cash empowers poor households and gives them access to basic needs. Therefore monitoring and evaluation activities should in future focus much more on scheme performance than on impact. The research question with regard to performance is: Do the schemes reach the target group that has been prioritized by the social protection policy (effectiveness of targeting) and do they transfer an appropriate amount of cash in a reliable, client-friendly and cost-effective way. In summary: make sure that they get the money – do not worry too much how they use it – the poor are not irresponsible

- In order to achieve good performance in a low-income African country with limited implementation capacity, the schemes have to be as simple, straight forward and administratively undemanding as possible. Conditionality, which has to be monitored, is one example of unnecessarily complicating a scheme.

- Social cash transfer schemes have to be tailored to the political, institutional and administrative conditions in each country. There are no blueprints. Even in neighbouring countries like Zambia and Malawi the schemes had to be organized differently. Some of the factors that affected the organization of the schemes are: Both countries differ with regard to the degree of decentralization; Zambia is sparsely populated while Malawi has a high population density; Zambians have identity cards while Malawians have not.

- In both countries the weak government structures at national and district level that manage the schemes are faced with inflexible, slow and highly bureaucratic funding agencies. To achieve an effective communication and cooperation between implementing and funding agencies was and still is a major challenge that has caused delays in rolling out the schemes and has disrupted the timely and reliable flow of payments to the beneficiaries

- In Malawi, where the schemes are implemented by the District Assemblies, effective communication and cooperation between different district departments (the departments of social welfare, of finance, of planning and of the M+E officer) are essential for the performance of the schemes. It has turned out that the effective communication and cooperation depends on the leadership provided by the District Commissioner. Where the leadership is weak the schemes do not perform well.

- With regard to political will and political support for social cash transfers, the schemes in both countries face a paradox. Strong political support is required to ensure sustainability and long-term financing. The most powerful tool to generate political support are filed visits (exposure to beneficiary households) of high-level government representatives, members of parliament, civil society, donor agencies and journalists. However, publicity and enthusiasm can lead to demands for a faster roll out or even for an immediate national coverage before implementation capacities on all levels have been capacitated. This danger may be most virulent in an election year.

- Both, the Zambia and the Malawi schemes can be considered 'child welfare schemes' because approximately 65 per cent of the beneficiaries are OVC, mostly orphans. They can also be considered as 'HIV and AIDS mitigation schemes' because approximately 70 per cent of the beneficiary households are HIV and AIDS affected (Schubert, 2007). Other types of vulnerable groups benefiting from the scheme are older people (approximately 20 per cent of the members of beneficiary households are 65+) and the disabled. The schemes cover neither all OVC, nor all HIV and AIDS-affected households nor all older people, nor all disabled persons in the pilot areas. But, because one of the targeting criteria is extreme poverty, the schemes reach the worst off, neediest and most vulnerable persons of all the vulnerable groups listed above.

- A social cash transfer scheme that targets ultra-poor households (category D in Figure 1) should not be implemented in isolation. In the context of social protection programming, social cash transfer schemes have to be complemented by schemes that target the ultra-poor households which are not labour constrained (category C in Figure 1). While Zambia and Malawi have achieved considerable progress in reaching category D households (ultra-poor and labour-constrained), the ultra-poor households that are not labour-constrained have not received much attention. This is a matter of concern.

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### Links

www.socialcashtransfers-zambia.org
www.socialcashtransfers-malawi.org
www.childresearchpolicy.org

Annexes
Mchinji External Evaluation and Baseline 2007 chart

## External Evaluation of the Mchinji Social Cash Transfer Pilot

### Short-term Impacts IN BRIEF

**Goal of the Mchinji Social Cash Transfer Scheme:**
Contribute to national efforts to reduce poverty and hunger in ultra poor households, increase school enrolment and attendance, and improve the health, nutrition, protection and well being of orphaned and other vulnerable children.

**Targeting:**
The Scheme targets **ultra-poor households that are also labour-constrained.** The ultra-poor are households that have only one meal a day, are unable to buy essential food items and have no valuable assets. Labour-constrained households have no able-bodied member in the 19–64 age group fit to work or have a household member between 19 and 64 who is fit to work but cares for more than three dependents. Households are identified through a multi-stage participatory targeting process.

**Cash:**
The average cash transfer payment is US$13 per month. The size of the cash transfer depends on the number of people in the household plus a bonus paid for school age children.

| Household size | Cash Transfer in MK |
|---|---|
| 1 | 600 (US$4.30) |
| 2 | 1,000 (US $7.14) |
| 3 | 1,400 (US $10.00) |
| 4 + | 1,800 (US $12.85) |

School Bonus: MK200-400 for each school age child

### Evaluation Timeline: Comparing Recipients and Non-Recipients over Time

Targeting for Intervention and Comparison Households
Intervention households start receiving transfer
Comparison households receive transfer

Mar 07 — Apr 07 — Sept 07 — Oct 07 — Mar 08 — Apr 08

**Baseline: Round 1 Survey**
- 409 intervention
- 411 comparison households

**Round 2 Impact Survey**
- 387 intervention and
- 401 comparison households

**Qualitative Data Collection**
- 100 in-depth interviews
- 70 focus groups
- 60 key informant interviews

**Round 3 Impact Survey**

### Impact at Six Months

Impact will be assessed again at one year from when households first receive cash disbursements (March 2008)

***"With money I can now buy bathing soap for children. The children have stopped doing casual work…I now have enough food to last for a year. The children have mats to sleep on and blankets."*** *38 year old PLWHA caring for 6 orphans*

**Food security**
- Compared to non-recipients, recipients had more food stores and went fewer days without food
- Recipients had greater dietary diversity and were more likely than non-recipients to feel satisfied after meals

**Agriculture**
- 50% of recipients reported being more likely to produce crops since receiving the cash transfer
- Most recipient households purchased one or more productive assets (hoes, sickles, etc.) or livestock (chickens, goats and pigs)

**Child Health**
- Recipients were more likely to report improvements in children's health and in the quality of healthcare for children
- Children in recipient households had fewer reported sicknesses

**Education**
- Recipient children report improved ability to study and attendance at school

**Health of Adults**
- Recipients were more likely to report that their health has improved and would seek healthcare when needed

*To learn more:* *External Evaluation of the Mchinji Cash Transfer: http://childresearchpolicy.org*
*Contact Dr. Candace Miller at candace@bu.edu*

*A collaboration between Boston University School of Public Health and the University of Malawi*

## Baseline – March 2007

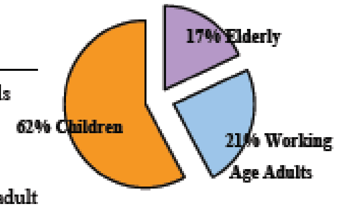
**Demographics of household heads (n=818)**

Average age: 62 years
- 1% ≤24 years
- 43% = 25-64 years
- 56% = 65+ years (*27% ≥ 75yrs)*

64% female

Education
- 54% no schooling
- 93% below standard eight

**People in households**
- 3331 people in 818 households
- 27% have a chronic illness
- 20% have some type of disability
- 43% of households have NO working aged adult
- Among remaining 57%: Dependency ratio is 3.5
- 60% of children have lost one or both parents




**Households Affected by Illness / AIDS**
- 50% of households care for an orphan of any type
- 35% report someone has been sick for >1 month in past year
- 49% report an AIDS related death in past 10 yrs
- 75% care for orphans, are chronically ill or had a death
- 6% care for orphans, are chronically ill and have had a death

## Round 2 – September 2007

**Impact on Food Security**

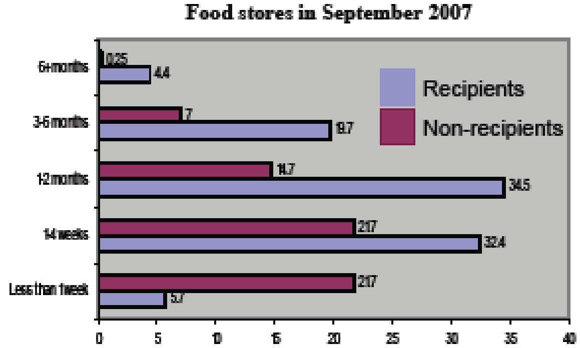
In March, recipient and non-recipient households went on average 7 days per month without enough food. By September, recipient households experienced food shortages <1 day per month vs. 5 days per month in non-recipient households.

**In March 2007, there were few food consumption differences between households. By September 2007, recipients were more likely than non-recipients to eat all the following foods:**

| | | |
|---|---|---|
| Refined flour ▪ | Eggs | Fresh milk |
| Rice ▪ | Dried fish Δ | Powered milk |
| Bread | Fresh fish Δ | Sugar cane |
| Buns, donuts | Beef | Cooking oil |
| Biscuits | Goat | Tea |
| | Pork | Soft drinks |
| | Chicken Δ | |
| Beans Δ | Small animals | Onion |
| Cowpea | | Cabbage Δ |
| Groundnuts ▪ | Casava | Rape Δ |
| Soybean flour | Sweet potato | Nkhwani |
| Ground beans | Irish potato Δ | Tomato |
| Banana | Papaya | |

Differences in March 07:
Δ Recipients more likely to eat ▪ Non-Recipients more likely to eat

**Food stores in September 2007**




(96% of recipient vs. 65% of non-recipient households had food stores

**Asset Ownership in September 2007**
(There were minimal differences in March 2007)

| Household Assets | Recipients (n=387) | Non-recipients (n=401) |
|---|---|---|
| Hoes | 92% | 84% |
| Axes | 48% | 17% |
| Chickens | 56% | < 1% |
| Goats | 43% | 0% |
| Pigs | 16% | 0% |

**Improvements in Child and Adult Health**

- Between March and September '07, household heads reported improvements in children's health among
  - 62.7% of recipient children, compared to
  - 5.5% of non-recipient children
- 71% of recipient household heads vs. 5.5% of non-recipient household heads reported that their own health had improved since March 2007
- In March, 90% of all households reported that they had 'inadequate' healthcare. By September, 'inadequate' healthcare was reported by
  - 18% of recipient household heads vs.
  - 82% of non-recipient household heads

**Improvements on Education**

- Cash may have a protective effect in intervention households as there were declines in school enrolment among children in non-recipient households but not in recipient households.
- In March, children in both households were absent from school an average of 2.7 days per month. By September, children in recipient households were absent 1.6 days vs. 2.6 days in non-recipient households.

# 2.2 'We Are All Poor Here': Economic Difference, Social Divisiveness, and Targeting Cash Transfers in Sub-Saharan Africa[9]

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## Abstract

*Social transfer practitioners are familiar with the social divisiveness that transfers can inadvertently create. One manifestation of this potential divisiveness is the oft-expressed opinion voiced in community meetings, or by key informants, that 'we are all poor here'. This is more often than not articulated by respondents as a plain statement of fact, not as special pleading or with undertones of victimisation. This paper examines the circumstances of small economic difference giving rise to the sentiment captured by 'we are all poor here', utilising income distribution data from three Sub-Saharan Africa (SSA) countries to illustrate important cautionary features that arise for the workable scaling up of cash transfers in these countries. The paper focuses on differences in per capita consumption in the long tail representing up to 60 per cent of the population that typifies national income distributions in the poorest countries.*

*The paper first reprises the efforts made by practitioners to narrow down eligibility to cash transfers to the destitute or ultra-poor, often defined as those unable to attain even the minimum acceptable level of calorie intake from their own efforts. Both proxy indicators and the deployment of a 10 per cent cut-off point to determine the scale of cash transfers are discussed. The paper examines inter-decile per capita consumption differences for Malawi, Zambia and Ethiopia as revealed by national budget surveys. These show that as a rule of thumb US$2 per capita per month separates the poorest decile from the next poorest decile in the income distribution, and US$9-10 per capita per month separates the poorest decile from the sixth decile.*

*It is deduced, first, that the sentiment 'we are all poor here' accurately reflects the very small differences in personal and family circumstances separating everyone falling within the bottom 50-60 per cent of per capita consumption in poor mainly rural SSA countries; second, that beneficiary selection in cash transfer schemes therefore occurs within a context of very close proximity in well-being, life styles, command over assets and income streams, and real material consumption of this proportion of the population; and, third, that these wafer-thin differences in consumption capabilities are narrower still in rural areas than in country averages, since urban income distributions are always significantly less equal than rural ones.*

[9] I am very grateful to Bob Baulch, Gabriel Demombynes and John Hoddinott for supplying me with the mean decile consumption per capita from recent household budget surveys in Malawi, Zambia and Ethiopia respectively, on which the economic difference discussion of this paper is based. My colleague Ed Anderson also helped with data extraction. The paper draws on insights gained while the author worked on the evidence component of the Regional Hunger and Vulnerability Programme (RHVP) in southern Africa, one outcome of which is a forthcoming book (Ellis, Devereux & White, 2009). The paper has benefited from comments by Stephen Devereux, Nicholas Freeland and Phil White.

*Existing pilot cash transfers are examined in the light of these findings, and it is found that they are unable to achieve their destitution-reduction goals without inevitably creating some proportion of 'leapfrogging' by recipients above the levels of per capita consumption of non-recipients in adjacent income deciles. Social divisiveness is explained by small economic difference. The findings place some doubt on the merits of the 10 per cent rule that has been used to establish cut-off points in pilot cash transfers in Zambia and Malawi (and most recently Kenya). Without intending to be definitive on such matters, it is pointed out that categorical targeting such as social pensions avoids social invidiousness because all citizens understand that if and when they reach the eligible age threshold, they, too, will be entitled to the benefit.*

**Keywords:** *destitution, cash transfers, targeting, income distribution, Africa*

## 'We Are All Poor Here'

Social transfer practitioners are familiar with the social divisiveness that transfers can inadvertently create, but there is little proper research in this area, rather anecdotal evidence that crops up in a scattered way in mission reports and scheme evaluations. One manifestation of this potential divisiveness is the oft-expressed opinion voiced in community meetings, or by key informants, that 'we are all poor here'. This is more often than not articulated by respondents as a plain statement of fact, not as special pleading or with undertones of victimisation. Despite the strenuous efforts by deliverers of social protection to explain transparently why certain individuals or families are deemed eligible to receive transfers while others are not, and this includes the involvement of communities themselves in beneficiary selection, a sense of puzzlement and unfairness about the selection process can nevertheless persist in communities long after targeting decisions have been made.

There are other ways, too, that this sense of unfair exclusion affects behaviours around social transfers. These include the restructuring of household demography in order to meet scheme criteria for inclusion (e.g. acquiring more orphans, small children, school- age children, elderly household members); collusion between community welfare committee members and beneficiaries on sharing benefits; so-called 'elite capture' in which community leaders or local public officials ensure their friends and relatives are on beneficiary lists; and a sense by public officials that they deserve remuneration for helping manage transfers since this is an extra work obligation not envisaged by their very low salaries. In rare instances, pooling and equal sharing of a social transfer may occur, reflecting a community consensus that equity of outcomes is preferable to the targeting criteria imposed from outside[10]. However, the more common response is for a lot of individual manoeuvring to occur around gaining access to all or part of the transfer on offer.

This paper examines the circumstances of small economic difference giving rise to the sentiment captured by 'we are all poor here', utilising income distribution data from three Sub-Saharan African (SSA) countries to illustrate important cautionary features that arise for the workable scaling up of cash transfers in SSA. The paper focuses on differences in per capita consumption in the long tail representing up to 60 per cent of the population that typifies national income distributions in the poorest countries. In order to set things in motion, the paper first reprises the efforts made by practitioners to narrow down eligibility to cash transfers to the destitute or ultra-poor, often defined as those unable to attain even the minimum acceptable level of calorie intake from their own efforts. The paper is concerned solely

[10] This is said to have occurred in some communities during the implementation of the Targeted Input Programme in Malawi 2002-03.

with routine and predictable cash transfers, not with emergency transfers, or with ad hoc responses to temporary seasonal or even spatial food entitlement deficits.

## Criteria for Identifying the Destitute or Ultra Poor

It is well understood that resources for social transfers are limited. Especially in the context of trying to convince governments that there is political mileage for them in instigating publicly-funded transfers, their aggregate size needs to be kept to some quite small proportion of government budgets in order to be remotely acceptable. However, even without political sensitivities around scaled-up social protection, it has always been the case that those seeking to ameliorate the adverse circumstances of the worst off in African societies have had to devise complicated methods for delineating their target group of beneficiaries, and differentiating this group from other, almost as deserving, poor and vulnerable people.

In the absence of realistically being able to generate data on the true material circumstances of very poor and vulnerable families in African communities (i.e. to do means testing), practitioners have for many years tended to utilise ‘proxy indicators’ for identifying the ultra-poor. Proxies can be to do with the headship of the household (women, elderly, child, disabled-headed households), evidence of lack of able-bodied adult labour in the household (elderly looking after orphans, carers looking after chronically sick adults etc.), lack of land for cultivation (unless the transfer requires access to land in order to fulfil its remit, such as free farm input packages), or plainly inadequate diet (observed to be consuming only one meal per day). Proxy indicators are often multiple (several criteria must be met simultaneously in order to secure eligibility), and they may be cascading (two or three basic criteria must first be met, then supplementary criteria are brought into play in order to refine the beneficiary list).

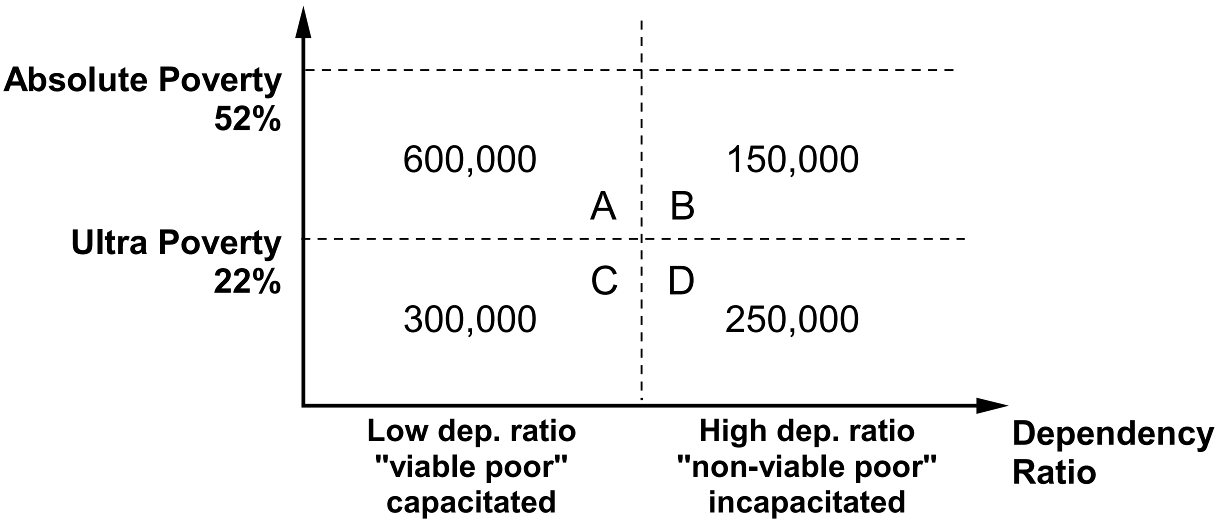
More recently, it has been proposed by interpreting national-level demographic and household budget survey data that the poorest and most labour-constrained 10 per cent of households reliably correspond to the ‘non-viable’ destitute requiring regular social transfers (Schubert & Goldberg, 2004; Schubert & Huijbregts, 2006). Leaving aside the dubious notion of a ‘non-viable’ person or household (disability advocates might have something to say about that), this 10 per cent proposition has achieved a certain authenticity, being used as the basic rule-of-thumb for beneficiary selection in pilot social cash transfer schemes in Zambia and Malawi, and forming an important focal point for discussion about beneficiary selection in the recently initiated Hunger Safety Net Programme (HSNP) in Kenya. From the viewpoint of this paper, the 10 per cent rule provides a useful touchstone because it combines economic difference and household demography as key factors determining who should receive social transfers and who should be excluded[11].

For those unfamiliar with the 10 per cent rule, the basic model deduced by Schubert and colleagues is reproduced in Figure 1 below. In this instance, the model is calibrated utilizing the 2004-05 Integrated Household Survey (IHS2) for Malawi, a nationally representative household budget survey covering 5,436 households. Using household expenditure data, the IHS2 estimated a national poverty rate for Malawi of 52 per cent, with ultra-poverty estimated at 22 per cent of the population. Figure 1 divides the implied 1.3 million poor households in Malawi in two main ways: first between the poor (A+B = 0.75

[11]This paper is not written specifically as a critique of the 10 per cent rule, which has made an important contribution to evolving practice in the targeting of cash transfers in SSA. Nevertheless, in its conclusions, it does return to the rule and identifies several critical weaknesses for its deployment as a targeting principle in scaled-up cash transfers.

million households) and the ultra poor (C+D = 0.55 million households); and second between those having adequate labour to engage in productive activities to feed their families (A+C = 0.9 million households) and those lacking such labour (B+D = 0.4 million households). The combination of ultra poverty and lack of productive labour (measured by a high ratio of dependents in the household) is thus represented by the fourth quadrant in the diagram (quadrant D) comprising 0.25 million destitute and deserving households, equal to 10 per cent of all households in Malawi.

**Figure 1: Identifying those most in need of Social Transfers in Malawi-Source: Schubert & Huijbregts (2006, p.19)**




It is important to note that a 10 per cent rule does not avoid the need to utilize proxy indicators in eventual beneficiary selection. The 10 per cent rule essentially places a ceiling on the number of households assisted, and therefore also puts a cap on the budgetary expenditure involved. However, actual beneficiaries up to the permitted 10 per cent are selected using proxy indicators, amongst which the absence of able-bodied labour in the household is the critical criterion, and other indicators are brought into play as secondary or tertiary criteria. This paper returns to the 10 per cent rule in due course after considering evidence on economic difference in three SSA countries.

### Economic Difference and Cash Transfer Implications

Data on income distributions in Malawi, Zambia and Ethiopia are set out in Table 1 below. In each case, these income distributions are derived from nationally representative large-scale household budget surveys, for Malawi the 2004-05 IHS2, for Zambia the 2002-03 LSMS, and for Ethiopia the 2004-05 HICES[12]. In each case the data is presented as mean consumption per capita in descending order of deciles, converted from national currencies to US$ at the official exchange rates ruling at the time that surveys were conducted[13]. Table 2 displays the mean differences in per capita consumption per month between deciles, derived from the data in Table 1. Finally, by way of having a 'neutral' discussion removed from any single country, both Table 1 and Table 2 provide a column giving the simple average

12The published analyses of these surveys can be found in Devereux et al. (2006); Government of Malawi (2005); Government of Malawi & World Bank (2006); World Bank (2005) and Woldehanna et al. (2008).

13The exchange rates used to convert local currency data from the surveys into US$ were, for Malawi MK108.9 = 1US$; for Zambia ZMK4566 = 1US$; for Ethiopia 8.6 birr = 1US$

of these mean decile consumption per capita figures, and the result is graphed in Figure 2[14]. This is treated in ensuing discussion as a generic income distribution applicable to low per capita income SSA countries with large rural populations

**Table 1: Mean Consumption by Decile: Malawi, Zambia, Ethiopia (US$ per capita per year)**

| Deciles | Malawi | Zambia | Ethiopia | Simple Average |
|---|---|---|---|---|
| 10 | 760.5 | 716.0 | 506.7 | 661.1 |
| 9 | 347.6 | 320.6 | 270.0 | 312.7 |
| 8 | 260.4 | 243.4 | 224.3 | 242.7 |
| 7 | 211.9 | 195.3 | 197.4 | 201.5 |
| 6 | 178.4 | 163.6 | 176.5 | 172.8 |
| 5 | 152.0 | 138.4 | 156.5 | 149.0 |
| 4 | 129.3 | 117.5 | 136.7 | 127.9 |
| 3 | 108.9 | 98.7 | 120.6 | 109.4 |
| 2 | 88.3 | 78.7 | 104.6 | 90.5 |
| 1 | 62.2 | 51.3 | 80.1 | 64.5 |

*Source: 2004-05 IHS2 (Malawi), 2002-03 LSMS (Zambia), 2004-05 HICES (Ethiopia)*

**Table 2: Consumption Differences between Deciles: Malawi, Zambia, Ethiopia (US$ per capita per month)**

| Decile Interval | Malawi | Zambia | Ethiopia | Simple Average |
|---|---|---|---|---|
| 9-10 | 34.4 | 32.9 | 19.7 | 29.0 |
| 8-9 | 7.3 | 6.4 | 3.8 | 5.8 |
| 7-8 | 4.0 | 4.0 | 2.2 | 3.4 |
| 6-7 | 2.8 | 2.6 | 1.7 | 2.4 |
| 5-6 | 2.2 | 2.1 | 1.7 | 2.0 |
| 4-5 | 1.9 | 1.7 | 1.6 | 1.8 |
| 3-4 | 1.7 | 1.6 | 1.3 | 1.5 |
| 2-3 | 1.7 | 1.7 | 1.3 | 1.6 |
| 1-2 | 2.2 | 2.3 | 2.0 | 2.2 |

*Source: derived from Table 1 (inter-decile differences divided by 12 to convert from annual to monthly amounts)*

These various data and graphs demonstrate that cash transfers to the most destitute in low-income SSA countries must operate within exceedingly narrow parameters of economic difference if socially invidious changes in income distribution are to be avoided:

[14] Lest the reader objects to this as requiring a population-weighted average, the purpose here is to examine 'ballpark' differences between deciles for economies of the type represented by a Malawi, Zambia or Ethiopia, and therefore a weighted average that would result in undue weight being given to Ethiopia is not required.

(1) essentially (as a rule of thumb) US$2 per capita per month separates the poorest 10 per cent from the next poorest 10 per cent in the income distribution;

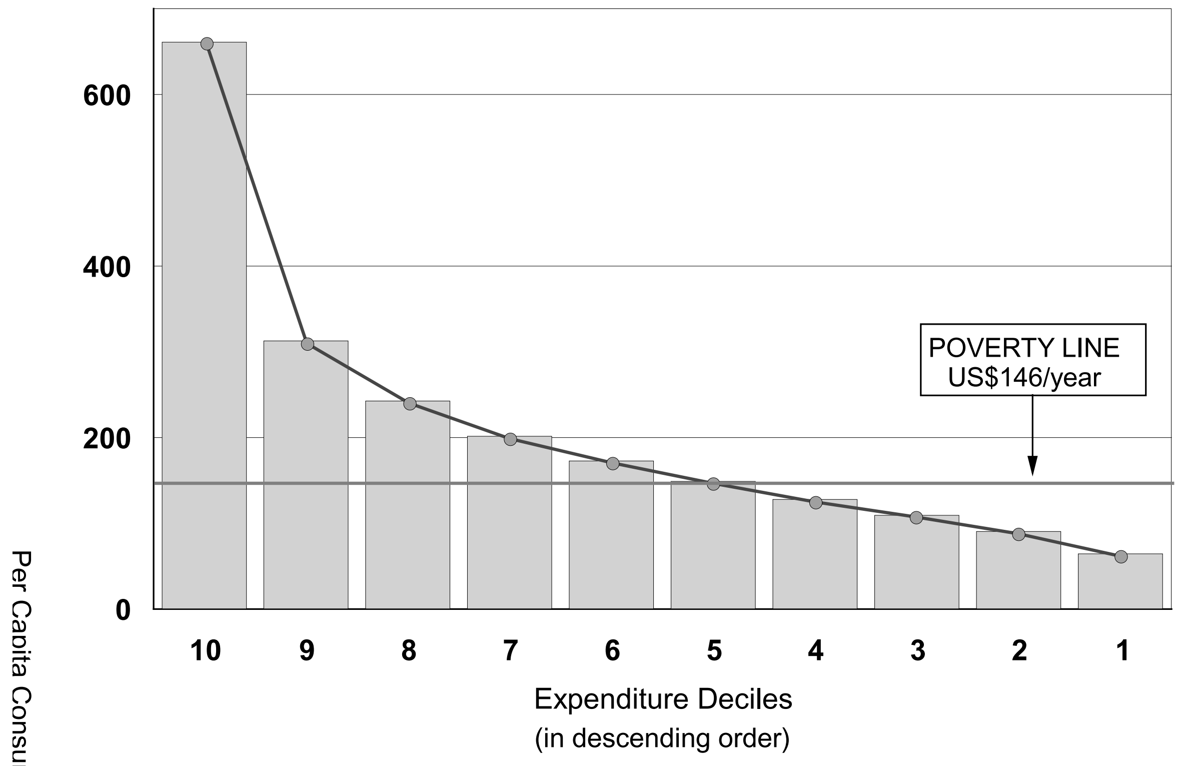
(2) the gap between the 1st (poorest) and 2nd (next poorest) decile tends to be higher than succeeding gaps going upwards through the lower half of the distribution (2nd to 5th decile), and this applies in all three countries;

(3) this may give the impression that the poorest 10 per cent can be satisfactorily identified for policy purposes as a separate category for social transfers;

(4) the inter-decile consumption gap between the 5th and 6th decile remains at roughly the same level as between the 1st and 2nd decile;

(5) Progressively steeper rises in mean consumption differences only occur from the 7th decile upwards.

**Figure 2: Generic Income Distribution and Poverty Line Based on Three Countries (mean consumption per capita, by decile, US$ per year)**

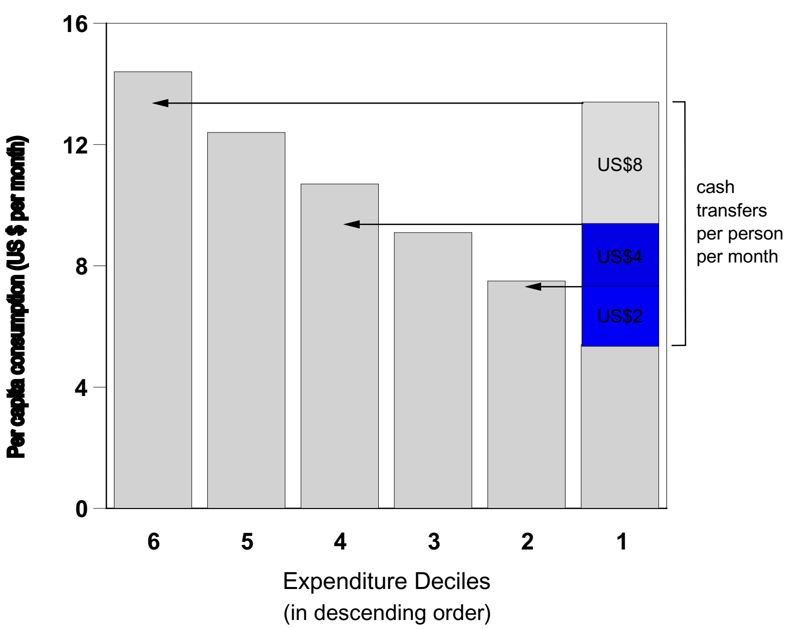



*Source: see sources cited for Table 1 and in footnote 4 above*

Some important features are deduced or are closely related to these observations. First, the sentiment of 'we are all poor here' is shown most decidedly not to constitute special pleading, but to reflect accurately the very small differences in personal and family circumstances separating everyone falling within the bottom 60 per cent of per capita consumption in poor mainly rural SSA countries. Second, beneficiary selection in cash transfer schemes in such countries occurs within a context of very close proximity in well-being, life styles, command over assets and income streams, and real material consumption of 50-60 per cent of the population. Third, these wafer-thin differences in consumption capabilities are narrower still in rural areas than in the national averages shown in Table 2, since urban income distributions are always significantly less equal than rural ones. Indeed if we take Malawi as an example, US$9 per month separates the 1st from the 6th decile in rural areas, compared to US$18 per month in urban areas, and US$9.7 per month overall[15].

The generic data provided in the last column of Tables 1 and 2 and graphed in Figure 2 can be utilised to demonstrate the implications of per capita cash transfers of varying amounts, as shown in Figure 3. Of course, cash transfers are typically provided to households, and some cash transfer schemes adjust for household size while others do not. Ideally a cash transfer should adjust for household demography as well as household size; after all a 5-person household containing one adult and four small children has different consumption requirements from one containing three adults and two teenage children, even if in both instances the adults are unable to participate in productive labour for one reason or another. However, administrative feasibility places restrictions on how sensitive in practice variations in the level of cash transfers to households of different compositions can be. The main point made by Figure 3 is that there is exceedingly little room to manoeuvre at the bottom of the income distribution if the problem of 'leapfrogging' the material consumption of cash transfer beneficiaries above adjacent households in the income distribution is to be avoided.

**Figure 3: Income Distribution Implications of Varying Levels of Cash Transfers (US$ per month)**




Source: As for Figure 2, with illustrative additions.

[15]The measure of inequality provided by the Gini coefficient for these three countries is 0.26 (Ethiopia), 0.34 (Malawi) and 0.35 (Zambia) in rural areas; and 0.44 (Ethiopia), 0.48 (Malawi), and 0.46 (Zambia) in urban areas. See references provided at footnote 4.

In Figure 3, a US$2 transfer per month to an individual very nearly brings a mean individual in the bottom decile up to the same mean material consumption as the next decile. A transfer of US$10 to a 5-person household would have this effect, but note that the same US$10 given to a 4, 3, 2, or 1-person household would bump up such a mean individual increasingly above successive adjacent consumption deciles. In fact, if by design or accident an individual were to receive US$8 per month, this would leapfrog their material consumption from the first into the sixth decile of the income distribution.

In conversations with practitioners, it is apparent that it is thought this problem can be avoided if the 10 per cent selected are scattered across the lower income deciles rather than being confined to the lowest decile. This is unfortunately not true. Dividing individuals into deciles (or for that matter into any other equal shares of the population) is done by strictly ordering per capita consumption per person from the highest to the lowest, thus all individuals in the lowest decile have lower per capita consumption than all individuals in the next decile and so on. It follows that selecting the 10 per cent eligible for cash transfers from across several deciles merely means that some rather better off people have been selected in preference to the 10 per cent poorest, and therefore the potential for leapfrogging up the income distribution is made more likely rather than less likely[16].

The question arises as to how well existing cash transfer pilots have performed in terms of operating within the narrow parameters that avoid socially invidious alterations in the income distribution positioning of beneficiaries. Two schemes (or sets of schemes) are examined briefly in this regard: the Zambia pilot cash transfers and the Mchinji cash transfer scheme in Malawi. The original Zambia pilot cash transfer is the well known Kalomo scheme funded by GTZ and implemented by the Government of Zambia, starting in 2004. This was also the first scheme to apply the 10 per cent rule. The Kalomo scheme initially provided 1,027 beneficiary households with US$6 per month, with no variation for household size. For a one-person household at the mean of the bottom decile of the Zambia income distribution at that time, this would have catapulted the individual concerned from the first to the fourth decile of the income distribution (see Table 1 above). Similar effects in lesser degrees may have occurred for two- or more-person households. Average household size in the Kalomo scheme was 3.8 persons (Schubert & Goldberg, 2004).

In Zambia, the Kalomo scheme was followed by four other pilot cash transfers, each testing different aspects of cash transfer delivery, in Monze, Kazungula, Chipata and Katete districts (Ellis, 2007). To take one more example, the Kazungula scheme provided 554 destitute and incapacitated households with US$7.5 per month (if they had no children) and US$10 per month (if they had children) from 2005 to 2007. In April 2007, these amounts were raised to US$10 and US$12.5 respectively. Again, the income distribution effects of such transfers depend on household size and composition; and in the case of single person households could have bumped their material circumstances up to the levels experienced by individuals in the fourth decile[17].

In Malawi, a pilot social cash transfer was initiated in Mchinji district in 2006 implemented by the government with technical support from UNICEF. This has since been extended to three more districts. Monthly cash transfers vary according to household size, and take into account if the household has children in primary or secondary school. The income distribution effects of the Mchinji scheme are

[16]The argument here has been developed from per capita consumption data and magnitudes might differ slightly if household level deciles were used instead, depending on the relationship between household size and per capita income across the income distribution.

[17]This takes into account the impact of inflation on the real purchasing power of the Kwacha between 2002-03 and 2005 when the Kazungula scheme started.

summarised in Table 3. The left side of this table provides the level of cash transfer by household size. The right side of the table examines how such transfers (on a per capita basis) effect the position of individuals with respect to the prior income distribution.

**Table 3: Cash Transfers in the Mchinji Scheme and Income Distribution Effects (Amounts per month)**

**A. Cash Transfer Amounts**

| HH Size (persons) | Cash Transfer (US$) | Cash Transfer (MK) | Transfer per Person |
|---|---|---|---|
| 1 | 4 | 600 | 600 |
| 2 | 7 | 1000 | 500 |
| 3 | 10 | 1400 | 467 |
| 4 | 13 | 1800 | 450 |

**B. Income Distribution Effects**

| Decile No. | Mean Cons. per cap (MK)* | Decile 1 + Transfer per Person |
|---|---|---|
| 1 | 726 | 1,326 |
| 2 | 1,020 | 1,226 |
| 3 | 1,249 | 1,192 |
| 4 | 1,478 | 1,176 |
| 5 | 1,724 | |

** mean rural decile consumption per capita per month from IHS2 adjusted for inflation of 31.5% between 2004-05 & 2006-07*

Source: Schubert & Huijbregts (2006, p.12), own calculations based on IHS2 data

It can be seen in the last column of Table 3 that the amount for a single person household risks catapulting the individual from the first to the upper reaches of the third decile (MK1,326 compared to MK1,249). However, this effect diminishes as household size increases since the scheme transfers less per capita at each successive household size (from 600 to 500 to 467 to 450 MK per capita). But the effect of school attendance payments (MK200 for a primary pupil and MK400 for a secondary pupil) is not factored in here, so that a 4-person household with 3 school-age children could achieve a per capita income of between MK1,800 and 2,400, giving them the equivalent consumption per capita as the fifth or sixth decile[18].

The pilot cash transfers in both Zambia and Malawi were designed, of course, in full knowledge of the income distribution data that is presented here[19]. It was appreciated early on that a cash transfer could not bring the per capita income of a household up to the poverty line, because in doing so all 10 per cent recipient households would leapfrog their way up to the fourth or fifth decile of the income distribution (this follows automatically if the poverty rate is around 50 per cent). As stated in Schubert & Goldberg (2004, p.6), ‘The transfer does not lift beneficiary households out of poverty. It just lifts them from critical poverty, which is life-threatening, to moderate poverty’. This seems sensible enough, but the problem is that there are another 30-40 per cent of non-recipient households that are also in varying degrees below the poverty line, and in very low- income rural areas this proportion is even higher (‘we are all poor here’), so that invidious comparisons between households are bound to occur when some receive a benefit and others do not.

[18]These observations are made with respect to the mean rural consumption per capita in the bottom decile, and would vary in magnitude depending on how far below or above the mean consumption any individual family was.

[19]The thinking behind the design of these pilot cash transfer schemes is traced in project documents that are accessible on websites: www.socialcashtransfers-zambia.org and www.socialcashtransfers-malawi.org.

## Broader Implications

This paper has the limited objective of demonstrating the narrow parameters of economic difference within which cash transfers must operate if they are to avoid creating ethically dubious social tensions between included and excluded groups. It seems almost certain that existing social transfer pilots, notwithstanding the sensitivity of their design, have breached these parameters at least to some degree. This is because they deliver cash transfers to households, and households vary in their demographic size and composition, so that some beneficiaries will have 'leapfrogged' the standard of living of non-beneficiaries in the same communities.

In a prospering society where people's standards of living are generally on an upward path, such difficulties at the margin would be unlikely to matter too much, and indeed could be considered a small price to pay in order to secure the adequate nutrition and basic needs of those left behind while the majority move forward. Moreover, in such a scenario, those moving forward are unlikely to feel resentful of those receiving help, since the level of such help will be significantly below their own material situation, or what they are able to aspire to in the foreseeable future.

However in Sub-Saharan Africa, and especially in rural areas of the poorest countries, such a process is hard to distinguish. Most community members consider (essentially correctly) that 'we are all poor here'. Moreover, opportunity is not rising at a rate (nor has it been doing so historically) for fractionally better-off individuals to see an improvement in their circumstances coming into view round the corner. For this reason, social transfers in SSA often involve seeking tiny variations in circumstance that ordinary people do not perceive as real differences in order to select a lucky few people as transfer recipients. This inevitably creates social tension and division, as well as personal strategies to work around the selection criteria that are proposed, or the organisational means of implementing them.

The narrow economic differences that separate the bottom 50-60 per cent of the population in many SSA countries place some doubt on the merits of the 10 per cent rule that has been used to establish cut-off points in pilot social cash transfers in Zambia and Malawi (and most recently Kenya). First, arising from the evidence of this paper, it is exceedingly difficult using this rule to avoid propelling the consumption level of some beneficiaries above that of non-beneficiaries in the same communities. Second, any such single proportion clearly cannot be expected to apply evenly across geographical and social space, even if it can be delineated satisfactorily at a national aggregate level. It follows that it will over-capture the kind of households it seeks to target in some places (wrong inclusion) while under-capturing such households in other places (wrong exclusion).

Third, it is doubtful that the labour-capability difference between households that is critical to keeping the proportion down to 10 per cent is as clear cut as the rule suggests. The productive deployment of labour is not just a matter of labour supply but also of labour demand. Households containing labour entirely unemployed, or significantly underemployed, differ little in their material conditions from household lacking economically active labour, and indeed may even be worse off due to the higher food consumption needs of adult household members. Fourth, even if labour is productively deployed, it is possible that its returns are insufficient to meet basic nutritional requirements (the ultra-poverty line), which in all the countries mentioned in this paper is double or more than double the 10 per cent proportion of poorest households.

Space limitations prohibit a proper exploration here of what these considerations imply for scaled-up social protection in Sub-Saharan Africa. There seems little doubt that categorical targeting (child-support grants, old-age pensions) avoid to a considerable degree the social divisiveness (as well as the administrative intricacy) attendant on trying to separate out an especially deserving sub-set of the poor from amongst the larger proportion of poor people that are little differentiated from each other in terms of the material conditions of their lives. Categorical targeting has the considerable added advantage of establishing a right to the social transfer for all those who meet the simple criterion that defines the category (such as the age threshold in the case of social pensions). Moreover, in the case of social pensions, social invidiousness does not occur because all citizens understand that if and when they reach the age threshold, they, too, will be entitled to the benefit.

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# 2.3 Social protection is centuries-old! Culture and social protection for the very poor inUganda:Evidence and policy implications

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## Abstract

*In spite of continued growth, millions of Ugandans remain in long-term, extreme poverty. They are also likely to continue being by-passed by the opportunities that economic growth offers, mostly to the "active" poor. Recognising the above, Government and other development actors are turning their attention to policy initiatives geared towards "social protection". We find that these initiatives might borrow much from elsewhere, in the process neglecting the cultural context, and failing to build on existing indigenous protection mechanisms that are susceptible to being strengthened.*

*This paper presents findings from research conducted by the Cross-Cultural Foundation of Uganda, a local NGO, on the interface between culture and "traditional" social protection mechanisms for the very poor in Uganda. Research has focused on the prevalence and functioning of "traditional" social protection mechanisms, the reasons for their survival (or withering), their beneficiaries, and opportunities for strengthening or revitalising them. Policy implications, especially whether elements of these mechanisms might be susceptible to further strengthening, are also suggested.*

*Our field data presents a mixed picture, with several traditional social protection mechanisms overlapping, some withering away, others adapting to new circumstances. In some areas, communities evolve in a cultural context that is still much informed by the values and practices associated with 'tradition' and with ethnic culture. We suggest that policy initiatives for social protection could, for a start, usefully take this context into account.*

*Secondly, the paper suggests that policy could build on (rather than substitute) these traditional solidarity mechanisms. If these today appear insufficient to address all the economic and social challenges that the very poor face, they can nevertheless (at least at times and for a time), turn to the opportunities such mechanisms offer, or at least invoke the values of solidarity that have (and do still) inform them, for support. Some mechanisms have indeed shown resilience, adaptability and a degree of inclusiveness that can provide opportunities for future growth. The recent restoration of the kingdoms and other cultural institutions in Uganda offers a favourable context for some of these practices to be revived in a way that responds to current challenges. Social responsibility to help one in need (such as by the youth to the benefit of the elderly) can be capitalised on, especially using channels people are familiar with. Thus, the clan often provides a potentially effective system through which common values and principles of solidarity can be reinforced, such as with regard to collective initiatives for food security, support to the very vulnerable, and education and responsibility for children/orphans. The paper also indicates that cultural leaders in some areas still derive legitimacy – especially in domains relevant to social protection – that point towards a need to include them in policy implementation. They often provide a recognised*

[20]We are very grateful to Eward Kazibwe and Rose Tino for ably conducting much of the field research, and to DRT for funding this research.

*source of information and can act as a point of information dissemination. They also frequently retain responsibility, for instance, to mobilise collective action geared towards addressing critical concerns of the very poor.*

*Emerging results also indicate that these mechanisms display several limitations. One is the reciprocal nature of any benefits, at times excluding the very poor. We therefore suggest that supporting such mechanisms will have to take these limitations into account, such as by incorporating different types of contributions that are not necessarily monetary.*

## Introduction

### Rights, values and informal social protection mechanisms

This paper is informed by a perception of social protection that adopts a ”political” or ”transformative” view which extends social protection to address both causes and symptoms of extreme poverty and thus considers equity, economic, social and cultural rights, rather than confining its scope to targeted income and consumption transfers. It is also informed by a perception of social protection that goes beyond ‘public actions’ and ‘a set of policies and programmes’ – to a citizens’ perspective that includes not only formal (‘public’ and ‘private’), but also non-formal systems and values of social protection, such as those based on kinship and traditional values of solidarity and reciprocity.

### The national context, culture and social protection

In spite of lowering levels of poverty, millions of Ugandans remain in long-term, extreme poverty and are likely to continue being by-passed by the opportunities that economic growth offers, mostly to the “active” poor[21]. Recognising the above, Government and other development actors are increasingly turning their attention to “social protection”. This has in part been justified by the observation that family and other informal support mechanisms are under increasing strain, although the 2006 Uganda National Household Survey indicates that 21% of households look after an orphan, without public assistance. Such a figure exemplifies the strength of social networks to protect the very poorest from shocks and guarantee a minimum standard of living. It is these “informal systems,” and the cultural context that informs them, that constitute the focus of this paper, although culture is often negatively perceived in Uganda, as “backward”, “primitive”, and therefore generally to be avoided. This study adopts the perspective that, while this may often be the case, there may also be positive aspects of local culture[22] that are essential to inform how individuals and communities act and define themselves.

Similarly, social protection policy initiatives might borrow much from elsewhere, without building on indigenous protection mechanisms that could be strengthened. We argue here that, while government will have to play a lead role in most social protection initiatives, it is likely that these will be more effective if they clearly reinforce, whenever possible, existing informal, family- or community-based mechanisms. One objective of this research is to give an indication of the validity of this statement and, if this is the case, to suggest what could be done to reinforce these mechanisms.

[21]The chronic poor account for about a quarter of Uganda’s population (Chronic Poverty Research Report, DRT, 2005).
[22]We define culture as “as a constantly changing set of values, identities, traditions and aspirations that govern the way we relate as individuals, communities and nations. It informs one’s sense of pride, belonging and motivation to be productive”.

## Research in Buganda, Ankole and Lango

To examine the prevalence of such "traditional" social protection mechanisms, how they operate, the reasons for their survival (or withering), their beneficiaries, how they affect the social capital of the poorest; and opportunities for strengthening or revitalising them, we conducted field work in three rural areas: 4 villages in the traditional kingdom of Buganda; 3 villages in a pastoralist environment (Ankole) and 3 in a region emerging from conflict in the North (Lango). In addition to reviews of the literature, field work included observation, semi-structured and life history interviews, focus group discussions and wealth ranking exercises with approximately 340 respondents, from December 2007 to July 2008.

In Buganda, all respondents had experienced political, social or economic shocks, to varying degrees, mostly related to civil strife and the HIV crisis. As an ethnic group, the Baganda represent about a fifth of the national population. With norms and traditions revolving around the institution of the king, or Kabaka, they entered what was for many a period of mourning after their kingdom was abolished in 1966, until the Museveni regime restored it as a "cultural institution" in 1993. This restoration, though not without its detractors because of its 'a-political' nature, provided a fresh impetus for the monarchy and, more broadly, for Kiganda culture (the two being inextricably linked) to re-surface.

Ankole, to the West, was also a "traditional kingdom", similarly outlawed at the same time as Buganda's. Contrary to Buganda, however, it was not restored in the 1990s, in part because the rather monolithic cultural make up in Buganda (excluding the significant immigrant communities) is not replicated in Ankole. Today, rural Ankole communities are still categorised along two sub-ethnic groups, described to us as the Abaliisa, primarily cattle keepers (or Bahima in the literature), while the Abahingi (or Bairu) are cultivators, though a significant population of both groups has diversified into other activities. The monarchy was associated with the dominant Abaliisa and, with a move to individual land ownership; much of this went to members of the political elite, eventually creating patron-client relationships between the Abaliisa land-owning elite and the Abahingi agriculturalists.

Lango, in Northern Uganda, for long exhibited less centralised governance structure features, dominated by clans, than in the kingdoms. The last two decades of insurgency, as the Government has battled the Lord's Resistance Army, was cited as the major factor contributing to extreme poverty. This insurgency has led to loss of life and property, trauma, disability, abduction, and disruption of social and economic activity. Before government decided that people go to camps, their way of life was dominated by the need to be constantly on the run. Food supply dwindled with fields abandoned. However, the shock with the longest impact was reported to be the loss of cattle to rustlers from neighbouring Karamoja, especially in 1988 and 1989 when, we were told, "almost everybody lost their cattle. This brought complete poverty…" The effect of this loss is still felt and at least in part explains the deeper and more widespread poverty witnessed in this region of the country. In addition, households are often affected by famine, when rains fail. Finally, although the epidemic has affected all parts of Uganda, HIV/AIDS has especially affected areas where armed conflict has been intense.

## Poverty and vulnerability in the study areas

The nature of extreme poverty - and vulnerability to extreme poverty - in Uganda has been largely documented. The 2005 report on Chronic Poverty describes its extent and complexity, including the "web of inter-related factors" that account for its persistence, including lack of access to productive assets, lack of education, and constraints on other forms of human and social capital. Poor people can become chronically poor as a result of shocks, including insecurity and HIV, and more long-term processes, such as land fragmentation. To these must be added gender inequities. In sum, *"with no surplus to save, low levels of human, social or political capital and few productive assets, escape routes for people in chronic poverty are profoundly limited"*[23].

In the study areas, our respondents identified the very poor (typically constituting at least 10-15% of the local population) as those without access to means of production, often without food, and those without social or other means of support. Women and children were generally worse off, with the latter rarely attending school. Alcoholism, defaulting on loan repayments leading to loss of assets, especially land, and crop failure contributed to this. In Buganda and Ankole, the very poor included old people, often migrants, sick and neglected by relatives; in Ankole, those without cattle, who often look after cattle for a minimal wage and whose children do not attend school as they too tend animals for others. Widows evicted from their marital homes by their in-laws were also singled out, as well as orphans staying with elderly grand-parents or as part of child-headed households, unemployed school drop-outs, and poor people with a disability or families with disabled children. In Lango, the very poor also included direct victims of the war, widows whose husbands were killed, children who had been abducted and maimed, street children, including the traumatised; the elderly abandoned in camps and those who turned to begging. It also included those entirely dependent on NGOs, and young girls who resorted to marriage, to transactional sex, had left school and worked as bar attendants or brewers of local gin. Older childless individuals and unmarried men, especially prone to food deficits, ridicule and isolation, also featured.

## Community Social Protection and Welfare Mechanisms

### A plethora of mechanisms at play

In all villages, both the poor and non-poor cope with shocks, using various mechanisms either of a "traditional" or of more recent nature, but informed by long-standing values of solidarity. All these operate in interlocking and overlapping ways; they have neither clear cut boundaries, nor do they always have a rigidly defined membership. Respondents, anthropologists and other sources help us to re-construct a rich and complex picture.

If we take the example of Buganda (see diagram below), we can identify "traditional" mechanisms which include a number of family-linked systems. The clan (ekika) is valued for giving a sense of identity and pride, belonging and friendship, as well as help in times of difficulty, when death of a family member occurs. The extended family at different levels provides an important coping mechanism for a large number of orphans and widows, reflecting the extent to which the strong bond of family togetherness was appreciated. It also provides a mechanism of incorporation of foreigners into a nuclear family, but has been affected by the devastating deaths of fathers, uncles and aunts due to HIV/AIDS. Some of our respondents were of the view that in-laws were the most dependable. Beyond the family, community-based systems (the community itself, munno mukabi - an informal, community-based, mutual help group that pools resources to respond to emergencies) denote the value of solidarity itself. Some of our respondents named their communities as the most important means of coping, because whenever they

[23] Chronic Poverty Research report, 2005, p. 33.

are faced with a difficulty, the clan or in-laws arrive when village people have already done the biggest part. Other 'mechanisms' included friendship: belonging to a group of friends or some kind of network, however informal, applied to the very poor among our respondents, even though this might not translate into material benefits, but results in "belonging" and "recognition". There were also self-help groups of recent creation: while the practice of group formation was until the 1950s not part of Kiganda culture, there are now numerous[24] and often based, we were told, on "omukwano nfanfe" (true friendship). All groups have members and a leadership structure, and some were to some extent triggered by the desire to access external benefits. The poorest were however often excluded from such groups because they could not raise the required amount for membership, even by contributing their labour.

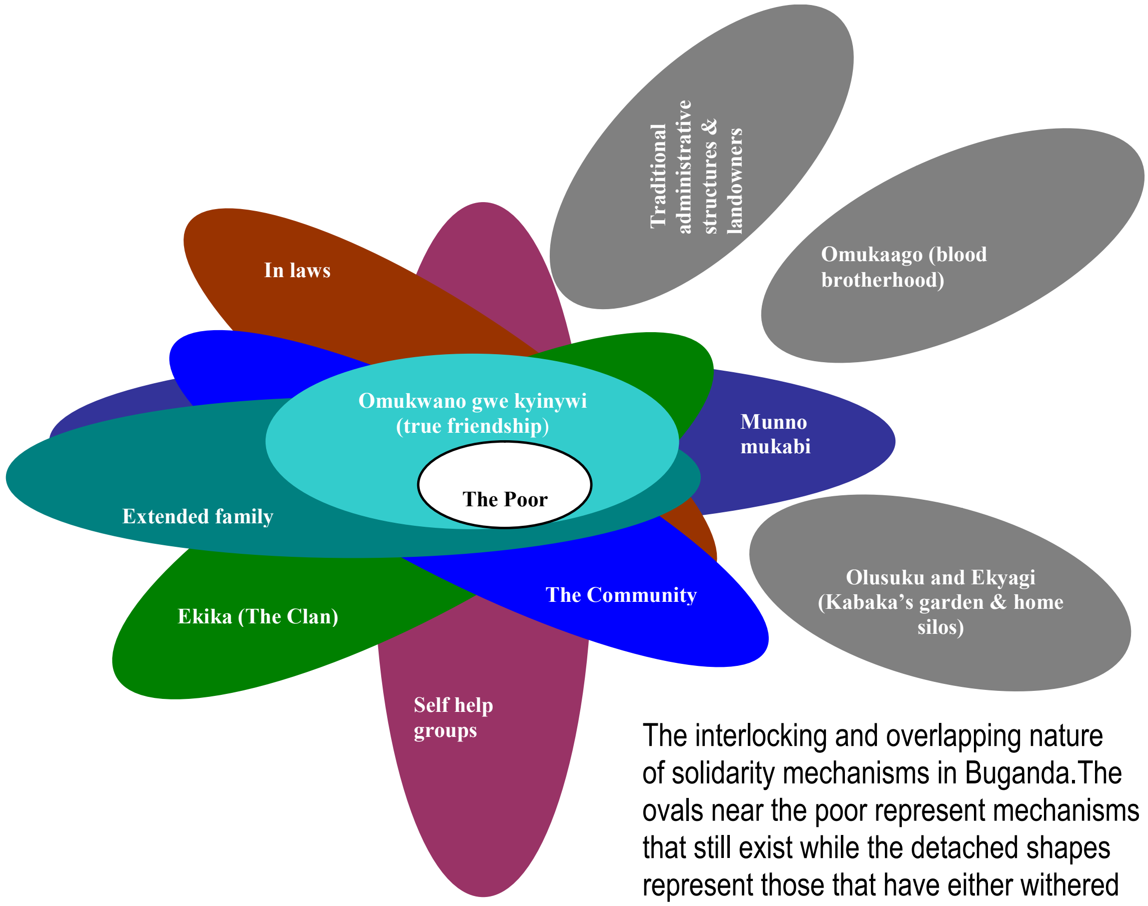
In the other study areas, somewhat similar pictures arose. Thus, in Ankole, "traditional" mechanisms also included a number of family-linked and community-based systems, friendship mechanisms, and self-help groups. All the poor persons we interacted with mentioned "friends" as their main source of assistance. Contrary to respondents in Buganda, however, many also spoke of government support as a major coping mechanism, such as with free primary education, which some called "bursaries for poor children". These positive feelings were not extended to the traditional ruler's government: reflecting our earlier remark, Abahingi respondents pointed out that land distribution had excluded them. As a result, they were locked into servitude, roaming from place to place in search for work or land to hire.

In Lango, traditionally, a number of social and territorial groups to which individuals belonged, owed their loyalty and were moulded into Lango culture also existed. These included the clan (atekere), the lineage (Jo Dogola), the family at different levels, age groups and others. Traditional leaders (Rwot and Jago) had their sphere of influence corresponding to a clan or alliance of clans. Water and grazing rights were vested in the village community. As elsewhere, the clan and groups of clans had protective economic, social, religious, legal and security functions. Women 'belonged' there and were passed on through inheritance, while cattle were the most important from of clan property. The clan system was described as 'strong', and there was always someone responsible for the very poor, including people with a disability, the destitute, orphans, and the elderly. Individuals could also seek help within a lineage. Forming self-help groups has nowadays helped to cope with the crises resulting from the insurgency: some of these groups exhibit elements of solidarity and hard work. But many respondents felt that the responsibility for taking care of the poor has been left to NGOs, in the process fostering a 'dependency syndrome', especially in camps.

## Ancient traditions abandoned in the face of contemporary challenges

In all the villages visited, respondents told us that the level of support from these mechanisms has declined because of changing circumstances, such as increased poverty, HIV/AIDS and weakening of values. In some cases, mechanisms have altogether disappeared and remain a memory for the older people. Thus, in Buganda and Ankole, with the demise of the kingdoms, the tradition of the omukaago (blood brotherhood) vanished, as did the olusuku ggandalyasajja (a household garden of plantain, sweet potatoes and cassava) and the ekyagi or ekitara (a granary in Buganda and Ankole respectively) to ensure food supply at difficult times, in part at least because the latter were enforced by the king's chiefs. Beyond this, our elderly respondents noted that in the past there was much sharing and cooperation between people of the same village. For instance, responsibility for raising children and orphans belonged not only to a family but to a community, the "whole village or clan", so a child would

[24]These typically include youth groups involved in HIV/AIDS awareness, piggery, and caring for the elderly; widows associations; farmers associations, women's groups for various economic activities




The interlocking and overlapping nature of solidarity mechanisms in Buganda.The ovals near the poor represent mechanisms that still exist while the detached shapes represent those that have either withered away or are of little relevance to the poor.

not suffer from the loss of parents. In Buganda, these disappearances, we were advised, are especially associated with the gradual weakening of the Buganda monarchy, the custodian of values and norms, from the time of its co-option by the colonial authorities. In Ankole, the landless would get land from those who had more. However, today everything that was free has turned commercial: "one cannot get free milk or even free obushera (a millet drink)". Similarly, the practice of blood brotherhood broke down because of the monetary economy: "the value of friends was replaced with cash…Money compensated for many things…there was no need of omukago". Other forces were at play too: the clan was observed to have weakened, especially in Lango and Ankole where, in the past, people of the same clan usually resided in the same locality and the bond would be strong. Over time, with land scarcity and population growth, young people have been moving away in search of work and land. Finally, where traditional administrative structures have been re-instated in the 1990s, these remain largely ceremonial because their mandate is limited to cultural matters and they exist alongside government structures.

In Lango, multiple crises have weakened traditional solidarity mechanisms 'across the board'. One direct consequence of cattle raiding as been the demise, for instance, of Jo Awi Dyang – keeping cattle in one kraal, with one person looking after several people's cattle. After the raids of the late 1980s, there are no cattle to justify the existence of such a structure. Similarly, the extended family no longer plays the role it used to play. Some of the poorest respondents pointed to their children as a source of support when fleeing, but others had to find refuge in camps because they had nowhere else to go. Relatives still take care of orphans, but now prefer to support from a distance without the additional burden of providing housing, food and clothing. Support given to a poor relative is based on pity, mindful of what others might say if there is no care: 'These days our people have copied a culture that came from Europeans and prefer or say that 'I want my own thing' and not 'ours'.

### Adaptation and incorporation: the evolution of community groups

With time, people thus found that traditional mechanisms based on kinship and family relations could no longer support them in the face of "modern shocks": new ways to cope were devised, but based on ancestral values and practices, and informed by changing contexts, evolving ethnic mix and the availability of external support. We take two examples, the munno mukabi groups in Buganda and the communal labour groups in Lango.

Munno mukabi changed over time, but has remained true to its original principle: a way of life, an abstract reference to the spirit of sharing especially during times of death, sickness and celebration of marriage. With time, some communities perfected the system by choosing munno mukabi leaders and registering members, establishing "munno mukabi groups". The restoration of the monarchy in 1993 and the current drive to strengthen Buganda's cultural roots and institutions spurred the process. With the emergence self-help groups with a bias towards income generation, "pure" munno mukabi groups were however becoming less attractive. Younger people joined the new groups leaving the pure munno mukabi mostly to the older generation. Many young people thus reminded us that munno mukabi is just about death or sickness, yet they have other compelling demands such as HIV/AIDS and large numbers of orphans to care for. Because of this, munno mukabi groups changed: some started income generating activities (often after an exposure, travel or training event elsewhere), while others evolved into new self-help groups but retaining the principles of munno mukabi, highlighting its role not only as a coping mechanism, but as a societal value. As munno mukabi increasingly turned towards economic benefits and monetary values, the very poor, unable to make financial contributions, have however found themselves excluded.

**"The community has weakened"**

- **Berna, a 76 year old widow in Buganda explains: "In the past, there were close relations with neighbours and the community. Children were a responsibility of all community members and they were well mannered. Today my children are my sole responsibility."**

- **Some of the elderly met in Lango received food from village members who were not related to them. According to Mzee Amos, however, in the past, the community would collect and contribute food for every poor person regardless of clan. It was the community's responsibility and not enforced: everyone would do it willingly. In those days people were food-secure - it was easy to give food to the poor. These days the poor who have no land and no relatives survive on occasional sympathy.**

In Lango, the evolution of work groups is also instructive. Traditionally, solidarity mechanisms included the wang tic ('work line') comprising twenty to forty people in a village, headed by the won wang tic (guardian of the wang tic). He was responsible for order at the beer party after work, when each member would work on their fields in turn. It was an economic group, but it would also open up fields for the elderly, while young women would provide

**A 'modern' youth group helping old people based on traditional values**

**In Luguzi, a group of youth (8-18 years) are mobilised by the Local Council Chairman and a female mentor to help the elderly and vulnerable, in accordance with the cultural value of supporting those in need. The youth, who are all schooling, spend their holidays by repairing pit latrines, kitchen sheds, slashing and cleaning their compounds. When they work at an old person's home, the youth prepare their own food and do not expect any payment from the beneficiary.**

**The youth help to clean around boreholes and roadsides. They are sensitised about HIV/AIDS, collective responsibility, helping one another and team work. They also visit schools and other villages where they undertake campaigns on HIV/AIDS. They are encouraged not to focus on being monetary rewarded, but on the spirit of solidarity. The youth feel they benefit from their work because they make friends and feel gratified by helping the elderly.**

**Survival and evolution of a traditional system**

**An active munno mukabi group had existed for many years in Luguzi village but was disrupted by the 1981-86 war which displaced group members. Upon return, a new group was formed. While retaining the initial principle of munno mukabi of supporting those in need, it incorporated income generation initiatives.**

**In the new group all members make an equal mandatory monthly contribution equivalent to US cents 50. An additional collection of money (amabugo) is made to support a bereaved member. Those who do not have food or money to contribute when required, borrow to meet their commitment.**

**Some group members participated in further training that triggered an appreciation of the need to be enterprising and to share knowledge on farm and livestock management: "… everyone must be helped to improve and cooperate. Without unity we will remain poor…." The group purchased cooking utensils and gas lamps that are hired out at social events. Some of members engaged in livestock rearing and formed a sub-group through which they collectively sell milk to a large commercial dairy.**

**With increased incomes, members started supporting other social events, such as weddings and graduation celebrations: "A child's upbringing is not only for its parents but for the entire village." Although they mentioned their limited capacity to help HIV/AIDS affected members, they found means to support them: families, rather than individuals, were enrolled as members so that a family could continue to benefit even if the active member became ill. Members are involved in community activities and have the capacity to make individual contributions to support non-members in times of difficulty. However support to a community member often depends on his or her contribution towards solving other people's problems.**

cooked food to an old person living nearby. Colonialism turned the wang tic into a territorial unit with its previously elected leader now appointed village chief, responsible for tax collection, maintaining law and order and mobilising members for forced labour. People responded by creating awak cooperative labour groups, whose leaders were elected and whose membership transcended wang tic boundaries. Following the 1960 drought, a majority of the peasants, unable to provide millet brew, also became unable to access cooperative labour. The requirement that the beneficiary of labour offers millet brew was abandoned but, with an increasingly monetised economy, awak members were also in constant need of money to buy necessities. This led some awak teams to turn to wage labour teams, mostly for the benefit of the richer farmers, called akiba, where the group sets a day to work on a farm for pay, the proceeds are saved and divided amongst members at the end of the year. The system further evolved when the millet brew, from a token of appreciation, became an item for sale. Today, akiba groups collect money, usually weekly (about 0.50 US cents), from which the poor can borrow without interest but, we were told, they target economically productively individuals, often leaving the very poor out. New mechanisms have therefore developed: alea alea and kwanyu kalulu, for instance, are groups where members cultivate each others' fields in turn after picking numbers. The major requirement here is that one should be strong enough to dig. For people considered poor and elderly, the groups upon request will cultivate, provided the beneficiary pays back the group from the harvest, either in cash or in kind, within 12 months. Another mechanism is leja leja, labour practised daily by the poorest peasants and households. Those who participate in leja leja receive very low pay, often resulting in continuous debt with the rich peasants to refund cash advances.

**A 'modern' youth group helping old people based on traditional values**

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**The youth help to clean around boreholes and roadsides. They are sensitised about HIV/AIDS, collective responsibility, helping one another and team work. They also visit schools and other villages where they undertake campaigns on HIV/AIDS. They are encouraged not to focus on being monetary rewarded, but on the spirit of solidarity. The youth feel they benefit from their work because they make friends and feel gratified by helping the elderly.**

## Philanthropy and minimum safety nets

Overall, where traditional solidarity mechanisms survive, we found that a resident is assured of the absolute minimum requirements, such as shelter, food and a burial place. In Buganda, for instance, everyone, including the very poor and immigrant workers, are buried on common, obutaka land or other land acquired by a clan member for burial. Mechanisms based on family structures such as the clan, extended family and in-laws, as well as friendship and community support benefit the very poor, either as blood relatives or adopted members. In Ankole, among the Abahingi, the poorest are mainly supported by family and friends, while the very poor Abaliisa are mostly helped by the extended family and the 'sub-tribe' as a whole. Even those who move away from their ancestral homes in search for land or work usually move as a group of family, clan members or neighbours. Everywhere, out of sympathy and a persistent spirit of sharing, the poorest are often provided with a range of benefits. Many orphans and children of very poor parents are cared for by their grandparents or aunties who cater for their housing, medical and other support. Other very poor people may eventually become part of a 'host family'. Immigrant workers can be provided with housing, or land to build a temporary shelter and grow food. Households with disabled children can be supported by the communities. Some widows we met were rendered homeless after their husbands' deaths but are able to cope using traditional mechanisms, sometimes translated in shelter and land to grow food.

These mechanisms are not without drawbacks: cooption into a 'host family' for the very poor can, for instance, result in the assisted person sometimes living in a a relationship of "master-and-servant" which can include quasi 'forced labour' – cultivating, collecting firewood or water. This can result in disempowerment, as the very poor in a Buganda village said: "We pray for the rich to get wealthier because they help the poor." Secondly, exclusion of the very poor from the benefits of traditional welfare mechanisms can deepen as these evolve. Examples include community groups mentioned above: these are normally subscription-based mechanisms, where the requirement to contribute and the reciprocal nature of support exclude the very poor. Similarly, in Ankole, we noted that, at many clan meetings, contributions are made to a welfare fund (intended to support only the contributors).

## Social Capital Building

If traditional solidarity mechanisms make a contribution to the welfare of the very poor, do they also build their 'social capital'?

### Access to information

Our respondents described a number of cultural mechanisms through which people, including the very poor, access information. These included the clan, as in Buganda and Ankole, where information is shared, such as on death, last funeral rites or land matters. In addition, every clan or sub-clan normally convenes "okumanyagana" (interacting with each other - "kumanyana" in Ankole) where men and women are encouraged to take part, meet children and interact with other people from their lineage. People may be mobilised through radio announcements or by word of mouth and are asked to carry along some money for development programmes. While it is normally the active poor who make use of these opportunities, the very poor maintain relatively strong linkages with their clans and will make an effort to travel and attend these functions. Traditionally, information was also passed to everyone, including the very poor, through traditional administrative structures. Until 1966, in Ankole too, information was passed on through the Kingdom's hierarchy of administrative structures. This information was shared by everyone including the very poor but mainly related to the payment of oppressive taxes. In Buganda, the poor also had access to the "kitawuluzi" (the chief's court), where information would be shared as well as disputes settled. With the chiefs' reinstatement in the 1990s, they are a conduit of information and are engaged in activities to revive Buganda's norms and values, such as fundraising for the Kabaka's Education Fund, and traditional marriage ceremonies or last funeral rites. The very poor are included in all these events, as they were in village meetings where Local Council Chairpersons provided information, including on government initiatives. They also stated that no one objected to their contributions and they felt that they were heard. When the elderly speak, we were told, they are listened to and their ideas are welcomed, because of age, experience and exposure. Many respondents also shared information through friends and by virtue of their membership in self-help groups. Some groups have also undertaken awareness raising activities and study tours. In Ankole, the very poor, particularly the elderly, widows, casual workers, and the landless observed that friends were their most important source of information for personal development. In Lango, community groups were also an avenue for sourcing information for elderly and isolated people. At regular group meetings, issues of common concern are discussed and, in the process, a communal spirit is strengthened but, as elsewhere, membership requirements preclude the presence of the very poor from such fora.

### Risk management

In Buganda and Ankole, the main risks identified by the very poor include death, illness, loss of assets (e.g. land to credit institutions, or cattle theft), and drought. Many of the very poor have over the years managed their risk through traditional structures and institutions. The clan and the village are prominent in this respect. In Ankole, it also includes wealthy land and cattle owners as patrons: At the same time, there exists in Ankole a strong bond among the Abaliisa as a sub-tribe and this provides a form of initial social capital, mirroring the belief that any person who works cannot be poor. Many of the poorest manage risks through casual labour on farms. Today, such a worker who works for a wealthy Omuliisa is able to acquire cattle, possibly as a gift from the employer, and escape poverty: "Such a person can even be given the wealthy man's daughter in marriage because it is believed he will make it in life." Identifying with a clan, especially in Buganda, along with family and village, is still one of the most common forms of social cohesion and many benefits accrue from this. In addition, belonging to a clan motivates positive social behaviour, and provides a source of esteem – which reduce conflict. However, when feeling inadequate, the very poor often choose not to relate with their clan mates, and there is also a widely held view among some of the very poor that clans only help those who are already prosperous. In Ankole, the clan was a source of protection, as people stayed close to each other for protection against wild animals and to search for food together in times of drought. Many still identify with a clan, many of which have 'ebigombe' - groups of rotating funds. While remarking that the clans help those who are already well off, the very poor expressed their pride in identifying with their clans.

**In the village: A sense of belonging**

- **"My legs are paralysed…I just put my jerry can at the roadside and when the children are going down to the stream, they pick it to fetch water for me" Abbas Ssemuko**
- **"I have night blindness…the people always assist to guide me home" Andrew Lukomeye**

Staying or growing up in a village regardless of ethnic background, entitles a person, including a very poor person, to some benefits, especially a sense of belonging and security. As part of the community, the very poor are expected to participate in communal work and to attend marriage and other cultural occasions. Through this participation, the village recognises their presence and they are offered support when they encounter difficult times. This sense of belonging and recognition empowers them to take up local opportunities to their benefit, even if only sustenance at village ceremonies. In Ankole, during community events such as a marriage, the poor may not be invited, but participate in the preparations such as fetching water and firewood and stay around to enjoy the occasion. Participation is concretised in Buganda and Ankole in bulungi bwa nsi (burungibwensi in Ankole). Literally "for the good of the country", this refers to community work, when everyone in the village volunteers in activities such as maintaining community roads. In the past burungibwensi was also employed to fight off wild animals. On a typical day of bulungi bwa nsi, the village chief would in the past sound a drum and everyone would assemble to undertake the specified activity together. Bulungi bwa nsi is still practised in most of the villages visited, although the drums have been replaced by word of mouth and the King's chief replaced by a Local Council Chairperson. Indeed, in these villages, the roads and water wells were in good condition, which was attributed to bulungi bwa nsi in which most members of the community took part. The very poor said that they are informed of such occasions and they participate, thus improving their social standing in the community. As members of a group told us: "The very poor people provide labour during bulungi bwa nsi… and it is through such communal events that their role is recognised and whenever they get into difficulty we reciprocate by helping them." The "bulungi bwa nsi" tradition is being revived by the Buganda kingdom as part of a five-year development plan.

### Recognition and a sense of belonging for the very poor

For the very poor, traditional mechanisms play a vital role to ensure individual recognition - a gap that government and NGOs do not fill since they often target the active poor. Thus, by attending meetings and ceremonies and contributing to discussions, the very poor are able to interact with persons of all levels including local opinion leaders and to feel valued. Through such occasions, the very poor also keep informed about local affairs. By residing in the village, participating in activities such as bulungi bwa nsi and benefiting from community solidarity, the very poor also feel connected, trusted and part of the neighbourhood. These result in tangible benefits: they have networks of friends who provide mutually beneficial relationships and friendships that ensure they are settled citizens and are able to survive, even with little or no public assistance. Some were provided with land to grow their food, or given houses to reside and expressed satisfaction with their membership of the village community. We also noted that the very poor did not appear to face stigma. Those who became part of families (e.g. immigrants) and communities, enjoy the sense of security that stems from being known and accepted.

Some drawbacks are also evident: the nature of the information available is limited, especially on matters critical to individual and collective survival (such as land). Community meetings focus on parochial issues and avoid those with political overtones. In Ankole, remote communities are especially cut off from externally-oriented information. Lack of access to information, in spite of people's requests, provides an indication of a critical gap between the people and their government leaders, which traditional mechanisms are unable to bridge. Because the very poor do not belong to self-help or munno mukabi groups, they can also miss opportunities to improve their livelihood through exposure to new ideas, as well as the opportunities to influence decisions concerning village priorities. The very poor can be tied into exploitative relationships - they become dependent on friends or "relatives" instead of being able to build their self-confidence and self-sufficiency.

## Conclusions and Policy Implications

### Ethnic culture and "traditional" social protection mechanisms count

Communities evolve in a cultural context that is still much informed by the traditions, practices and governance systems associated with earlier generations. In particular, the ways in which the very poor survive are informed by values and practices, though evolving, that many residents continue to relate to ethnic culture. In Buganda, these are still firmly associated with the monarchy. In Ankole, cultural practices and values manifested through various welfare mechanisms are similarly entrenched. In Lango, in spite of a weakening of cultural mechanisms to support the poor, those that exist still have their roots similarly grounded. Traditional systems today, as opposed to the past, are often not sufficient to address the growing economic and social challenges that communities are facing. Nevertheless, they adapt and when the very poor experience extreme hardship, they can (at least at times and for a time), turn to them and to the values of solidarity, trust and participation that have (and do still) inform them, for support. Hence the help to beggars, the elderly who are isolated and others, dictated by clan, family or community solidarity, or by values which, if not adhered to, will bring disrepute and shame to the person who disregards them. This can provide more effective, culturally familiar (and at least more immediate) support than turning to government programmes.

Policy implication: social protection policy initiatives could usefully take this cultural context into account. Anti-poverty initiatives should build on existing solidarity mechanisms (rather than substitute them), use them as entry points, and utilise existing structures and the values that guide them. The restoration of the traditional cultural institutions offers an opportunity in this respect. This could take very practical forms, such as borrowing on the ekigagara (stretcher to carry the sick for treatment) of Western Uganda to improve its design and promote its use elsewhere.

### Some of the mechanisms assume positive characteristics

Some mechanisms have shown resilience, adaptability and a degree of inclusiveness that can provide opportunities for future growth. We note in particular:

Groups are a cultural phenomenon The principles of helping one in need have been retained and incorporated in new development groups because they are considered to be an important means to support one another. These include munno mukabi, the akiba and alea alea groups, mwezikye (which organise funerals in Ankole), clan-based and other self-help groups. Many of these focus on savings and credit as a strategy to tackle poverty. These often prove more vibrant, better culturally-rooted and therefore sustainable than groups inspired by external actors (NGOs, Government) and often driven by the prospects of outside support.

*Policy implication:* Groups often express a social responsibility to help one in need which can be capitalised on. They can provide conduits for the poor to organise themselves and benefit from government programmes. Social protection programmes could, for instance, aim at empowering community women's associations to reach the most vulnerable. The alea alea that digs in turns, if aided with improved technology, can for instance increase acreage and improve food security. These can help the very poor since they may not require a financial subscription on their part. Similarly, the traditional savings culture and organisations can be taken advantage of in the design of programmes that seek to augment household incomes, including developing these organisations' capacities in savings and credit management, as well as project planning. Groups can be linked to sources of credit, thus enhancing the tendency to save (rather than consume) group surpluses.

Strong family ties (immediate and extended) are still considered the first option for support in times of hardship and celebration for many among the very poor, although the extended family is often straining from demands being placed on its better-off members, while 'individualistic tendencies' were often decried by our respondents.

*Policy implication:* The commitment and loyalty within families make them viable points of entry for support especially for orphans, the elderly and people living with disabilities. Supporting saving mechanisms within the extended family could also be considered, especially where these savings are tagged to future benefits. e.g. an education fund for the children in a family or clan.

The clan still provides a sense of identity, belonging, pride and security for many people, including the poorest. In Lango, for instance, a woman who had grievances against her husband aired them to the clan and he was brought to order; in Buganda, clans remain strong self-mobilisation tools.

*Policy implication:* The clan provides a potentially effective system through which common values and principles can be reinforced, such as with regard to collective initiatives for food security, support to the vulnerable, education and responsibility for children/orphans. In same cases, clans can provide a 'home' for very vulnerable individuals and groups to be registered and identified to benefit from mainstream development programmes. They could also provide points of entry for campaigns related to HIV, the fight against corruption, etc.

## Additional opportunities

*Food security* - The ekyajji, ekitara and olusuku – the compulsory homestead granary and plantation provide opportunities, if adapted to current circumstances.
Policy implication: development programmes can incorporate an aspect of 'food security for all' by restoring the principle of saving seed and food in rural communities. This could include collective efforts to establish home gardens recognising non-monetary contributions such as labour, to enable the very poor have a stake in the food and seed stored. Access to the very poor would have to be assured, and the possibility of restoring granaries at parish or sub-county level could be investigated.

*Harmonising administrative authority* – Traditional cultural rulers at village level, such as the Omwami in Buganda or the Won wang tic in Lango, in spite of their diminished powers, still often mobilise communities for public functions and handle local disputes, including conflicts over land. In places, they also mobilise community action not only to maintain wells, roads, and bridges but also to support the very poor in times of critical illness or death.

*Policy implication:* For the poor who are vulnerable to risks, such as loss of assets, including land and cattle, traditional institutions can be recognised and empowered by law and policy to protect such assets at low cost to the poor while maintaining harmony. Traditional local structures can also be recognised by local government to mobilise communities and participate in local governance and in designing programmes that benefit the poor. In some areas, a seat for cultural leaders on local councils might be both acceptable and useful.

*Youth support to the elderly* - Reviving values that encourage the support that the youth give to the elderly/vulnerable (repair simple structures, compound maintenance) and incorporating this into development initiatives will occupy the youth's time constructively and lay a foundation for future social responsibility. Some existing experiences may be instructive in this respect.

*Policy implication:* Research can be undertaken to explore how cases where the youth support elderly and vulnerable members of their communities can be scaled up. Given past experience, structures can be created within clans to revive charitable work, taking advantage of the clan youth wing, where these exist. Youth can be trained in basic construction skills and teamwork for social responsibility.

*Communication:* Information is essential for empowerment and in communities where meetings were not held, the very poor proved less informed about issues such as the productive use of the land or land eviction, resulting in anxiety and limited commitment to contribute to community development initiatives. 'Traditional values" are important in this respect: the elderly can, for instance, contribute in a village meeting because of their wisdom.

*Policy implication:* The poor can make a contribution to local debates and programmes that concern them: giving them space is a step to empowerment and enhances the relevance of development initiatives. Providing regular and relevant information to the very poor is part of this and local cultural leaders, as recognised sources of information, can act as a point of information dissemination in this respect.

## These mechanisms display limitations

Where reciprocal benefits are involved, the very poor are often excluded. Thus, significant support is often only enjoyed by paid up members of self-help groups. Secondly, the solidarity mechanisms inspired by traditional values of "togetherness" "community" and "neighbourliness" can assume exploitative characteristics.

*Policy implication:* Programmes that take advantage of existing informal structures should recognise their inherent limitations. Compensatory mechanisms could include strengthening the values and practice of munno mukabi and other groups to include the vulnerable and the very poor by incorporating types of contributions that are not necessarily monetary, or that can be deferred, and introducing training, competitions, tours, awards and other incentives for groups to include and care for the very poor. Rural communities practising munno mukabi and other group-based values can be given technical advice on savings and credit, and simple investments to broaden mutual support and better address current challenges.

**Revival of Buganda's traditional mechanisms: The model home concept**

**The Buganda kingdom launched a model village in Gombe, under the 5 year royal development drive. The model home concept is implemented by a local self-help group called Home to Home. Its membership is open to any resident. It follows a concept of livelihood improvement called "model home", referring to the characteristics of a typical Kiganda home. The project centres around 3 themes: home hygiene, food security and income generation. Every home is required to:**

- **Practice good hygiene, including a well ventilated kitchen with a fuel saving stove and a clean bathroom.**
- **Ensure availability of food all year round, with staples, herbs, fruit trees, and a vegetable garden, as well as a "Kababa's garden" with at least 50 bunches of matooke (plantain).**
- **Start income generation activities, such as rearing local chicken, goats or pigs. The matooke from the Kabaka's garden can be sold and the money saved to pay school fees in the future.**

**The group also still undertakes munno mukabi, offering assistance to members at times of death or sickness. The group also assists non-members such as old people, disabled persons and those suffering from HIV/AIDS.**

**Group members say their initiatives have resulted in greater solidarity. Kingdom officials are impressed by the work done –blending positive aspects of culture with modernity. Gombe was officially recognised as the kingdom's model village, prompting the Kabaka and people from other areas of Buganda to visit.**

# 2.4 Restoration of Agricultural Livelihoods in Northern Uganda: Addressing the most urgent needs of IDPs returning to their homes and fields

**Rilla Norslund**
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## Abstract

*One of the components under the Danida-supported ASPS (Agriculture Sector Programme Support) targets Internally Displaced Persons (IDPs) returning homes after years in camps. The Restoration of Agricultural Livelihoods in Northern Uganda Component (RALNUC) aims to restore basic infrastructure, empower returnees to purchase agricultural inputs of their own choice, train returnees in good agricultural practice, re-establish private agro-input dealers while replacing years of dependence on handouts with short-term, targeted support that allows for choice and the dignity that comes from being an active participant in the development of your livelihood and community.*

*Working with local governments, communities, farmers' organizations and NGOs, the programme mobilizes communities to identify pressing public works which can be undertaken by the communities, and for which they are paid in vouchers. The vouchers are redeemable for agricultural inputs at local agri-input dealers' shops. The input dealers are at the same time assisted to stock their shops with relevant items, having registered with the Uganda National Input Dealers Association (UNADA) and paid a deposit for the stock.*

*The community organize themselves into groups for the public works, and these groups are also the target of agricultural training, including improved varieties and good agricultural practice. This aspect of RALNUC is subcontracted to District Farmers Associations.*

*The programme tries to address a number of the needs of farmers returning home after years in camps. The programme is seen as transitional, assisting people to move from dependency on feeding programmes to self-sufficient and eventually economically active farmers. Vouchers for work are implemented for three agricultural seasons, followed by two seasons of gradually reduced support, at the end of which local government and private sector service delivery should be ready to fill any gap left. Support to Farmers Associations and advisory services continues, and through an agreement with DFID and CARE Uganda, Village Savings and Loan associations are introduced. A single season of cash for work after the third seasons of vouchers for work has been piloted in two sub-counties, and during the current season is being implemented in all fourth season sub-counties.*

*An independent impact assessment system has been set up, with an NGO carrying out interviews at the end of each season, and results look promising, with improved infrastructure, improving confidence and security and the private sector coming in behind the programme.*

*The programme targets one of the poorest areas of Uganda, and helps to bring a marginalized region back into mainstream Ugandan society, and supporting the returning farmers to take advantage of the agricultural potential which is their greatest asset.*

## Introduction

The RALNUC programme in Northern Uganda has after 3 years of implementation proved to be a great success, highly popular with farmers and local leaders and resulting in a number of replica programmes. A transition programme rather than a social protection programme, RALNUC aims to restore the agricultural livelihoods of people displaced by the war in Northern Uganda who are in these years returning to their homes and fields.

The idea for this type of programme emerged as peace returned to Northern Uganda. Within Danida's ongoing programme of support to the agricultural sector (the ASPS programme) funds had been left unallocated for just such a scenario. To make sense within an agricultural programme the support needed to address those challenges facing returning IDPs as they struggled to rebuild their lives and livelihoods as farmers. Infrastructure needed to be improved - particularly roads needed to be reopened to improve the security for people needing daily access to their fields and to link farmers to input and output markets; IDPs who had been receiving seed packages for years needed access to seeds and other agricultural inputs of their own choice through local private sector suppliers; social structures needed to be re-established; access to basic financial services were needed and training and advisory services on modern farming methods needed to be made available to people who had been cut off from national advisory services and development activities for years.

Starting with a pilot in three sub-counties the idea of RALNUC was first tested in 2006, and expanded in the following seasons, rolling out to 12 sub-counties once the programme was fully up and running. Adaptations to the original model were made as experience was gained and lessons learnt, though the basic model has changed little.

## The Model

### Sub-county Selection

Sub-counties are selected by District leadership to participate in the programme.
Communities are assisted to develop community development plans (normally feeding into the District Development Plans).

### Planning public works

Public works within the community plans are selected for implementation under RALNUC. Activities are budgeted in terms of labour days and financial requirements
Beneficiaries are organized into groups according to the labour requirement of each of the public works and Project Management Committees are established and trained.

### Implementation of public works

Public works are carried out with supervision by the District Farmers Association and technical backstopping by the District technical departments
Participants are paid in vouchers at a daily rate set by the District Works Department

### Agricultural inputs

Working with the Uganda Agro Input Dealers Association (UNADA) input dealers are mobilized and trained to participate in the programme. UNADA assesses farmers' input needs and works with input distributors to procure and transport inputs. Distributors and input dealers are offered access to credit facilities. Farmers redeem vouchers for inputs at the UNADA registered input dealers.

### Extension services

An NGO, AT Uganda, is contracted to provide extension services to farmers; farmers are organized in groups according to choice of production activity. Demonstration plots are established and training carried out at these sites. A media campaign providing general information on the programme and extension messages is sub-contracted to a media company.

### Coordination and information

At the national and policy level, the ASPS programme coordination unit oversees the activities of the project including coordination between the various implementing agents
At District level, ASPS has an implementing unit including an adviser and field supervisors who ensure coordination of district and field level activities.

Media activities sub-contracted to a media company through the project include radio announcements and programmes, farmer listener groups, live talk shows, newsletters and posters. The aim of this aspect of the project is to inform potential beneficiary communities about the opportunities of the project as new sub-counties are started up, provide information about agricultural inputs including what is available where and at what prices, to support the extension activities in the field with general extension information and messages and to provide general info about the project, also for policy decisions and future replication.

### Transition process

After three seasons, participating households will have been able to cover the most pressing needs for agricultural inputs. In the fourth season, as a transition to normal private sector activities, the budget per sub-county is reduced to half and paid in cash rather than vouchers. The following season, the fifth, there are only agricultural extension activities and no public works activities. By the sixth season most public works will have been completed, community structures re-established; the private sector will be starting to emerge and the programme moves on to other sub-counties. .

### Other activities and spin-offs

A Village Savings and Loans programme implemented by CARE Uganda's Sustain programme and funded by DFID is linked to RALNUC and in most of the sub-counties where cash-for-work activities are being implemented, this programme is also being rolled out. This gives groups the opportunity to access capacity building and support for setting up of village saving and loans associations.

The groups mobilized under RALNUC are also targeted for other activities and are well placed to take advantage of national programme such as the National Agricultural Advisory Services (NAADS) programme which is rolling out to cover the whole country in the coming year.

The District Farmers Associations have been contracted to implement several activities under RALNUC and this has had the advantage of strengthening these associations and giving them an opportunity to raise their profile and earn income to re-establish themselves as farmers start to demand their services.

## Achievements and impact

By the end of 2007, about half way through the programme:

- 55,000 households had participated in voucher for work activities receiving payment in vouchers and to a lesser extent cash;

- 20,000 households (42 per cent women) had benefited from training activities based on over 420 demonstration sites of a wide range of crop and livestock activities chosen by the groups;

- Two input distributors and 39 stockists were participating in the programme.

254 projects were selected and implemented including 1500 km of community roads, 386 acres woodlots 43 community water points, cattle crushes, community markets, tree nurseries, 2 cattle dips and dams.

Impact evaluation is carried out at the end of every season by independent consultants. These evaluations; so far available for the first two seasons only, indicate good results with a wide range of benefits accruing to the target communities. Access to inputs closer to home, and the security of proper roads are amongst the outcomes which are most universally appreciated, and which are almost immediate benefits. A study on the dynamics behind high sales of ox-ploughs in exchange for vouchers indicates that farmers are increasing acreage under the plough, although it is still early to get accurate figures, many of the ploughs having been sold in the last season.

## Lessons

The major lesson has been that it is possible to address many of the needs of IDPs in restoring their livelihoods in a manner which is not based on free handouts; and that there is widespread willingness to engage in public works in exchange for vouchers. While the continued existence of projects giving free agricultural inputs was initially seen as a threat this has not proved to be the case. Households appreciate vouchers which give them the freedom to choose.

Other more practical lessons on the challenges of this type of programme include the issues outlined below:

Initial plans for public works included very small budgets for inputs beyond labour. However, based on lessons learnt in the first seasons of implementation, this budget has been increased to ensure the quality of the public works carried out. Under-allocation of funds for culverts, for example, seriously undermines the value of investment in re- opening roads.

The complexity of a programme which aims to address several of the most pressing needs of IDPs re-establishing their agricultural livelihoods means that administration requirements both in terms of human and financial resources are considerable. The programme includes a large component of procurement and this in particular requires careful management and monitoring, not least because perishable items such as seeds are amongst the major items procured.

Agricultural inputs are not the only items urgently needed by returning IDPs and the temptation to find ways to turn input vouchers into cash grows for each season households participate. It is therefore important that this type of programme be a relatively short-term transitional programme with the vouchers meeting a real need. In the longer term, policing the use of vouchers would become a major challenge. There may be opportunities to use simple electronic methods to pay for inputs. These are currently being explored.

## Conclusions

The value of addressing a range of the challenges facing IDPs rebuilding their livelihoods in a manner which strengthens the private sector, re-establishes social and community structures and maintains the independence and dignity of the beneficiaries is clear from the experience of RALNUC. After a long period of humanitarian support, households have few resources and there is little private sector activity to meet their needs for inputs and output markets. Efforts to support the restoration of livelihoods should do so by rebuilding these structures rather than replacing them.

List of key words
Voucher for Work
Agricultural Inputs
Private Sector
Internally displaced persons

## References

ASPS Workplans and Budgets, Annual and Semi-Annual Reports, NIDA Reports, Operations Manual for ARAC/RALNUC.

Hyperlinks to other relevant material (full reports etc)
www.asps.or.ug

# 2.5 Social Cash Transfers and Household Welfare in Zambia

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## Abstract

*The Zambian government is currently piloting social cash transfers in five districts in order to determine the effectiveness of the programme in reducing extreme poverty. This paper reports the results of a study that was conducted in one of these districts (Kalomo) to determine the impact of the social cash transfer interventions on household welfare. With a sample size of 886 households, of which almost half were beneficiaries, the study used propensity score matching techniques but with standard errors estimated using a more efficient weighted regression approach, where the weight is one for all treatment households and equal to the estimated odds ratio for comparison households (see Hirano et al). The results indicated that the programme had positive and significant impact on the value of small livestock owned and consumed, agriculture-related expenses and the value of crop sold from the 2007 harvest.*

*Key words: social cash transfer, propensity score matching, welfare*

## Introduction

Poverty reduction has been a major issue of concern amongst countries which have large proportions of their citizens under the poverty line. Most of the strategies to reduce poverty have aimed at providing economic opportunities to help poor households improve their own welfare. Most of them have been successful in improving the lives of those households which have the potential and manpower to seize the opportunities provided by these strategies.

However, a proportion of the poor fails to benefit from such pro-poor strategies because they are incapacitated and do not have the potential to help themselves out of poverty. This sub-group of the poor has been the target of most social protection strategies like food aid, agricultural input distribution, asset distribution, social cash transfers and other initiatives. However, the needs of the poor are usually more than one and vary from household to household. In view of this, various stakeholders have been advocating for social cash transfers as more appropriate social protection strategies because they are flexible enough to allow households to decide how to use the cash given to them as they are the best judges of their own needs. Others argue that giving cash transfers allows households to invest in productive enterprises that may enhance their income-generating abilities and eventually improve their welfare permanently (Gertler et al., 2006).

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Yet, there are concerns that cash transfers may have negative impacts of discouraging households from improving their welfare for fear of falling out of the eligible beneficiary category and may result in overall dependency on cash transfers (World Food Programme, 2007).There are also concerns that cash may cause inflationary effects on food prices, especially in remote areas where the costs of transporting food supplies from the main market to the local areas are high (Regional Hunger and Vulnerability Programme, 2007).

The concept of social cash transfers is relatively new to most countries in the sub-Saharan region and Africa as a whole. As such, several countries in the region are still trying to determine their feasibility and impacts through pilots. The nature of these pilots vary in several aspects like target population, magnitude of the transfers and the presence or absence of conditions attached to the transfers.

In Zambia, an unconditional cash transfer pilot schemes has been operating in southern and Eastern provinces under the Ministry of Community Development and Social Services (MCDSS)/ German Technical Cooperation (GTZ) Social Safety Net (SSN) Project to identify viable social protection strategies for Zambia. The first pilot was officially launched in May 2004 in Kalomo with the beneficiaries receiving their first benefits in 2005. The scheme was set out to meet the following two main objectives: (a) reduce extreme poverty amongst the poorest 10 per cent in the district, mostly, but not exclusively, focusing on incapacitated, low capacity and child-headed households, and (b) generate sufficient information on the feasibility, costs and benefits, and impact of Social Cash Transfers as viable social protection options in Zambia. Since its inception, several qualitative and quantitative studies have been conducted on different aspects of the scheme. However, no rigorous impact evaluation study has been conducted to determine the impact of the cash transfer scheme on the welfare of the beneficiaries and the extent to which its objectives are being achieved. Clearly, the need for a more scientific evaluation of impact in the pilot areas is essential for enriching the body of knowledge available on SCTs in Zambia. This study evaluates the impact of the Social cash transfer scheme on the welfare of its beneficiaries in Kalomo district.

The remainder of the report is organised as follows; Section 2 describes the methods and procedures of the study. Section 3 presents a descriptive analysis of the data and the impact evaluation results. The report concludes with study conclusions and recommendations in Section 4.

Methods and Procedures

## Data and Data sources

An optimal target sample size of 1,200 was determined using power calculations. Allowance for anticipated non-response was made by oversampling. Thus, in the end, a sample of 1,300 households was picked through a two-stage stratified cluster sampling scheme. The first stage involved the selection of Area Coordinating Committees (ACCs) to be visited using Probability Proportional to Size (PPS) procedures in SPSS[26]. In PPS, ACCs with larger household populations had a higher probability of being selected into the sample than those with smaller household populations. Eight ACCs were selected using this procedure and were used as inputs for the next stage. The second stage involved the selection of the programme and comparison households from each selected ACC using stratified random sampling

[26]Different administrative and geographic units are used to divide a district for the purpose of efficient and effective targeting. The CWACs and ACCs are the grassroots structures of the Public Welfare Assistance Scheme (PWAS) which is a national social welfare scheme responsible for coordinating all social welfare interventions down to the grassroots levels. Both the CWACs and ACCs are committees elected by members of their respective communities. As geographic units, the CWACs are used to define specific areas with a certain number of villages, and in turn the CWACs define the ACCs, that is, ACCs are made up of a certain number of CWACs.

procedures in Stata. The desired sample was allocated into the two strata of participants and non-participants equally. Within each stratum, the households to be sampled were selected randomly such that each household had an equal probability of being selected into the sample. The households were selected and listed according to the ACC and Community Welfare Assistance Committees (CWACs) they belonged to. The sample was spread over 60 CWACs and 18 wards. At the household level, interviews were successfully conducted with 886 households and information received from 3,994 household members representing an overall response rate of 74 per cent. The household data were supplemented with community-level data collected using a community questionnaire administered to formal gatherings of community leaders in each CWAC. The data from the questionnaires were entered in Microsoft Access and later converted to SPSS for data cleaning and descriptive analysis and to Stata for advanced modelling.

## Results

### Descriptive statistics

### Demographic characteristics

Of the 886 interviewed households, fifty-four per cent were receiving the transfers thereby representing the treatment group, and 56 per cent were female. The overall average household size for the sample is 4.51, 12 per cent less than the national average of 5.1 (LCMS, 2006). The beneficiaries have, on average, smaller family sizes than non-beneficiaries and the differences are statistically significant. Two-thirds (64 per cent) of the household heads are female in both groups with the proportion significantly higher among the beneficiaries. Overall, the household heads are mostly elderly (average 58.91) with most of them widowed. The beneficiaries have the significantly higher average age and larger proportion of widowed heads. Average age of household members is significantly higher among the beneficiaries with a value of 34.02 years. However, almost half of the members in both groups are children aged 14 years and below. Overall, beneficiaries had a significantly higher household average age of 34.02 than the 30.48 for the non-beneficiaries. Beneficiaries also had a significantly larger number of the elderly members aged 61 years and above, and a smaller number children 14 years and below. Except for the nearest secondary school, most of the community facilities are within 10 kilometer distances from the homesteads in both the control and treatment groups. This should mean that these places are within the reach of the households. The nearest secondary school is about 26km away from the homesteads making it very difficult for the vulnerable households to access. Even though the difference in the distance between the control and treatment group is statistically significant, no group can be said to be better off as covering such distances would require the household member to spend money in both groups.

The number of orphaned children is significantly higher for beneficiary households than non-beneficiaries. The reverse is true for children with both parents still alive. The effective dependency ratios are significantly different for the two groups with the non-beneficiaries having a lower ratio of 1.94 compared to 2.20 for the beneficiaries. This means that the burden of dependency among the beneficiaries is higher than among the non-beneficiaries. The number of effectively active members is also significantly higher for the non-beneficiaries as is the number of members who are fit to work. In terms of education levels of household heads, the average number of years of education received is 2.67, significantly higher for non-beneficiaries (3.29) than beneficiaries (1.92). Education levels are generally low for the household members are generally low for the entire sample even though the non-beneficiaries are significantly better off. Even the highest average number of years of education in both groups is below the basic education requirement of 9 years. All of them fall within primary education only. The overall enrolment rates for children are equally low at 78 per cent, although significantly higher among beneficiary households (81 per cent) than non-beneficiary households (76 per cent).

To determine the nutrition levels of the household members in the survey, this study used number of meals and anthropometric indicators. The average number of meals eaten by children (2.42) and adults (2.38) in the 3 days before the interview was almost the same. The differences were even statistically significant in the treatment group. In a population, children less than five years old are considered for assessing nutritional status, as this age group is most sensitive to changes in food intake. Under-nutrition prevalence rates are generally high in Zambia and manifest in the form of stunting.  Although many Zambian children appear to receive inadequate food for growth and development, national nutrition surveys reflect Southern Province as being nutritionally better off than other regions (CSO, 1992, 1996, 2002; NFNC, 2003).  In the current study, a distribution curve based on the height for age indicator reflects more children falling below two standard deviations, indicating a higher number of children are stunted.

Weight for height, an indicator that measures current nutritional status does not show any children as being wasted.  This is not surprising, as wasting is associated with a sudden deprivation of food intake due to natural disasters, disease epidemics or conflict.  None of these conditions have occurred in the recent past in Southern Province.

The Body Mass Index[27] (BMI) indicator is widely accepted for determining the nutritional status of adults. The average BMI for the study population is 21.5.  The distribution curve shows that the majority the population, is above18.5 (with the average BMI = 21.5).  This is an indication that under-nutrition is not a problem among adults in communities in the study.  The focus of the current intervention is to put in place conditions for addressing under-nutrition. As a significant number of people have BMI of over 25, this study raises a concern for overweight adults who may require different of support, which is not part of the intervention under valuation.

The adult population falling below 18.5 is 7 per cent in the treatment group and 5 per cent in the control group.  It appears there is no improvement in the treatment group.  However, this is not conclusive, as available baseline data is not available for comparison.  It is important to appreciate that that the beneficiaries involved the 10 per cent of the most disadvantaged group in the community.  While the nutritional differences were not determined at time the intervention was initiated, it is possible there has been some improvement that is contributing to the minor difference.

## Economic Activities

In Zambia, most rural households depend on agriculture as their main source of food and income. The most important asset, therefore, would be a piece of land for production. The productivity of a household depends to a large extent on the amount of arable land available. If land is too little, productivity can only be enhanced by use of farming technologies that are usually too expensive for rural households.

[27]BMI of 18.5 – 24.99 is considered acceptable (weight in kg divided by height in meters squared)

On average, a household in the sample owns about 2.38 hectares of land. The average amount of land owned by a household in the control group is significantly higher (2.71 hectares) than in the treatment group (1.99 hectares). Of the total land in possession, the average size of land put to crop use both in the 2005/06 and 2006/07 Agricultural seasons was less than 2 hectares. There was a decline in crop area in 2006/07 agricultural season of about 7 per cent in the treatment group and 4 per cent in the control group from the 2005/06 season. In the treatment group, crop area was less than half of that in the control group in both seasons. On average households grew two types of crops in each of the two seasons. There are significant differences in value of crop harvested between the control and treatment groups in both the 2005/06 and 2006/07 seasons as the value is higher in the control group. These differences could be attributed to some extent to the lower crop areas alluded to earlier. However, instead of the value of harvest declining with crop area, there is a surprising 14 per cent increase in value of crop harvested in the 2006/07 in the treatment group. This may indicate that the beneficiary group may be better off in terms of value of harvest.

Livestock and poultry production is another agricultural activity that serves as an important source of food and income. At the time of the survey, the average value of livestock and poultry owned by the households was about ZMK39, 594, most of them small livestock like chickens and goats. The treatment group owned 47 per cent more livestock and poultry than the control group, although this difference is not statistically significant. The average value of livestock purchased from the cash transfer was about ZMK9, 899. The value of livestock owned by both groups declined substantially from 12 months before the survey. Even though the treatment group seems to be better off, the differences are not statistically significant.

Total household income includes income that is received by households from the sale of agricultural commodities and handicrafts, employment, off-farm income-generating activities and gifts. The average income received by a household in the 12 months before the survey was ZMK383,349, most of it coming from off-farm activities. Total income is significantly higher in the control group than the treatment group. This could be because the cash transfer scheme targeted the low income earning households in the community as beneficiaries. Even when distinguished by source, the non-beneficiary households were still better off than the beneficiary group with almost all the differences statistically significant.

Average consumption expenditure of the households during the 12 months before the survey was about ZMK506, 299. Average household consumption expenditure for the treatment group was slightly higher than the control group. The same could be said about non-food expenditure. In contrast, food expenditure is higher in the control group than in the treatment group. However, these differences are not statistically significant. The only statistically significant differences are in agriculture-related expenses where the beneficiary group has higher expenses. Ownership of assets is usually quite low among the vulnerable in rural areas. Most commonly owned assets are basic necessities like houses, fields, blankets, cooking utensils and agricultural hand tools. In this study, on average a household held assets that had total value of K582, 280. In the control group, the average value of assets was K643, 430 and K509, 324 in the treatment group. As expected, the control group had a significantly higher value of assets than the treatment group and could also be an indication of the selection criteria used for the intervention.

## Factors affecting households' participation in the social cash transfer programme

The participation of a household in the social cash transfer programme is determined by several factors. Table 1 shows some of the prominent factors affecting a household's participation in the programme with their parameter estimates, marginal effects and elasticities. The results show that a household's participation in the program is affected by the age of the household head. This was statistically significant at one per cent significance level with a marginal effect of 0.0057 and elasticity of 0.7460. The marginal effect implies that if the age of the household head increases by one year, the probability of that particular household participating in the programme increases by 0.0057. The elasticity of 0.7460 implies that a one per cent increase in the age of the household head increases the probability of a household's participation in the programme by 0.7460. The number of elderly members in a household also affects participation in the programme. The results indicate that the number of members 61 years and above in a household affect participation. The marginal effect for this variable indicates that if the number of members 61 years and above increases by one, the probability of participation increases by 0.0728. Similarly, by increasing the household members above 61 years by one percentage point, the probability of participation increases by 0.1095 per cent.

### Table 1. Factors affecting households' participation in the cash transfer programme

| Variable | Variable description | Parameter estimate | Marginal effect | Elasticity |
|---|---|---|---|---|
| | | (1) | (2) | (3) |
| Constant | | -0.567 (0.44) | | |
| hsex | Sex of household head | 0.218 (0.19) | 0.0863 | 0.0740 |
| hage | Age of the household head in years | 0.0144 *** (0.0053) | 0.0057 | 0.7460 |
| hedu | Education level of household in years | -0.0399 * (0.021) | -0.0158 | -0.0981 |
| medu | Average education of male members in years | 0.0201 (0.019) | 0.00796 | 0.1004 |
| fedu | Average education of female members in years | 0.00995 (0.019) | 0.00393 | 0.0472 |
| dsingle | Single dummy | 0.620 (0.44) | 0.240 | 0.0082 |
| ddise | Divorced/Separated dummy | 0.156 (0.27) | 0.0622 | 0.0089 |
| dwido | Widowed dummy variable | 0.346 * (0.19) | 0.136 | 0.1777 |
| hhsize | Household size | -0.0651 (0.044) | -0.0257 | -0.3047 |
| c0to14 | Number of children 14 years and below | 0.0155 (0.057) | 0.00613 | 0.0341 |
| m61plus | Number of members 61 years and above | 0.184 * (0.10) | 0.0728 | 0.1095 |

| | | | | |
|---|---|---|---|---|
| nmoth | Number of children with only the mother alive | 0.0501 (0.049) | 0.0198 | 0.0364 |
| nfath | Number of children with only the father alive | 0.128 (0.087) | 0.0504 | 0.0241 |
| nnone | Number of double orphans | 0.0597 (0.061) | 0.0236 | 0.0281 |
| tland | Total land/farm size owned by the household in hectare | -0.0197 (0.014) | -0.00779 | -0.0447 |
| kmroad | Distance to nearest main road in km | -0.0178 (0.019) | -0.00704 | -0.0193 |
| kmprim | Distance to nearest primary school in Km | 0.000572 (0.015) | 0.000226 | 0.0016 |
| kmsec | Distance to the nearest secondary school in Km | -0.00188 (0.0035) | -0.000744 | -0.0451 |
| kmhosp | Distance to the nearest hospital | 0.0105 (0.0075) | 0.00415 | 0.0939 |
| kmu5 | Distance to the nearest under-five post in Km | -0.00949 (0.013) | -0.00375 | -0.0379 |
| acc2 | Siambala | 0.554 * (0.31) | 0.217 | 0.0264 |
| acc3 | Inkumbi | -0.501 ** (0.25) | -0.187 | -0.0463 |
| acc4 | Bekilumasi | -0.727 ** (0.29) | -0.263 | -0.0950 |
| acc5 | Choonga | -0.744 ** (0.29) | -0.264 | -0.0619 |
| acc7 | Siachitema | -1.036 *** (0.23) | -0.362 | -0.1929 |
| acc11 | Kabanga | -0.552 ** (0.26) | -0.206 | -0.0699 |
| acc12 | Siamafumba | -0.902 *** (0.25) | -0.316 | -0.1203 |
| Observations | | 673 | 673 | |

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

*Source: Kalomo social cash transfer impact evaluation survey, August-September 2007*

Marital status of the household head was also found to affect a household's participation in the program. This is because it is expected that if the household head has a spouse, their productivity and hence, welfare will be better than that of a household that is headed by a single head. From the results in Table 1, compared to a married household head, the probability of a widowed household head participating in the programme is higher by 0.136. Another factor of interest in determining participation is the education of the household head as it represents a head's capacity to find descent employment and benefit from mainstream economic benefits such as micro loans. As expected, the marginal effect for this variable was -0.0158 indicating that by increasing the head's education by one year, the probability of that household participating in the programme is reduced by 0.0158. The similar effect is observed in the elasticity which implies that a one per cent increase in the number of years of education of the head reduces the probability of the household's participation in the programme by 0.0981 as shown by the elasticity. The most important factor determining household participation in the program was age of household head in years. This is in line with findings from most social protection studies (Schubert, 2005) that the neediest are the elderly as they are left with the responsibility of taking care of their grand children following the demise of their parents mostly due to HIV/AIDS.

The differences across Area Coordinating Committees (ACCs) also had a significant effect on participation in the programme. The marginal effects indicate how higher or lower the probability of a household in a particular ACC participating in the programme is, compared to the probability of a household in Kanchele ACC, depending on the sign of the marginal effect. The marginal effect for Siambala, for instance, indicates that the probability of a household in Siambala ACC participating in the programme is 0.217 higher than the household in Kanchele. The results also show that the probability of a household in Inkumbi participating in the programme is 0.187 lower than that in Kanchele. The differences across ACC can be attributed to the variability in the operations, such as identification of eligible households, selection of programme beneficiaries of different ACCs and CWACs within ACCs. The differences can also be attributed to the differences in the population of the ACCs.

## Impact of the social cash transfer programme on beneficiary household

Table 2 below presents the results of the impact of the programme on beneficiary households. The results of the impact estimate indicate that the programme had positive impact on the value of small livestock owned by the households at the time of the survey. This result was statistically significant at one per cent level of significance at both household and per capita levels. This is because most beneficiary households could only afford to purchase small livestock such as chicken, guinea fowls, doves and goats as the money (ZMK 40,000 or about $11) they get per month is not enough for them to purchase big livestock. Moreover, the most immediate need for the beneficiaries (extreme poor household) is food and, therefore, only a small portion of the cash received is invested. The results also showed that the programme had a positive impact on agriculture-related expenses of beneficiary households. This was statistically significant at one per cent significant level at both the household and per capita levels. This is attributed to the fact that most beneficiary households used the money to purchase small quantities of fertilizer and seed as they do not benefit from government's subsidized inputs due to their inability to meet even the subsidized costs of inputs. Although the results indicated negative impact on value of crops sold from the 2007 harvest at household level, the programme had positive impact at per capita level. This was statistically significant at 5 per cent level of significance.

### Table 2. Impact of the social cash transfer on the beneficiary household

| Outcome Variable | Variable description | Impact estimate | | | |
|---|---|---|---|---|---|
| | | Per household | | Per capita | |
| | | (1) | | (2) | |
| hin | Household income (ZMK) | -210,518<br>(55979) | *** | -40,446<br>(11919) | *** |
| ofin | Off-farm income during past 12 months before survey (ZMK) | -179070<br>(51838) | *** | -34085<br>(10715) | *** |
| vlst | Value of livestock owned by the household at the time of survey (ZMK) | 40260<br>(37570) | | 8693<br>(8830) | |
| vsls | Value of small livestock owned by the household at the time of survey (ZMK) | 40792<br>(11022) | *** | 8182<br>(2489) | *** |
| texp | Consumption expenditure during past 12 months before survey (ZMK) | 29154<br>(51395) | | 9650<br>(8488) | |
| scexp | School-related expenses during past 12 months before survey (ZMK) | 10174<br>(17521) | | 1592<br>(2771) | |
| agexp | Agriculture-related expenses during 12 months before survey (ZMK) | 18374<br>(5877) | *** | 4508<br>(1172) | *** |
| busex | Business-related expenses in past 12 months before survey (ZMK) | 2133<br>(1627) | | 511<br>(359) | |
| crpi | Value of crop sold from 2007 harvest (ZMK) | -27959<br>(13988) | ** | 4895<br>(1939) | ** |
| vas | Value of assets owned by the household (ZMK) | -227405<br>(125796) | * | 32551<br>(21264) | |
| vpas | Value of productive assets owned by the household (ZMK) | 3875<br>(11435) | | 1490<br>(2598) | |
| area06 | Crop area in hectares in 2005/06 | -0.4125<br>(0.5171) | | -0.1111401<br>(0.1333422) | |
| area07 | Crop area in hectares in 2006/07 | -0.6194<br>(0.4013) | | -0.1743029<br>(0.136246) | |
| pschen | Proportion of school-age children enrolled | 0.0360<br>(0.0294) | | | |
| pschat | Proportion of school children missing at least 1 day | -0.0064<br>(0.0338) | | | |
| bmi | Average body mass index for adults over 19 years | -0.2940<br>(0.2762) | | | |
| haz | Average height-for-age z score | 0.1001<br>(0.1452) | | | |
| waz | Average weight-for-age z score | 0.1473<br>(0.1493) | | | |
| Observations | | 546 | | 546 | |

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

*Source: Kalomo social cash transfer impact evaluation survey, August-September 2007.*

The programme did not have significant positive impact on most of the welfare indicators probably because it has only been in existence for a few (3) years and, therefore, the beneficiary households are still in the process of building their livelihoods and adjusting their attitudes as a result, the impact of the programme on most welfare indicators is yet to be established. A good example is education for the children; it takes quite some time for a poor household to appreciate the value of educating their children at the expense of the children generating some income through supplying their labour. This is further supported by the fact that most indicators have positive although statistically insignificant coefficients. Moreover, the Kalomo programme has no conditionalities attached; therefore, households are left to decide what to spend their money on. This has a potential of spreading the programme's impact thinly across the target population.

## Conclusion and Recommendations

This study evaluated the impact of social cash transfers on beneficiary households in Zambia's Kalomo district. The results indicated that the programme had positive and significant impact on the value of small livestock owned by beneficiary households, agriculture-related expenses at both household and per capita level and per capita value of crop harvested in 2007. From these three indicators, it is clear that the beneficiary households are improving their livelihoods mainly through agriculture, which is the main economic activity in Kalomo. Most other welfare indicators considered also had correct signs despite not being statistically significant. However, the results also indicate that the treatment households have unambiguously lower household incomes than do comparison households. Thus, the cash transfer is yet to show impact on the recipient households' income-generating capacities. It is important to understand that the SCT is targeted at the extremely poor households, who, perhaps, need more time of propping before they can fully rebuild their livelihoods. The scheme under study did not provide enough variation in the size of the cash transfer to enable studying the effects of the size of the transfer. The types and magnitudes of impacts expected to be achieved will obviously depend on such design factors.

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# 2.6 The Government of Kenya's cash transfer programme for vulnerable children: Political choice, policy choice, capacity to implement and targeting from conception to adolescence 2002-2008

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## Introduction

The Kenya cash transfer programme for vulnerable children was conceived in the run-up to the Kenyan parliamentary elections at the end of 2002. Conception stemmed from the realisation that some of the other elements of social protection in Kenyan society, especially family and communal mechanisms, were breaking down in the face of the growing HIV/AIDS pandemic[29]. The publication of the Children on the Brink report[30] in 2002 pushed the debate on the consequences of the demographic momentum leading to increases in the numbers of orphans in Kenya as a consequence of HIV/AIDS. UNICEF further highlighted the issue in the course of the 2002/03 parliamentary elections through a media campaign that aimed to inform the public, stimulate discussion, and challenge parliamentary candidates to pledge to address the issue with seriousness if elected. Half of the members of the 2003-07 Parliament signed that pledge.

One potential point of action that arose in the 2003 post-election discussions, notably in a parliamentary committee set-up to address the Orphans and other Vulnerable Children (OVC) issue, and in a committee of the Ministry of Home Affairs charged with developing a national plan of action for OVC, was whether the time was ripe for the state to launch a cash transfer programme aimed at supporting very poor families with young children affected in some way by HIV/AIDS; these might be poor families that were fostering the young children of relatives or others that had passed away as a result of HIV/AIDS, or poor families themselves looking after people sick as a result of HIV/AIDS. By 2004 a first phase pilot programme was in place targeting 500 households. It was a partnership between UNICEF (with partial funding from Sida) and the Government of Kenya with funding from taxpayers. The aim was to implement such a programme at small scale to see whether the concept would work before devising a larger pilot programme. If the results of evaluation showed the programme to be efficient in terms of resource transfer and if it improved outcomes for vulnerable children then this could lead to an expansion. By 2006 other partners, notably the World Bank and DfID were keen to become supporters of the programme. By 2007 the second expanded pilot phase was underway, scaling up to over 40 districts by 2008 with 80,000 households likely to be enrolled by the end of the 2008/09 financial year

[28] Any opinions expressed in this paper are the authors alone and do not necessarily represent the opinions of UNICEF.
[29] Csete, J. Kenya; In the shadow of Death; HIV and children's rights in Kenya. Human Rights Watch, June 2001, Vol. 13. No. 4(A)
[30] UNAIDS, UNICEF and USAID. Children on the Brink: A Joint Report on orphans estimates and programme strategies., (2002)

and with a well budgeted evaluation at the half-way stage. The Ministry of Finance, happy with high expenditure rates from its previous allocations, doubled its allocation to the programme in 2006/07 and 2007/08 budget year and then tripled its allocation in the 2008/09 budget year. From an allocation of around $800,000 in 2005 over $9 million is budgeted as a contribution from Kenyan taxpayers in the 2008/09 budget year. How could such a programme, innovative for Kenya in its design and ambition, grow so quickly?

This paper describes of four key strategic elements that required action by the promoters of the programme from inception in 2002 to 2008 and will continue to receive attention as the programme further matures. First, stimulating discussion among a wide set of stakeholders on the pros and cons of such a programme with a focus on forcing a political choice to either support or reject in an informed way the scaling-up of such a programme; the use information-rich media campaigns at the time of the 2002 and the 2007 parliamentary elections were a key trigger for widespread debate in Kenyan society about this type of programme among the public. Actions included furnishing information, calling for meetings, producing information notes and inviting the media and policy makers to observe the pilot programme in action. Second, more detailed technical discussion on the costs and impacts of the programme and how this might vary using alternative programme models and ensuring that they are included in designing the evaluation work that would help to answer these questions; the aim here being to ensure that policy makers have all the information they need to make an informed policy choice. Third, focusing on the capacity to implement a programme design that can be taken to scale; this requires high levels of investments at the front end in terms of human, infrastructure and organizational resources required to maintain and expand the programme even when outcomes, in terms of numbers of beneficiaries reached are low at the beginning. This is a required risk in that heavy investments are made in capacity building for a programme (management information systems, payment mechanisms etc.) early on in its evolution when it is not at all clear that it will indeed be maintained on the portfolio of poverty reduction programmes and may never be scaled-up to the point where the front-end investments pay for themselves in terms of the efficiencies of scale. Four, working intensively at community level on a targeting mechanism that can be replicated across different communities and cultures and that is demonstrably efficient and fair both to central level managers and programme funders, and to communities themselves, in reaching the intended target group. A key issue all cash transfer programmes have to address is who benefits and who does not. The borderline group of families who have just failed to qualify, and whose circumstances are usually not all that different from those enrolled, is always an issue that requires sensitivity and community mechanisms where reviews of decisions can take place. We argue that attention to all four of these strategic elements has been crucial to the evolution of this programme so far and continue to be key as the programme moves into an accelerated expansion phase.

## Cash transfer programmes in Africa compared to the rest of the world and the role of international development partners in helping to build such programmes

Why should the UN and other international development partners be helping the Kenya state develop a cash transfer programme for vulnerable children? One of the founding principles of membership of the United Nations is that member states should have in place a mechanism to transfer resources from the better off elements of society to the very poorest. The principle is articulated in the United Nations Declaration of Human Rights (UNDHR), and the covenants and conventions that follow the declaration.

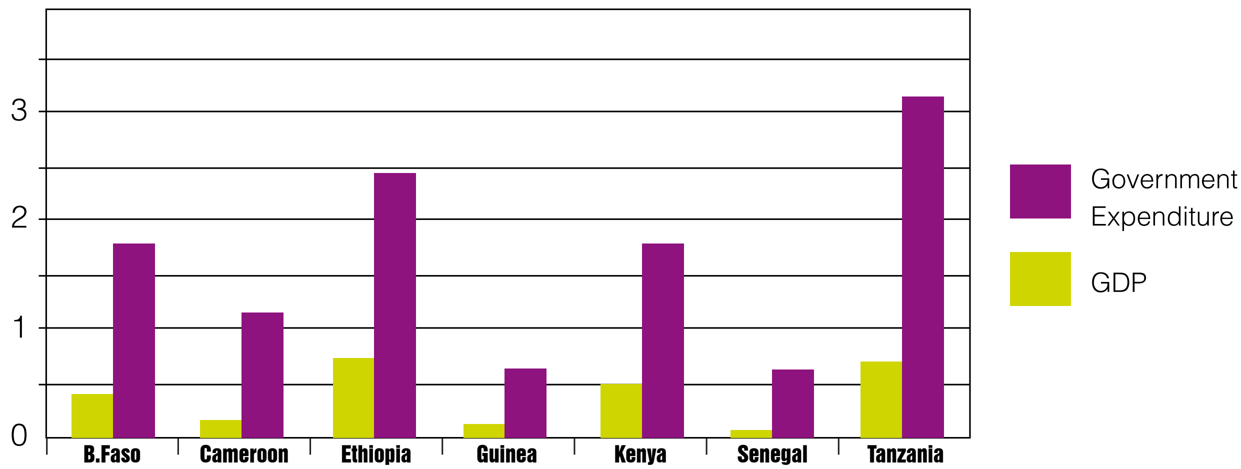
> UNDHR Article 22: "Everyone as a member of society, has a right to social security, and is entitled to realisation of national effort and international cooperation and in accordance with the organisation and resources of each state, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality."
>
> UNDHR Article 25 " Everyone has a right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, housing and medical care, and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, or other lack of livelihood in circumstances beyond his control. Motherhood and childhood are entitled to special care and assistance."

Since the purpose of the funds and programmes of the UN is to help build member state capacity to work towards the fulfilment of the articles of the UNDHR and the associated covenants and conventions, it is clear that it is a core function of the UN to support such endeavours if it has the capacity and the state requests such assistance.

It is hard to explain why the funds and programmes of the UN and other international partners have done so little to build state capacity in Africa for social security systems, including an element of cash transfer, between 1950 and 2000. When the Kenya programme was being devised, one could only point to South Africa as an active large-scale programme in the rest of the continent. This was a programme with deep roots stretching back to the 1950s when it was targeted at poor white South Africans that had opened up to all South Africans soon after the end of Apartheid. But we live in a world where cash transfers to the poorest are a cornerstone of social programmes outside of Africa, notably in Europe and the Americas, both north and south. The reason they have proved so popular is due to their demonstrable good value, efficiency and worth, not only in fulfilling the state's duty to reduce poverty, but in stimulating economic growth in often depressed pockets of the economies, creating jobs and more income and hence ultimately improving tax collection. Some who read these words would not be doing so if their families in the past had not benefited from cash transfers provided by the state.

It is sometimes thought that African countries cannot afford simply to give cash to the poorest members of society. Table one[31] presents the proportion of GDP and government expenditure if a sample of African countries developed a programme providing the equivalent $15 per month per household to the poorest 10 per cent of all people. The appropriate level of transfer, target group, size and type of programme will depend on local conditions and available resources. For Kenya such a programme would represent 0.5 per cent of GDP and 1.7 per cent of the government yearly expenditure (using 2004 figures).

**Table 1: Cost of transferring $15 per month to the poorest 10 per cent**




Therefore the amounts required as a proportion of the overall economy or government expenditure are smaller than one might have guessed. Indeed, in countries with mature social security systems far more is transferred to the poor than is shown in Table 1.

Why have international organizations, funded mainly from successful economies where cash transfers have been a core intervention for their own poor, not invested in cash transfer programmes in Africa? For decades international development partners have funded transfers to the poor in Africa but only as long as it comes in the form of something other than cash, often delivered not by the state but through civil society organizations contracted by the international development partners. Since these resource flows are often not channelled through the Ministries of Finance, it is hard to capture exactly how many resources are transferred and hence what proportion of the overall economy these transfers represent.

Typically, this programme model has high overhead costs that are easily bettered in terms of efficiency by scaled-up cash transfer programmes. Free food is a well established form of resource transfer in Africa, for example, but, as has been well documented for thirty years, it is an inefficient way of transferring resources to the poor. Food as a vehicle for resource transfer requires an expensive logistical chain and, of course, free food potentially distorts incentives for local production, wholesale and retailing of food at the point of disbursement especially if disbursements become routine over a period of years[32]. There are many other examples of programme strategies that aim to deliver resources to poor people but without actually putting cash in their hands, e.g. programmes that deliver school uniforms, supplies or a hot meal to poor families via contracted civil society organizations. Very few, if any, can claim the efficiency in terms of overhead or administrative costs that well managed cash transfer programmes can deliver. Typically, large-scale cash transfer programmes can be run with less than 20 per cent overheads. In Brazil, Colombia and Mexico, administrative costs are less than 10 per cent. Mexico's Progressa programme has administrative costs of less than 5 per cent[33]. In contrast, most civil society

[31]Pearson, R. Alviar, C. Hussein, A. The Evolution of the Government of Kenya Cash Transfer Programme for Vulnerable Children between 2002 and 2006 and prospects for nationwide scale-up. In Social Protection Initiatives for Children, Women and Families, page 289-317 The New School, New York, USA and UNICEF. Editors Minujin, A. Delamonica, E

[32]This is not to say that free food distribution is always wrong. Where there is a shortage of food and a poorly developed cash economy free food distribution is often the only way to support people living in food deficit areas.

organizations operate in small sub-national pockets and despite all efforts to keep their costs down cannot compete. Civil society administrative costs vary hugely but most fall within the range of 30-60 per cent administrative costs. These are financial resources that end up in the towns and capital cities where the civil society organizations have their bases and hence do not have the economic multiplier effects in terms of stimulating local economies that cash transfer programmes can generate.

Therefore, in Africa outside of South Africa, where cash transfers are a new concept and where many other resources transfer programmes of long standing are in place, it is natural that cash transfer programmes are sometimes perceived as a potential threat to business by service providers of long standing who provide transfers using what might be termed more traditional delivery mechanisms. This constituency is large and must be serviced with information on the efficiency and impact of pilot cash transfer programmes as they grow to stimulate informed discussion about alternative ways of delivering resources to poor people. This has been a key element of the rationale for such a heavy investment in Kenya on political and policy dialogue around the cash transfer in Kenya, two of the four key strategic programme elements this paper describes.

## Poverty and wealth in Kenya

Kenya is a country of around 35 million people, half of whom are under eighteen. Fifteen million Kenyans are defined as ultra poor, meaning living below a poverty line of US$ 1 per day. After a period of stagnation in the late 1990s, the economy is growing at a pace faster than population growth even in 2008 with the post-election violence clearly causing contractions in some areas. However, even with a growing economy the proportion of Kenyans living in poverty has been increasing in absolute terms. Economic growth is driven by a relatively small portion of the people living in Kenya.

A recent report by the Centre for International Poverty Research (CIPR)[34] estimated the proportion of Kenyan children living in absolute poverty as 20 per cent of urban and 74 per cent of rural children. An analysis by the Central Bureau of Statistics[35] reported increasing geographic and socio-demographic disparities, with rural poverty ranging from 16 per cent to 84 per cent. Kenya's Poverty Reduction Strategy Paper[36] identifies the main correlates of poverty in Kenya as: location, household size, educational attainment of household head, sex of household head (female headed households are poorer), type of agricultural output (subsistence farmers versus cash crop farmers), and ownership or livestock and of selected durable farm tools. To this must be added, the debilitating and far-reaching effects of HIV and AIDS. 6.2 per cent of Kenyan adults are estimated to be infected (1.15 million people) and climate change in the Horn of Africa affecting pastoralists that live in the 80 per cent of Kenya categorised as arid or semi-arid.

There are three broad categories of ultra poor in Kenya. One group lives in arid areas where the economy revolves around pastoralism, who, for various reasons do not own an economically viable number of animals, and who do not have any other economic assets. A second group comprises people who were otherwise poor anyway but who have been affected by HIV and AIDS to the point whereby the economically active members of the household are either ailing due to HIV/AIDS or have died, leaving the older generation, if they are still alive, looking after orphans. This category can be

[33]Caldes, N. Coady, D. Maluccio, J. The cost of poverty alleviation transfer programmes; a comparative analysis of three programmes in Latin America. Food Consumption and Nutrition Division, Discussion paper 174. February 2004. IFPRI.

[34]Centre for International Poverty research (2003). The Distribution of Child Poverty in the Developing World.

[35]Central Bureau of Statistics, Government of Kenya, Geographic Dimension of Well being in Kenya: A Constituency Level Profile, Volume II, 2006

[36]Government of Kenya (2004). Investment Programme for the Economic Recovery Strategy for Wealth and Employment Creation, 2003-2007.

found all over Kenya but especially where poverty was greater anyway and where HIV/AIDS has hit particularly hard in Nyanza and Western provinces, especially those living close to Lake Victoria, and also among communities living close to the Trans-African highway from Mombasa, through Nairobi and Nakuru to the border of Uganda. A third group are poor communities living in urban slums around cities and towns where transient populations of migrant labourers live together with people who have lived in urban slums for several generations, and migrant labourers working in large agricultural businesses such as tea plantations and pineapple farms.

The numbers in the first category form a subsection of the 2 million plus people who have regularly been given free food hand outs as part of humanitarian drought relief programmes in arid districts for the last 25 years. Funding for these programmes has come from the USA, Kenyan taxpayers, whose funds purchase food surpluses from large farms mainly in Western Kenya, and cash grants notably from bilateral and multilateral European aid programmes. Neither the second group nor the third enjoys support through a similarly coherent programme of long standing. They are supported by a large number of actors that aim to provide in-kind support for the second group through a myriad of funding sources, notably the U.S. government PEPFAR initiative.

**Table 3: Trends in estimated numbers of orphans. Source: National Plan of Action for Orphans and other Vulnerable Children, Government of Kenya. 2005**

| | 1985 | 1990 | 1995 | 2000 | 2005 | 2008 |
|---|---|---|---|---|---|---|
| **Maternal** | | | | | | |
| AIDS | 0 | 1,196 | 72,965 | 362,539 | 635,208 | 655,358 |
| Non-AIDS | 583,738 | 595,451 | 577,670 | 533,335 | 481,997 | 460,692 |
| Total | 583,738 | 596,647 | 650,635 | 895,873 | 1,117,205 | 1,116,051 |
| **Paternal** | | | | | | |
| AIDS | 0 | 2,394 | 71,893 | 263,755 | 416,777 | 430,300 |
| Non-AIDS | 908,512 | 896,738 | 829,476 | 776,433 | 736,198 | 727,110 |
| Total | 908,512 | 899,132 | 901,369 | 1,040,188 | 1,152,975 | 1,157,410 |
| **Dual Orphans** | | | | | | |
| AIDS | 0 | 1,011 | 61,919 | 234,514 | 351,473 | 326,347 |
| Non-AIDS | 240,372 | 204,910 | 163,598 | 131,380 | 105,585 | 94,975 |
| Total | 240,372 | 205,921 | 225,517 | 365,894 | 457,058 | 421,322 |
| **Total Orphans** | **1,251,878** | **1,289,858** | **1,326,487** | **1,570,168** | **1,813,122** | **1,852,139** |
| All AIDS orphans | - | 2,785 | 91,487 | 427,392 | 755,800 | 813,730 |

*Source: Takona and Stover, estimates based on ANC data and DHS 2003*

Within this contex, the Children's Department of the Ministry of Home Affairs aimed to focus its support, whatever that may be, on helping ultra poor households support their children so that they would have access to health services and be able to attend school. As a result of many changes in society the traditional support offered by households and communities was perceived when the programme was being planned as not being as strong as perhaps it was in times past and hence the rationale for a more interventionist state expanding social protection for the poorest in society.

Actions would focus to start with in those parts of Kenya where, due to HIV/AIDS, it was thought that poverty was increasing at a faster rate. Those areas of poverty served by the long-standing free food distribution programme would not be left out of scale-up plans, but would be focussed upon, after the programme had scaled-up in HIV-affected communities.

Another issue key to this decision that the state was mindful of was the mushrooming of private sector orphanages driven by increasing numbers of orphans due to HIV/AIDS (Table 2). A key concern here was the often poor quality of these private sector services, their often tenuous funding base and the fact that when the state has intervened it has been found that many of the institutionalised children have families after all. Indeed, recently the state has introduced legislation making it clear that unregistered orphanages are illegal institutions. From an economic and psychological health point of view, while there will always be a necessity for some institutions to look after children who cannot be placed in a family environment directly or even after some time, it is far cheaper and beneficial for children to be fostered in a home environment

## The core poverty programmes in Kenya in 2004

In the case of Kenya, it is not true that the state invests little in programmes with a social security objective. Transfers from the state to the very poorest have been a feature of Kenya's state spending for many years. Allocations to core poverty programmes as defined by the Ministry of Finance were US$390 million, US$637.5 million, and US$1.18 billion in the financial years 2002/3 to 2006/07 respectively. In the 2005/06 financial year the allocation represented 4.9 per cent of GNP and total expenditures by government amounted to 27 per cent of GNP. A key problem with these programmes is that expenditure rates are often low. Well over a third of the resource allocations remained unspent early in the decade due to programme management capacity problems especially at decentralised levels. Recently there has been a policy of decentralising management of core poverty programmes to the constituency level in an effort to improve efficiency. Several mechanisms now operate at this level, including among other programmes, the Constituency Development Funds, School Bursary Funds, and the Local Authority Transfer Funds. So the cash transfer programme needs to be seen in a programming environment where a number of changes are being implemented in the way the state manages its entire social protection portfolio. A key question when adding a new programme to the list is: how would it interact with these other programmes and would it be able to demonstrate that it is at least as efficient as these other programmes? Hence the importance of ensuring that the programme did not under invest in the third of the four key strategic elements, capacity to implement.

## Policy discussions leading to the genesis of the Kenya programme

The possibility that the state would start to develop a cash transfer programme from scratch delivering cash direct to families affected by HIV/AIDS without going through civil society intermediaries was discussed 2004 in a number of policy dialogue arenas including around the development of the national action plan for orphans and other children made vulnerable by HIV/AIDS, an exercise sponsored by the Ministry of Home Affairs, and well supported by many civil society organisations, World Bank, DFID, USAID and UNICEF[37].

The intended result of a cash transfer programme was to support poor families to support their and other children they may be fostering to grow within their families and communities instead of in institutions. The subsidy should work as an incentive to providing continuous and adequate care to these children. By design, it would not be large enough to take beneficiary households out of poverty. It should also not lead to dependency, by virtue of the fact that I would only cover something like twenty per cent or less of minimal total household expenditures for very poor households. However, by allowing for a larger investment, at the household level, in children's human capital, through better nutrition and health in the early years and longer access to education, it would help to lift the next generation out of poverty.

The main mitigating factors against starting a cash transfer programme were that there was no previous experience of a state-run cash transfer programme and, two, doubts expressed by several members of the national OVC Action Plan Steering Committee that poor people could be trusted to make good use of cash handed to them. The main arguments in favour was, first, that the state did have the capability to send small amounts of cash on a regular basis to large numbers of people over a wide geographic area; approximately 600,000 retired civil servants receive their pensions via the post office network with over 400 outlets in Kenya. Second, Kenya is a country where citizens pay a considerable sum in taxes. Over $5 billion were collected in taxes in fiscal 2005/06 amounting to 22 per cent of Gross Domestic Product. Together with $1.5 billion in borrowing and $0.5 million contributed by international development partners, the Kenyan budget is in the region of $7 billion. Third, tax collection has been increasing due to an expanding economy and a more aggressive revenue authority, and this has continued despite the damage to the economy caused by the post-election violence in early 2008. Fourth, the efficiency argument for cash transfers versus transfer of commodities via the NGO or private sector; if the administrative costs of the programme could be such that only 10-20 per cent of total resources went into overhead costs, this would beat contracting civil society organisations which cannot operate at that level of efficiency.

To move the political and policy dialogue forward, the Ministry of Home Affairs and UNICEF decided to launch a pilot programme to start learning some practical lessons about implementing such a programme and develop an information base on costs and impacts on outcomes for children. Cash transfers were added to the overall GoK/UNICEF country programme learning district strategy, essentially a strategy of intensive support to building local and community capacity in three very different parts of the country with an evaluation programme focussing measuring impact, and costs of expansion. The entire range of support that UNICEF provides to government programmes all converged in the early years of the millennium in three very different parts of the country: urban slums, an arid semi pastoral district and a poor coastal area.

By December 2004, a targeting mechanism had been devised for the pilot using a community-driven mechanism with public participation in making the final decision on which households should be enrolled. 500 households were enrolled in each of the three locations and were being provided with KSh. 500 (approximately $6.50) per child per month on a "pre-pilot" basis. By early 2005, workshops

[37]The national plan of action for orphans and other children made vulnerable by HIV/AIDS. National OVC steering committee, Ministry of Home Affairs. 2005

were being held with members of each of the communities involved, which totalled nine, three each in the four districts to learn lessons and modify the programme design. Early results showed that the pre-pilot had a positive impact on the welfare of the beneficiaries mainly in terms of access to education, health and nutrition. It was learnt that funds were mainly spent on school uniforms, textbooks, food, and cooking oil.

That there was now a programme on the ground became a major boost to encouraging political discussion and policy debate on the merits and worth of such a programme. Politicians and policy makers in government could now travel to very diverse parts of the country to see a programme in action on the ground and decide for themselves whether the programme was capable of targeting the very poorest and whether the money was being well spent or not. The importance of targeting became clear as it was plain in the pilot that several very poor households had somehow not been enrolled while several less deserving households were in the programme. The issue of capacity to implement became clearer as a key issue that would have to be addressed well if the programme was to have a hope of expanding to national scale. Indeed, it was crucial to have the programme in place with all its problems to serve as a benchmark against which a new improved programme could be designed that would be capable of being eventually scaled up to national scale.

**Table 3: Per cent of households in phase one reported spending cash on:**

| | |
|---|---|
| Food | 86 |
| School fees | 67 |
| Clothes | 54 |
| Repay debts | 41 |
| Medical expenses | 37 |
| Paraffin/firewood | 32 |
| Income generation | 24 |
| Livestock | 22 |
| Home improvement | 22 |
| Saved/cash in hand | 16 |
| Transport | 12 |

The evaluation of the pilot highlighted the following lessons[38]. Access to health, education improved marginally. Use of funds included rent, school uniform, food, and sometimes ARVs. There was little evidence of abuse in expenditures (see Table 3). Traditional coping mechanisms (e.g. Zakat; alms giving in Islamic community) were not undermined.

Selling assets in times of stress is a fairly common coping mechanism, but also a destructive one when productive assets are sold, thereby depriving the seller of future income. The evaluation showed that the pilot seemed to have been effective in reducing beneficiary households' need to sell assets; just 9 per cent of beneficiary households compared with 15 per cent of control households reported selling assets in the six-month period since they received the first lump-sum transfer. Both groups sold assets mainly to provide food and medical care for the families (72 per cent for beneficiaries and 62 per cent

[38]Evaluation of cash transfer programme in Nairobi, Kwale and Gaissa Districts. Report submitted by the independent consulting firm, Acaia Consult, to the secretariat of the Ministry of Home Affairs cash transfer programme, January 2007.

for non-beneficiaries). Beneficiary households were also more likely to have aquired assets over the six-month period since receiving the lump sum (11 per cent of beneficiary households compared to 7 per cent control group households reported purchasing assets over the period). It was clear that the amount being disbursed was too small and this led to discussions with the Ministry of Finance around what level of disbursement would be the most appropriate. Most community members were in favour that some sort of conditions should be imposed on the beneficiary families in order to continue to benefit from the grants. Exactly what was not all that clear and this issue became a point of debate between DfID partners who were generally against conditions and World Bank partners who were generally in favour based on their experiences in Latin America.

## Policy discussion, capacity building and targeting in phase two

As experience with the programme grew, and early fears that poor people might not use the money wisely, or that no appreciable impact would be seen, confidence around scale-up grew. The greatest impetus to scale-up the programme came from visits to beneficiary households by policy makers rather than through review of formal evaluation results. Simply through talking to a few households made it abundantly clear that the cash transfer made a huge difference in the lives of the beneficiaries leaving senior officials with a keen desire to scale the programme up.
Work accelerated on estimating to what extent it could be scaled-up. What were the cost estimates and what parameters might affect costs? Where would the resources come from? To what extent could the Kenyan taxpayer afford to contribute, and which international partners were willing to add their support to the programme and under what conditions? And would these be guaranteed or they were just promises? There were many uncertainties.

Estimates were produced based on knowledge gained in phase one on what the likely costs of the programme would be (Table 4) and what proportion of government budget the programme would cost (Table 5)[39]. The absolute level of the transfer received intense discussion and review. An important factor was experiences coming from varying levels of transfer compared to poverty lines and impact in Latin America[40]

## Table 4: Estimated cost in US$ millions of grant by number of children with varying operational costs

| Operational overhead cost (%) | 300,000 children | 500,000 children | 750,000 children |
|---|---|---|---|
| 10 | 37.4 | 62.3 | 93.5 |
| 15 | 39.1 | 65.1 | 97.7 |
| 25 | 42.5 | 70.8 | 106.2 |
| 40 | 47.6 | 79.3 | 119 |

Table 6 was produced for a technical note to inform discussion led by the Ministry of Finance to determine what the level of the transfer should be in the expanded second phase of the programme. The first part of the table showed the value of the transfer in cash transfer schemes in Latin America against their national poverty lines. The key point made was that all but the Honduran programme had delivered

[39]Allen, K. Campbell, P. Chatterjee, S. Ismail, OCA. Pearson, R. Renshaw, M. Can the Kenyan State put the 300,000 most vulnerable children in the country on a Cash Transfer Programme by the end of 2010? Division of Policy and Planning Working Paper, 2007, UNICEF.
[40]Handa, S & Davis, B. (2006) Conditional Cash Transfers in Latin America and the Caribbean: A Review of the Experience, Development Policy Review Vol. 24(5):513-536

significant impacts on outcomes for children. The value of the transfer in Honduras was the lowest and impact evaluations had shown little impact on outcomes for children leading the cancellation of the programme.

### Table 5: Cost of a grant for 700,000 children using 2006 budget figures

| | | | |
|---|---|---|---|
| Operational overhead costs | 10 % | 25% | 25% |
| Per cent of gov. exp | 1.9 | 2.1 | 2.4 |
| Per cent of GDP | 0.4 | 0.5 | 0.6 |

Two scenarios were presented for the case of rural Kenya based on different assumptions about the potential benefit structure of the expanded programme. Scenario 1: with a flat transfer of Ksh1,000 (and thus an average transfer per family of Ksh 1,000), and an average family size of 5.5, the transfer was estimated to represent 8 per cent of the national poverty line, and 16 per cent of the ultra-poor line. This latter figure is more appropriate for the typical beneficiary of the Kenyan programme; they are virtually all from among the very poorest of society. Scenario 2: if the transfer is based on the number of OVCs with a cap of 3 per household, and assuming an average transfer of Ksh1,500 per family, the value of the transfer is about 25 per cent of the ultra-poverty line.

### Table 6: Comparison of Average Value of Transfer in Latin America and the Caribbean and Kenya

| | **Monthly Monetary Benefit** | **Monthly transfer** | **Transfer % of poverty line** |
|---|---|---|---|
| Brazil – Bolsa Familia | US$18 per extremely poor family; $5 per child up to 3 kids | US$24 | 12% |
| Colombia – Familias | US$20 per family; $6 per child primary; $12 per child secondary | US$50 | |
| Honduras – PRAF II | US$4 per family; US$5 per child | US$17 | 8% |
| Jamaica – PATH | US$9 per eligible household member (child, elderly, disabled) | US$45 | 16% |
| Mexico – PROGRESA/ OPORTUNIDADES | US$13 per family; US$8-17 per child primary; US$25-32 per child secondary; one time grant US$12-22 per child for supplies | US$20 | 23% |
| Nicaragua – RPS | US$18 per family; additional US$9 per family with a school aged child; US$20 once per year per child for mochila | US$25 | 18% |
| Kenya (rural) scenario 1 | Ksh 1000 flat transfer | Ksh1000 | 16% (ultra poverty-line) |
| Kenya (rural) scenario 2 | Ksh 1000, 1500, 2000 depending on number of OVCs | Ksh 1500 | 24% (ultra-poverty line) |

*Assumptions for Kenya: Figures were given for rural poverty line only (Ksh2228 per capita). Average family size of 5.5 is assumed; ultra poverty line is half of full poverty line; scenario 2 assumes that the average transfer per family will be Ksh1500.*

This value is still on the low end of the international rule-of-thumb. The decision on the transfer value involves a trade-off between ensuring the programme has a behavioural impact on recipients, while at the same time making sure that there is sufficient coverage across the country and among the very poorest.

Based on these calculations, a flat transfer of Ksh1,000 may run the risk of not inducing behavioural change; even under scenario 2 the average transfer value ends up at the low end of the 20%-40% range that is desirable for a scheme of this type but might be more difficult to administer since it requires different rates of payment to households based on the numbers of children defined as vulnerable according to the targeting methods. After much discussion, the decision was to pay a flat rate of Ksh 1,500 per household whatever number of eligible children (it turns out that on average beneficiary households have just over three children). It was a pragmatic choice leading to a simpler programme to administer, than one with a variable scale depending on numbers of eligible children, and at a value of disbursement providing close to the 20 per cent of the national poverty line figure that experience had shown from Latin America would lead to outcomes for children in areas such as health care and educational outcomes. At the same time, programme managers thought that this level of disbursement would be far too low to cause people to stop other efforts to find income and hence encourage dependency, with this last issue.

Negotiations took place with commercial banks and the state-owned Kenya Post Office on a contract for making transfers through them to poor households. Experts in setting-up cash transfer programmes of national scale in Latin America were recruited to help refine targeting procedures, design management information systems, develop manuals for use at local level, and to work intensively with the Ministry of Home Affairs to build a secretariat that could handle the programme management for scaling-up as capacity grew. The secretariat has taken on the work of managing the capacity building strategy, the management information system, the communication strategy, the monitoring systems including spot checks and development of corruption control mechanisms including fielding community-level complaints, oversight and management of the evaluation and working on programme documentation and financing agreements to allow multiple international partners to contribute to the pool of resources required to reach programme targets before the full burden of the programme can be borne by the treasury.

Discussed at length was the issue of whether the programme should involve “conditionalities” other than the condition that beneficiaries be ultra-poor. Some favoured the applying of conditionalities, a system that would only allow continuation of disbursements if certain conditions were met by families, including, for example, making sure that all children in the household regularly go to school, while others favoured a programme with no conditionalities. The case against conditionalities is that without them overhead costs, especially those related to the development and management of computerized information systems to monitor compliance, and other forms of checking that the conditionalities are being adhered to, are not required. This results in a simpler management system and cost savings which can be applied to the front end of the programme in the form of more beneficiaries for the same overall cost. The argument is that while these sorts of systems might work in more developed societies they would be too complex to manage well in Kenya. The argument for conditionalities in Kenya is that, first, the communities in the phase one pilot turned out to be in favour of some form of conditionalities themselves as did the Ministry of Home Affairs programme managers. There is a political element here in that since government has recently made education free, it is easier to argue with Ministry of Finance for allocations to the programme if part of the argument is that it is helping to make state investments in other areas more efficient. Another argument in favour is that the management information systems required to monitor conditionality are in any case required as a tool to manage the quite complex pay role for the programme requiring payments to be sent to many different post offices every two months; it is far less complex to rely on a computerised payroll rather than scaling up with a manual pen and paper system. A robust household targeting system including an element of central level oversight to supplement community-based targeting is also not realistic unless the oversight is computer-based. Central oversight helps to curb potential efforts to slip in households that do not meet criteria for enrolment to the beneficiary list. Enrolment of families that should not be enrolled is an expensive error given that families, once in, do not exit the programme for several years. And, lastly, there is a difference between declaring that a programme will be managed with a conditionality element and actually following through on a large scale. The Brazilian programme is often pointed to as an example of a programme that declares conditionality but with little follow-through.

The evaluation focuses on the following key issues. First, to evaluate the welfare and economic impacts of the programme amongst those who benefit from it against matched benchmark communities that are not benefiting from the programme. A key element here is what is the fraction of total household costs in the targeted households that is being covered by the cash transfer? Experience from Latin America shows that when the fraction dips much below 20 per cent of total household costs then the programme runs the risk of having no discernable impact on outcomes for children such as improved educational outcomes and improved health outcomes. This was the case with a programme in Honduras where the cash transfer hovered at around covering 10 per cent of total household expenditures. When the evaluation results showed that the programme was having little measurable impact on outcomes for children it was cancelled. In contrast, programmes in Brazil, Mexico and other states that ran at closer to 20 per cent could demonstrate outcomes for children and this resulted in greater political support for the programmes and hence improved funding and scale-up; second, to evaluate the operational effectiveness of the pilot including the very important fraction of costs that are required to administer the programme being able to distinguish the extra costs in "conditional" communities versus programme areas where no conditions apply; and third, to evaluate the extent to which the programme reaches those in greatest need (targeting effectiveness).

Evidence on targeting effectiveness will shed light on the extent to which mechanisms in use are cost efficient, transparent and accountable in reaching the most in need, and most importantly that minimize exclusion errors. Information on operational effectiveness will inform programme design with regard to effectiveness so that modifications can be made if and when scale-up occurs. For instance, the payment delivery mechanism needs to be tested for security, accessibility, timeliness and value for money. The evaluation will use a quantitative household surveys in a longitudinal/panel design, quantitative community surveys in a repeated cross-sectional design, qualitative focus group discussions with beneficiaries and other community members, in-depth interviews with beneficiaries and those responsible for programme implementation, an operational review and a simple costing study. Household and community surveys will be carried out in locations selected at random for inclusion within the scheme.

The household survey will research beneficiary and non-beneficiary households in beneficiary areas and a sample of households in non-beneficiary areas. Having two treatment groups (with and without conditionalities) and comparison control groups will allow the evaluation to provide information on the impact of the transfers versus the conditionalities, thus making it possible to test conditionalities within the Kenyan context.

**Table 7: Estimated pace of programme expansion (households have on average three children)**

| Financial year | Households enrolled |
|---|---|
| 2004-2005 | 500 |
| 2005-2006 | 3,000 |
| 2006-2007 | 8,000 |
| 2007-2008 | 22,500 |
| 2008-2009 | 60,000 |
| 2009-2010 | 80,000 |
| 2010-2011 | 100,000 |

The evaluation design involves a baseline and a follow-up survey in intervention and reference communities, and intervention communities are split into those with conditions and those without. While the baseline survey has taken place, the follow-up survey will not take place until 2009. However, some results from the baseline are available and are being used to improve roll out of the programme to new areas. Monthly expenditure per person among households enrolled in the programme in evaluation households was running at 51 Kenya shillings per person per day in programme households (March/April 2007 baseline survey or 75 US cents per day. The transfers therefore cover around 20 per cent household expenditure. This means that the 1,500 shillings transfer rate has been set just about right for programme impacts to be expected based in the Latin American experience. The rates were set based on an analysis of the poverty line derived from the 1997 household expenditure survey. More recent data was not available, so the result coming from the baseline was particularly reassuring for the programme managers[41]

With respect to household level targeting efficiency, in other words understanding to what extent the programme enrolls truly poor households and excludes the not-so-poor, around 84 per cent of the beneficiary households were found to be living on less than $2 per day (38% on less than $1)in the baseline survey[42]; this figure compares favourably with the large programmes in Latin America, quite an achievement given that the American programmes benefit from being implemented in an easier environment than Kenya. However, there is space for improvement and the targeting process is under adjustment based on the targeting analysis.

The targeting design has grown out of lessons learned from the first phase. First, districts are selected based on the capability of government to expand the programme. Here there is tremendous pressure to expand that has to be balanced against Ministry of Home Affairs' capacity and budget availability. First districts are selected. In 2007 expansion plans by district were being determined mainly by ranking based on poverty rates, estimated levels of HIV and hence numbers of orphans being generated by poor HIV- affected households, and information on the extent to which districts are being covered mainly by the US President's emergency programme for HIV/AIDS which contracts NGOs to deliver resources to children affected by HIV. Districts with a high coverage of such programmes are put lower down in the roll-out schedule. Table 7 provides a current estimate of the rate of expansion in terms of numbers of children that will be enrolled in the programme.

[41]Pearson, R. Alviar, C. Hussein A. op.cite

[42]Kenya OVC-CT programme operational and impact evaluation. Baseline Survey report. July 2008

Within the district the poorest locations are selected by committee decision. Within the locations a committee is formed, they are told what the budget allocation is for the location and hence approximately how many households can be enrolled in the scheme. A survey is carried out to determine the ultra poor households based on a combination of community knowledge and objective criteria such as the quality of building. Extra weight is given to households with no able-bodied persons, with disabled children, foster children and so on. In a second stage, data is entered into a management information system to check on the criteria and to rank the households. The ranked list is then discussed in a community meeting to make a final determination on which households will be enrolled in the scheme.

Adjustments to the targeting process will give priority to those districts with the biggest numbers of hardcore poor OVC households (ensuring that minimum efficient coverage rates are defined) and will make more rigorous the poverty and vulnerability requirements in order to reduce the inclusion errors. The adjustments take into account the Base Line results from the Operational and Impact Evaluation and are being done using the Kenya Integrated Budget Household Survey (KIBHS).

The Post-Election Crisis affected more than 600,000 people all over the country. The cash transfer programme's response to this emergency was to double its coverage from 12,500 to 25,000 households. The response wanted to provide faster support to the most vulnerable households, often being the most affected in periods of crisis and left out of social policy interventions. This initiative and the increasing support to the programme within Government structures and international organizations will enable the programme to reach around 70,000 households by the end of 2008. The initial target of 100,000 households will be obtained before planned. It will be possible to reach a total of 300,000 households by the year 2012. This is above the equivalent of the total hardcore poor OVC households in the country according to the latest KIHBS data and translates to around one million children benefiting from the programme.

## Conclusion

Four key strategic elements of programme management that have guided the evolution of the Kenya cash transfer programme for vulnerable children. The political element, underpinned by stimulating of dialogue on the value, merit and worth of the programme is even more important in 2008 than it was five years ago. Government is allocating more resources now than in 2004 and hopes to allocate larger sums as the programme expands. The more resources are allocated, the more intense political debate will become. The programme therefore needs to deliver the right kind of information and this requires well executed evaluation with a substantive budgetary allocation made in the early stages of programme design. Second, it must be taken seriously as a potential policy option with key actors such as the Ministry of Finance, the Ministry of Planning and parliamentarians understanding the financial implications of the programme and how these estimates update as costs change with programme maturation. Third, managers must be forward-looking in terms of what human resources will be required as the programme expands and be willing to look at alternative business models. Should all work be carried out by civil servants or might it be more efficient to limit the role of civil servants to contracting the private sector and civil society organisations to help manage the programme at local level restricting civil servants to oversight over their programme execution? And fourth, the programme must work towards an efficient transparent targeting mechanism and have the monitoring elements in place to be able to read how efficiency is varying from place to place and between competing programme designs as they are tested.

Cash transfer programmes can only be one element of a broader social protection strategy involving many elements. Several of the other key programmes extant in Kenya today were briefly described in this paper. The government is currently looking at all of these programmes as part of an overall review of social protection in Kenya. In a number of Latin American countries when such reviews have taken place, and where evaluative data on the impact and efficiency of cash transfers have been available, it has often been a policy response to scale-back some of the older legacy programmes in order to provide more resources for cash transfers. The Kenya cash transfer programme is too young and unproven for these kinds of changes. It has to prove its worth. When the results start to come in from the impact evaluation in a year, the political and policy discussions that continue around the programme will be enriched by the information the evaluation will provide. And those results will depend on the hard work of all those associated with the programme from community to senior management levels. In the meantime, anyone wanting to see for themselves the impact of the programme needs only to go and visit some of the beneficiary households. It is an inspirational experience, especially knowing that the majority of the resources applied to the programme are derived from Kenyan taxpayers with international partners only playing a supportive role.


Photo. Activists march past Parliament in the course of the 2007 parliamentary election campaign. The 2007 parliamentary elections saw a renewed campaign by UNICEF modelled on the 2002 campaign. With respect to the cash transfer programme this was an opportunity to grab public attention, especially taxpayers that listen to the radio, watch the TV and read papers, let them know that the programme existed and make them aware of the early results on targeting efficiency and how the households use the money. In 2008 the Ministry of Finance tripled their allocation to the cash transfer programme over 2007 levels. (Photo R. Pearson)

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# 2.7 Social transfer delivery mechanisms at the national level: innovations in Swaziland and Mozambique

**Katharine Vincent and Nicholas Freeland**
**Regional Hunger and Vulnerability Programme**

## Abstract

*Ensuring efficiency and effectiveness of social protection is vital for developing the sustainable political support required for the long-term integration of such programmes within national development strategies. Typically, around a half of the administration costs of social protection programmes is attributed to the delivery of the transfer. Whilst delivery costs for social transfers such as food and agricultural inputs are typically high due to their bulk, delivering cash in rural areas can also be problematic and costly due to the lack of infrastructure, and the risks of cash-in-transit heists and leakages due to corruption.*

*Cash transfers in southern Africa have typically been delivered through government departments and NGOs, often in conjunction with payment outlets such as post offices. A number of small-scale pilots, such as the Dowa Emergency Cash Transfer in Malawi, have experimented with innovative technologies such as smart cards and mobile banks. Due to the costs of establishment, however, such innovative technologies have greater potential to improve efficiency and effectiveness of social protection schemes at national scale, rather than in one-off pilots. This paper outlines the experiences of two countries in southern Africa – Swaziland and Mozambique – which have investigated the feasibility of innovative delivery mechanisms for national social protection schemes.*

*Swaziland is in the process of finalising an alternative delivery mechanism for its Old Age Grant which will likely involve a public-private partnership between Standard Bank and Swazi Post and Telecommunications (SPTC). The delivery of this quarterly transfer to the over 60s has been problematic ever since the transfer was introduced in October 2005. Swazi Post and Telecommunications initially had responsibility for disbursement through its outlets across each of Swaziland's 55 tinkhundla (regions), but this was then taken over by the Department of Social Welfare which made disbursements through tinkhundla offices. The prohibitively high cost of this, including transport, insurance, and the opportunity costs of lost staff time, together with failure to deliver on time, led to the government seeking an alternative delivery mechanism.*

*Mozambique's Programa de Subsidios de Alimentos (food subsidy programme) is a cash transfer programme that has evolved from its inception in 1990, and targets various vulnerable groups including the elderly, sick and female-headed households. Delivery of the food subsidy programme is carried out by the National Institute of Social Action (INAS), an autonomous body of the Ministry of Women and Social Affairs (MMAS), through their regional delegations, but costs have been extraordinarily high, thought to be up to 40 per cent of the total transfer value. INAS is also investigating the feasibility of alternative delivery mechanisms.*

*This paper outlines costing information for current and proposed delivery systems for Swaziland's Old Age Grant and Mozambique's food subsidy programme in order to highlight the potential for cost-effective and efficient delivery of national social protection programmes in southern African countries.*

*Key words: social transfer, delivery system, pull mechanism, push mechanism, Swaziland, Mozambique*

## Introduction

Social protection programmes are increasingly being developed to reduce poverty throughout Africa. A key component of such programmes is social transfers to recipients, which can take different forms including cash, vouchers, agricultural inputs, medicines, school fee waivers and food. Cash transfers in particular seem to be growing in popularity based on emerging evidence of positive impact (Farrington and Slater, 2006). Ensuring efficiency and effectiveness of social protection is vital for developing the sustainable political support required for the long-term integration of such programmes within national development strategies. Typically, around half of the administration costs of social protection programmes are attributed to the delivery of the transfer. Whilst delivery costs for social transfers such as food and agricultural inputs tend to be high due to their bulk, delivering cash in rural areas can also be problematic and costly due to the lack of infrastructure, and the risks of cash-in-transit heists and leakages due to corruption. This paper looks at the various mechanisms for delivering cash transfers, and then focuses on ways in which Swaziland and Mozambique are attempting to increase the cost-efficiency of national cash transfer programmes.

### Pull and push mechanisms

Conceptually, the process of delivering cash transfers is separated into "pull" and "push" mechanisms. Typically, Cash transfers in Africa have been delivered using "pull" mechanisms, which "pull" recipients to a set location at a set time to receive their transfer. Government offices can be used as the pay point locations, or government parastatals such as the post office (for example the old age pension in Lesotho is disbursed by both the Post Office and local government pay points). These have the advantage that they are usually well distributed across a country, and their locations are often known by potential recipients. But there are significant costs associated with pull mechanisms, both to the government and to the recipient. The physical transportation of cash to often remote, rural areas is costly, requiring insurance and other security mechanisms in order to reduce the risks of cash-in-transit heists. The liquidity of the resource also raises the risk of leakages from fraud and corruption throughout the payment process.

It has been suggested that delivery costs for social transfers typically amount to 2-4 per cent of the transfer, and represent about half of the administration budget (Bankable Frontier Associates, 2006). But in reality, the cost of delivering is much higher due to leakages in the system: and determining the exact nature of these costs is impeded by poor record keeping and weak financial monitoring. In Lesotho, the Old Age Pension costs 6 per cent of the total transfer amount per transaction. And this excludes the cost to the recipients, who have to pay transport to get to the pay point, and then also have the opportunity costs of lost labour time (often of up to a day, including travel and waiting). For some vulnerable groups targeted by cash transfers, such as the bedridden elderly or physically disabled, travelling to a pay point is not even a feasible option. Given the growing popularity of cash transfers as a social protection instrument, it is not surprising that governments and donors are investigating the use of "push" mechanisms as a more cost-efficient alternative.

The more progressive delivery mechanisms involve "pushing" the money to recipients. "Push" mechanisms push the transfer to the recipient typically via a bank account, smartcard or cell phone (or a combination of the three). They necessitate public-private partnerships, such that the delivery is outsourced, but obviously there is still a need for a link with a government department to hand over the recipient lists every month (based on registration information, taking into account those that have left/joined the recipient list). The advantages are lower costs, improved access to financial infrastructure and the benefits that it brings, greater security and convenience (recipients can access funds at any time, and in some cases use their cards for direct payments, reducing the intermediate stage of getting cash). There are also benefits beyond the targeted pension recipients, as the increased demand for financial infrastructure increases the availability nationwide, benefiting a wider range of citizens.

A variety of innovative technologies have been proposed and piloted to increase the effectiveness of delivery of cash transfer programmes in southern Africa. The costs and benefits depend upon specific local conditions such as rural infrastructure, the technological capacity of the recipients, installation and operating costs. Such technologies are aimed at reducing the risk to the implementing agency when transporting and distributing the transfer, ensuring efficient distribution to recipients, and reducing the management load on donors and implementers. These include smart cards, cell phones, mobile ATMs, GPRS devices and biometrics.

Smart cards are the same size as credit cards but contain an integrated circuit (or chip) that stores personal information and the specifics of entitlement to a cash transfer. They do not require access to a remote database at the time of transfer, and thus the cash transfer can be assigned to the chip remotely, and accessed by the recipient when they insert their card into a reader at a retail outlet. In this way each transfer can be guaranteed to each recipient at any given time, and there is no need for the retailer to have constant GPRS connection to a central database, as details are stored on the card. With cell phones recipients who are provided with a handset could receive their cash transfer through an sms, which they can transfer for cash through the financial infrastructure. Although this has not yet been tried for social transfers, the technology for cash transfers via SMS exists and is already being used in Kenya under the M-PESA scheme (Vaughan, 2007). Alternatively, recipients can be provided with bank accounts into which their transfers are deposited, and debit cards to enable them to withdraw the transfer through pre-existing or mobile ATMs. Such technologies also have wider applications in the delivery of other social transfers, such as conferring eligibility for healthcare and education benefits.

A number of small-scale pilots have experimented with innovative technologies such as smart cards and mobile banks. The Save the Children-UK emergency cash transfer in Swaziland in 2007 involved a partnership between Standard Bank and the Post Office, giving recipients the choice of receiving their cash through a bank account or over the counter at the Post Office (Beswick, 2008). In Malawi, the Dowa Emergency Cash Transfer programme in 2006-07 involved a public-private partnership for the delivery of the index-linked cash transfer. Opportunity International Bank Malawi provided biometric smart cards with fingerprint identification to recipients, and then provided a mobile bank through the district, where cash could be drawn. This scheme worked out to be very expensive, as biometric smart cards cost $5 per card, and the limited duration and small real extent of the programme meant that synergistic benefits were not capitalised upon (Pearson and Kilfoil, 2007). Due to the costs of implementation, however, such innovative technologies are more likely to improve efficiency and effectiveness of social protection schemes at national scale.

A number of national governments are beginning to take stock of alternative push mechanisms following growing evidence on the burdensome cost of administering and delivering cash transfer programmes using the pull mechanism. This paper now turns to the experiences of two countries in southern Africa – Swaziland and Mozambique – which have investigated the feasibility of innovative delivery mechanisms for national social protection schemes.

## Case study: Swaziland's Old Age Grant

Swaziland's Old Age Grant was introduced in 2005, following a speech by King Mswati III at the opening of parliament which stressed the need for programmes to assist the elderly. The scheme targets Swazi citizens over the age of 60 who do not have pension income from other sources (Ellis, 2007a). It is implemented by the Ministry of Health and Social Welfare. In 2005-06 there were 28,000 recipients, and this increased to 49,000 in 2006-07. The budget for 2007-08 was E65million[43]. The first two quarterly payments of the Old Age Grant were disbursed by the Post Office, until they defaulted on their commitments, sparking outcry by the recipients. The furore was such that parliament was recessed until an alternative delivery mechanism could be found, and this involved the Ministry of Health and Social Welfare disbursing the cash itself through pay points in each of the 55 tinkhundla (districts) countrywide.

The Ministry of Health and Social Welfare did not really have the capacity to deliver the Old Age Grant; there were unacceptable delays in transfers reaching recipients, and the operation was extremely costly. Based on figures available in early 2007, the cost of disbursing the transfer was E527, 376 per quarter, or 4.92 per cent of the total transfer value per quarter. This figure takes into account the physical costs of delivery, such as transport costs, fuel and insurance, and includes hiring temporary staff and daily subsistence allowances paid to fulltime staff, but does not include the opportunity costs of fulltime ministry staff. In a case of "all hands on deck", Ministry of Health and Social Welfare permanent staff, including qualified social workers, spend on average 2-3 weeks every quarter helping to make the payments, during which period their core jobs are neglected.

Realising the unacceptability of this situation, the government put out a call for tender in late 2006 for private sector partners to propose solutions for delivering the Old Age Grant. Two organisations were short listed, namely, the Swazi Post and Telecommunications, using a traditional pull system through post office outlets, and Standard Bank, who proposed issuing bank accounts and debit cards to the elderly in an example of a push mechanism.

The Standard Bank proposal involved opening bank accounts for all recipients, thus concurrently "banking the unbanked" and providing improved access to financial infrastructure. According to the proposal, if a recipient kept a balance of at least E20 in their account, they would not be subject to banking fees, and could access their cash through a network comprising 12 Standard Bank branches

[43]At time of writing, E1=15c, or E100+US$15

(and 25 other bank branches); 27 Standard Bank ATMs (with a further 10 planned to be in operation by the end of 2007; 40 ATMs belonging to other banks); and over 8000 Point-of-Sale (PoS) devices in Swaziland. Standard Bank committed to absorb the cost of opening the accounts, and provide training to the recipients. The proposal allowed for an increase in the number of recipients with bank accounts over time, with decline in cost per transaction to government as the percentage with bank accounts increased: with 0 per cent of recipients banked, cost to government would be E18 per transaction (equating to 7.5 per cent of the value of the transaction), but this cost declines to E10 per transaction (equating to 4.17 per cent of the value of the transaction) when 100per cent of the recipients are banked. In comparison, Swazi Post and Telecommunication's proposal, which involved 52 per cent of recipients receiving their transfer in a post office (at E22 per transaction), and the remaining 48 per cent receiving through a tinkhundla centre (at E34 per transaction), equates to 11.57 per cent of the value of the transfer.

Waning political imperative to make a decision on the Old Age Grant in Swaziland has contributed to a delay in a decision being made. A task team was appointed to evaluate the options, headed by the Minister for Enterprise and Employment. During technical meetings in 2007, concerns over the coverage of financial infrastructure in the remote, rural areas resulted in the task team asking both short listed parties to work together to implement a joint solution that would give recipients the choice of receiving the Old Age Grant through a bank account or post office. Although a joint solution was presented in late 2007, government has, as yet, not made a decision, and disbursements continue to be undertaken by the Ministry of Health and Social Welfare. However, the excitement over the potential Standard Bank/Swazi Post and Telecommunications delivery system led to Save the Children UK using this mechanism in their 2007 emergency cash transfer programme (Beswick, 2008).

## Case study: Mozambique's Food Subsidy Programme

A similar situation exists in Mozambique with the country's Programa de Subsidios de Alimentos (PSA, food subsidy programme). PSA is a cash transfer programme that was first introduced in 1990 under the Gabinete de Apoio a Populacao Vulneravel (GAPVU, Bureau of Support to Vulnerable Population) in an attempt to address ongoing poverty amongst groups of the population that had not benefited from structural adjustment programmes. It has evolved since then to target various vulnerable groups of the population, including the elderly (who account for over 90% of recipients), sick, and female-headed households. There were 96,000 recipients in 2006, and 101,800 in 2007 (Ellis, 2007b). The value of transfer made under PSA is dependent on the size of the household, and varies from MTN70 per month for a single person, to MTN140 per month for a household with 4 dependents or more[44]. Delivery of the food subsidy programme is carried out by the National Institute of Social Action (INAS), an autonomous body of the Ministry of Women and Social Affairs (MMAS), through their regional delegations.

A key role in the system is played by the permanentes; respected and literate community members who identify potential recipients, help them with the registration procedure, inform them of payment days, and liaise with INAS officials to make the transfer. But the costs of delivering the PSA have been extraordinarily high, thought to be around 40 per cent of the total transfer value. A report commissioned by INAS in 2008 looked at delivery costs within 4 of the 19 national delegations, and found that delivery costs range from 37- 44 per cent of the value of the transfer. Given that there are calls for the remuneration of permanentes – currently only receiving a monthly stipend of MTN300 (less than a quarter of the

[44]At the time of writing MTN1=4c; MTN100=US$4.21

minimum wage) to be raised, which would further increase costs, INAS has also been investigating the feasibility of alternative delivery mechanisms.

Options that INAS are currently exploring include reducing the costs of their own delivery, or partnering with private sector operators. Without any firm commitments from government, and given the commercial sensitivities of costing information, many companies are reluctant to take the time and thought required to go into detail on specific proposals for how they might deliver the PSA, and at what cost. However, despite this, the feasibility report did manage to obtain costing information from two potential partners, representing two different systems of delivery: a commercial bank using biometric (fingerprint identification), and a commercial entity known as Pay shop using Point-of-Sale devices.

The commercial bank operation data proposed came from Banco Opportunidade de Mozambique (BOM). This entity forms part of a global network, whose sister company, Opportunity International Bank of Malawi, already has experience in delivering cash transfers using smart cards and mobile banks in the Dowa Emergency Cash Transfer (Ellis, 2008c; Devereux et al, 2007). Under their proposal, PSA recipients would be issued with bank accounts. In these accounts the recipients would have to keep a minimum balance of MTN100; they would be charged MTN1 per transaction, and they would have to make a minimum of one transaction in every 6-month period to ensure the account remains active. The recipient would be issued with a generic bank card showing their account details (for their own information), but photos and fingerprints would be stored centrally, meaning that to withdraw their cash, the recipients would only need to present themselves to the bank, and their identity would be verified with their fingerprint. In the 5 delegations where BOM already has a presence, the cost per transaction to government would be between MTN7.3 and MTN78, depending on various modalities of operation (for example, whether the recipient comes to an existing bank branch, which is cheaper, or whether BOM has to set up additional payment posts, which costs more).

The option for using Point-of-Sale devices comes from Pay shop, which is a company owned by the Mozambique and Portugal post offices. It is currently providing PoS devices to post offices, and to water and electricity companies in Mozambique (to enable customers to pay their bills). It began rollout in Maputo and Matola and aims at national coverage in all the major towns by the end of 2008. Under this proposal, it is possible for Pay shop to install Point-of-Sale devices in retailers and petrol stations throughout the country, and/or in INAS offices. Projected costs per transaction range from MTN5 to MTN10 per transaction, based on a pilot number of recipients.

INAS is currently considering the scope of these options, and also the potential for improving the cost-efficiency of delivery through their existing mechanism. Accurate costing information is impeded by the absence of a standard accounting software in the organisation, which means that breakdown of the costs from each delegation varies widely. There are also no budget lines for fixed capital/equipment expenses, which means that they are often mixed in with operational costs and overheads, further reducing transparency and accountability. Evidence of “borrowing” the budget from a programme such as PSA to cover other INAS costs was also noted when attempting to find costing information. But purposes of comparison with the proposals above, the current delivery cost per transaction is about MTN45.

## Conclusion

For all the success of social transfer programmes in southern Africa in terms of impact, questions are raised about the cost-efficiency of such programmes; particularly as increasing evidence of those using the pull mechanism is that they have high delivery costs. The various push mechanisms of delivery of social transfer programmes, as being considered in Swaziland and Mozambique, represent considerable opportunity (see, for example, Devereux and Vincent, in prep). As well as the potential for increasing cost-efficiency of the Old Age Grant and PSA respectively, they also offer a number of benefits to the recipients. Most notable amongst these is the convenience of being able to access their transfer at a time and in a place of their choosing, as opposed to having to come to a set location on a set day. But beyond this, the various push mechanisms outlined here would increase access to financial infrastructure, which would have synergistic benefits in terms of allowing recipients (and others in the wider community) to securely save money, and also to receive money more easily from other sources, such as remittances. As yet, push mechanisms for delivery of social transfers have only been tested in small-scale pilot schemes, but both Swaziland and Mozambique are looking into the possibility of using them to deliver their national Old Age Grant and Food Subsidy Programme respectively; and preliminary costing information supports that, as the theory would suggest, they will be most cost efficient when used at scale, and have the potential to offer significant delivery cost savings over the current pull mechanisms used.

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# 2.8 The Productive Safety Net Programme as Social Protection in Ethiopia

**Matt Hobson, Save the Children UK**

## Abstract

*The Government of Ethiopia's Productive Safety Net Programme (PSNP) has been heralded across Africa as an example of how social protection is both affordable and practical. As a result of innovative programming, continued international donor support and favourable media, the PSNP dominates the social protection environment in Ethiopia, and muffles the call for additional Government measures to protect the poorest and most vulnerable.*

*The following questions, however, remain: Is the PSNP really a social protection instrument? Is it enough to provide social protection on its own? Is it effective in reaching those who most need support? Are there people excluded from assistance due to quota systems? How are the most vulnerable groups reached through this programme? What other policies, instruments and measures are needed in Ethiopia to complement the PSNP and ensure a comprehensive social protection framework exists?*

*Having been implemented for three years in sedentary agricultural areas with mixed results, the PSNP is about to be rolled out to pastoral areas in eastern Ethiopia. Implementing the PSNP in both agricultural areas and in pastoral areas, Save the Children UK has unique insights into the challenges and constraints of implementing this instrument in diverse natural, social and economic environments.*

*Whilst the PSNP is a step forward in recognising the need for social protection per se, social protection in Ethiopia should not begin and end with the PSNP. This paper will present insights into:*

1. *how a single social protection instrument (such as the PSNP) can most effectively be embedded into mainstream development strategies in Ethiopia (such as the Government's PASDEP[45]);*

2. *how such an instrument can be improved; and,*

3. *how the PSNP should be complemented by other policies, laws and enforcement mechanisms to address extreme/chronic poverty.*

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*Key Words: Social protection, productive safety net programme, Ethiopia, Livingstone, nutrition, education, health, legal protection, Africa, social transfers.*

[45]Plan for Accelerated and Sustained Development to End Poverty (PASDEP) is the Government of Ethiopia's strategic framework for the five-year period 2005-2010

# Introduction

Ethiopia is the political capital of Africa and therefore holds an important place in the continent's political economy and in the world's view of progress in Africa. In 2006, the Government of Ethiopia committed itself to the Livingstone Process and remains committed to establishing a social protection framework in Ethiopia. The Government has one of the most internationally heralded social protection instruments, the Productive Safety Net Programme (PSNP), which holds significant currency within African social protection policy debates.

Nonetheless, Ethiopia ranks 169 out of 177 countries[46] with an average per capita income of less than $120 per year. The proportion of people who the Government considers absolutely poor ($0.5pppd) in Ethiopia is approximately 44 per cent[47] while 77 per cent live under $2 per day[48]. Those that are vulnerable to shocks oscillate between 5 and 15 million people a year, often depending on conditions beyond the control of the vulnerable. With conditions such as these, it may be overstretching to put all of Ethiopia's social protection eggs in the PSNP basket – as other complementary policies and programmes are needed.

A broad social protection framework in Ethiopia that addresses wider social and economic issues is now needed as a matter of priority. Economic growth, human capital development and social protection are increasingly seen as the three elements of national development strategies. This three-pronged approach aims to increase national levels of welfare, raise economic productivity and strengthen social cohesion[49]. Some considerable progress has been made to reach higher levels of economic growth in Ethiopia[50], slower progress has been made to realise human development and social protection – for example, malnutrition rates in some regions can reach as high as 63 per cent. Action should be taken now to rectify this.

This paper discusses the design, implementation and impact of the Government's PSNP and will urge policy makers in Ethiopia to strengthen their commitment to social protection as envisaged at Livingstone. The paper makes recommendations about the current PSNP, as well as other instruments and programmes that should be implemented to create a meaningful social protection framework that works to protect and promote the poorest in Ethiopia, as well as remove obstacles that render children and other groups vulnerable to not realizing their rights and obstruct their escape from poverty.

## Background to the Productive Safety Net Programme in Ethiopia

In Ethiopia, the national average for children underweight for their age in 2007 was 38 per cent. Regional nutrition disparities are high and in some parts of Ethiopia, chronic malnutrition (children being short for their age) rates reach as high as 63 per cent of under-fives. In other areas of Ethiopia (particularly lowland areas, where droughts are frequent), acute malnutrition levels remain fairly constant with between 15-20 per cent of under-fives acutely malnourished (children being thin for their height). 77 per cent of the population lives on less than $2 per day and 44 per cent of the population live below the national poverty line (about $0.4 per day)[51]. As a result of this, and due to a lack of predictability in resources, in 2005

[46]2007 UN Human Development Report
[47]Government of Ethiopia's Household Income Consumption Expenditure and the Welfare Monitoring Survey,1999/2000
[48]UN Human Development Report 2007/2008, Country Facts Sheet, http://hdrstats.undp.org/countries/country_fact_sheets/cty_fs_ETH.html
[49]Social Protection for the Poor and Poorest in Developing Countries: Reflections on a Quiet Revolution, Armando Barrientos and David Hulme, March 2008, BWPI Working Paper 30
[50]Annual economic growth has averaged 11% from 2002/3, European Community, Country Strategy Paper and National Indicative programme for period 2008-2013, Lisbon, December 2007, p.8
[51]All figures from the UN Human Development Report 2007/2008, Country Facts Sheet, http://hdrstats.undp.org/countries/country_fact_sheets/cty_fs_ETH.html
FMOH, 2005

the Government of Ethiopia began to implement a key initiative to support vulnerable, food-insecure households: the PSNP. The PSNP is one part of the Government's Food Security Programme, which includes Other Food Security Programmes (OFSP) and Resettlement. The PSNP is a major Government and donor undertaking intended to put into practice "a gradual shift away from a system dominated by emergency humanitarian aid to a productive safety net system"[52]. It was motivated by the regularity of emergencies and institutionalisation of "emergency" aid, a consequent need to separate the chronically poor from emergency (acute) cases and a recognition that the chronically insecure should be treated differently from acute cases in order to encourage the chronically insecure to "qualify" out of food insecurity. The PSNP aims to be a social protection measure with a focus on food security that helps individuals, households and communities to:

a) manage risks - by providing cash or food or a combination to bridge production deficits in chronically food-insecure farming households that are not self-sufficient even in good rainfall years;

b) protect household assets - by making it unnecessary for households to sell off assets in order to allow them to consume;

c) Build productive assets for the community - by using labour to construct community assets.

The PSNP has been credited with providing millions of Ethiopians with the support needed to directly and indirectly build household and community assets to move out of the cycle of poverty. The PSNP reached 5 million people in 2005, 7 million in 2006 and in 2007/8 reaches some 8.3 million. The PSNP is an innovative and welcome step towards a predictive and stable safety net as well as towards ensuring that MDG 1 is met[53].

However, on its own it is not enough to provide adequate social protection to those households that need protection from food insecurity and poverty the most. The food distribution programmes fail to provide anything more strategic than a short-term response to food-security risk that may appear counterproductive to sustainable development. It is a one-dimensional tool that focuses on perhaps the most pressing issue in Ethiopia (food security) but does not address social protection concerns outside of food security debates.

## Conceptual and design concerns with current PSNP

### 1. PSNP has contradictory objectives

The PSNP aims to be a safety net that supports those with no other means of support, while at the same time aiming to be a productive instrument that promotes development. This leads to conflicting demands on planning and expenditure approaches. A safety net should be inclusive in order to ensure that all households that need a safety net receive resources from one. There are many reasons why a household might need a safety net and funding has to be provided in a way that reaches them all. Promoting development, on the other hand, requires a vision about where development potential for each district or sub-national locality lies. Promoting development, therefore, needs to take an approach that will be flexible, depending on local variations, and produce an impact that will be seminal and

[52]PSNP's Project Implementation Manual, 2005
[53]Millennium Development Goal 1 is to eradicate extreme poverty and hunger

sustainable. There are many reasons why the multiple objectives of the safety net are impractical and not feasible. These include:

a the usual (and intuitive) point that a safety net is precisely to target the poorest people and catch those who fall through production and productivity gaps; typical beneficiaries of a safety net do not have the capacity to be productive (either temporarily or permanently). For the households with productivity constraints, the productive goal and requirement of the PSNP is operating against safety net objectives (which is to catch and support the poorest, regardless of ability to exchange labour for safety net support);

b the assumed lack of productive potential of the poorest people relied on their inability to take part in agriculture, which provides the only livelihood option in rural areas. If, for example, a complementary programme to encourage poor households' diversification into rural non-farm livelihood options was designed and funded, the PSNP might stand more chance of meetings its stated objectives.

The PSNP therefore needs a systematic, complementary development programme to be implemented alongside it. There is no current attempt to develop a systematic approach to address the need for other programmes to operate before graduation can occur. Programmes do exist, but they are ad hoc, depend on the whim and policies of donors and do not take up anything like the amount of energy that is expended on the PSNP. And yet, by its own admission, PSNP will never lead to "graduation" without those other programmes. So long as those other programmes hardly exist, the PSNP will have to go ad infinitum, which defeats the original objective of setting up the PSNP, which was to put an end to giving everlasting emergency aid. Donors and the government need to recognise the need for, and then establish and implement, a proper development programme that works with the PSNP in a way that will lead to graduation.

## 2. PSNP has no consistent definition of "Graduation"

Neither the PSNP's implementation manual nor any other document establishes a definition of graduation that includes both the ability of a household to look after itself on a sustainable basis and be resilient to shocks. There are, however, significant references to the objectives of the PSNP: addressing the long-term consequences of short-term food deficits (such as chronic malnutrition). Save the Children UK believes that graduation from the PSNP is when a household can afford to meet all household members' food requirements, without the resources it receives through the PSNP. This means consideration needs to be given not only to wealth and all the various types of income earned (properly valued when in kind) but also how income is earned, how assets were acquired and how both wealth and income might be affected by shocks and other issues. In practice, graduation from PSNP should only take place when:

i. all members of the household, regardless of age, can access sufficient quantity of food;

ii. all members of the household, regardless of age, can access food of a quality that enables a healthy and active life (i.e. a diet which provides all the necessary nutrients to avoid malnutrition);

iii. households can afford to access sufficient quantity and quality of food without the cash/food it receives through the PSNP;

iv. a household's ability to meet food requirements does not compromise children's rights – e.g. children should not be engaged in paid work to meet food requirements.

### 3. PSNP wage rate is inflexible and size of resource transfer is inadequate

The principle in the PSNP is to pay a daily wage rate that will buy 3 kgs of grain a day. The wage rate does not do this. The design issues are that:

- Even if the size of the payment were sufficient to buy 3 kgs of grain, that ration still leaves out the pulses and oil required under for the SPHERE guidelines for emergencies. Given that the SPHERE guidelines are for emergencies and designed to keep people alive, rather than enable them to meet their development needs, this may be considered to be a poor threshold for an adequate PSNP ration. The SPHERE guidelines are clearly not adequate to meet the body's requirement for a full long-term nutritious diet.

- For payments to cover the cost of food under the SPHERE guidelines or the cost of a proper diet, it will be necessary to design a system that allows the size of payments to vary over time, and for different geographical locations, depending on prices faced by households in local markets. Partly due to the rise in global food prices, and partly due to local constraints, households in Amhara region of Ethiopia in 2008 can only afford to buy one-third of the food they could buy when the PSNP started. Staple food prices in Amhara region have risen by between 250-300 per cent between 2005 and 2008[54]. The wage rate has risen by 33 per cent during the same period.

## Implementation concerns with current PSNP

4. **The targeting of people entitled to being enrolled onto the PSNP** has both design and implementation issues. Recent studies suggest that the targeting issues that first arose are no longer so pertinent. However, there are still significant numbers of people believed to either be in receipt of PSNP benefits unnecessarily (included inappropriately) or entitled to receive PSNP benefits but not on the PSNP list of beneficiaries (excluded from benefits). Part of the reason for these targeting errors is:

i. unofficial quota systems for processing people through the PSNP and especially processing Direct Support beneficiaries. In theory, beneficiary households that cannot provide labour (which could be for a variety of reasons, such as pregnancy, disability, age, etc) but which otherwise meet the PSNP's targeting criteria ought to benefit from the PSNP on the basis of need alone. These households are called Direct Support beneficiaries. In practice, districts vary enormously in how they provide Direct Support and operate on the basis of a quota system. The result is that the percentage of Direct Support recipients is remarkably constant within woredas, with some providing as little as 2 per cent direct support across their PAs whilst others provide 9 or 10 per cent. Getting woredas to provide direct support on the basis of need is a major area for improvement.

ii. due to financial constraints and political pressures. The implementation of the PSNP relies heavily on donor funding and there are domestic political concerns about the PSNP creating household dependency.

iii. (lack of) community involvement in the process. The involvement of community and/or kebele

[54] Monthly market data collected in market towns in Meket woreda, Amhara Region, by SC UK between 2005-2008.

(Ethiopia's smallest administrative unit) level leaders does not mean the same thing as community involvement in identifying beneficiaries. Engaging the community more systematically into the targeting process will minimise inclusion and exclusion errors more rigorously and ensure community acceptance and buy-in to the programme as a whole.

5. **Timeliness of PSNP payments to beneficiaries.** The concept that "a safety net delayed is a safety net denied" is generally accepted – but this acceptance of principle does not translate into practice. At the time of writing (June 2008) when drought is biting and food prices are soaring, beneficiaries of the PSNP had only received two out of the last six PSNP payments they were entitled to[55]. This is not a one-off occurrence and has been a regular feature of the PSNP implementation over the last four years. Improved administration, updated systems and better planning need to be implemented as a matter of priority if the next phase of the PSNP will not continue to deny a safety net to those in need.

## Recommendations on improving the Productive Safety Net Programme

Policy makers in Ethiopia (and those who are considering a Government Safety Net programme in other countries) should:

a) defuse the "productive" objective in the PSNP from the intuitive notion of a safety net as providing for those who cannot provide for themselves;

b) recognise the need for, establish and then implement a complimentary development programme that works with the PSNP in a way that will encourage poor households' diversification into rural non farm livelihood options;

c) ensure the wage rate of the PSNP is flexible and market based, so that the wages received by those who benefit from the PSNP are meaningful on the local markets. This does not mean that the PSNP should be paying a wage that is comparable with market rates. It does mean that the wage should be locally relevant and sufficient to access food of a quality that enables a healthy and active life (i.e. a diet which provides all the necessary nutrients to avoid malnutrition);

d) enable woredas to provide direct support on the basis of need;

e) engage the community more systematically into the targeting process in order to minimise inclusion and exclusion errors more rigorously and ensure community acceptance and buy-in to the programme as a whole;

f) improve administration, update systems and plan more effectively to ensure that a safety net delayed is not a safety net denied;

g) review any definition of graduation to ensure that it includes the ability of a household to look after itself on a sustainable basis, be resilient to shocks and provide sufficient access to a healthy diet for all of the members of the household.

[55]Community interviews conducted in Legambo woreda, Amhara Region, by SC UK staff in June 2008.

## New pilot Productive Safety Net Programme in pastoral areas of Ethiopia

By rolling out the existing PSNP beyond sedentary agricultural areas, an attempt is being made to address the 10 million people who live in pastoral areas in Ethiopia. The Government is encouraged to adopt this PSNP in pastoral areas. Some of the lessons learned from implementing the PSNP in sedentary agricultural areas, are applicable to pastoral areas. Policy makers in Ethiopia are encouraged to take this opportunity to learn from the experiences above, and where appropriate to apply tailored lessons to the pastoral context especially in terms of positioning the PSNP within the drought cycle management model.

## The PSNP as a complete social protection instrument in Ethiopia

Given the problems that the country faces, there is little doubt that the PSNP contributes towards social protection in Ethiopia. The PSNP aims to protect some of the chronically food-insecure households in Ethiopia and attempts to provide support for these households to meet their food needs. The PSNP aims to prevent households from deteriorating further in terms of their food insecurity, by having to deplete their household asset base or migrate to seek labour. The PSNP even tries to promote households and facilitate their graduation out of chronic food insecurity – although as emphasised above, this dual mandate is problematic and does not work in practice. Nonetheless, the PSNP is one-dimensional in that it only focuses on food insecurity. For a social protection framework to exist across Ethiopia, there are other important elements that policy makers are urged to consider and take into account: 'two-thirds of the [Ethiopian] population believe in full public support in the case of old-age, invalidity, ill health, and unemployment.'[56]

## Establishing a comprehensive Social Protection framework in Ethiopia

Based on current Government policies and practices, an analysis of the gaps and constraints to social protection in Ethiopia was undertaken by 45 representatives of civil society in Addis Ababa, Ethiopia[57]. The analysis indicated that above all, there are three specific social protection issues to be addressed and remedied by policy makers:

1. The lack of an inclusive safety net programme excludes those in urban and pastoral areas (as well as those in some rural areas) who need protection during lean periods in household production, as well as those that need support throughout the year. It is estimated that approximately 10 million people are in need of improved and additional 'safety net' type assistance in Ethiopia.

2. Low, unpredictable household resources negatively impact the achievement of MDGs 1, 2, 3, 4 and 5 (i.e. household access to adequate, nutritious food, education and health services). Basic services are inadequate as evidenced by 64 per cent of people over 15 years of age being illiterate, 38 per cent of children 0-5 years of age being underweight and one-third of people unlikely to survive past the age of 40[58].

3. Legal protection for the poorest households is inadequate and affects the poorest of households disproportionately. The majority of households (which are outside of urban areas) are dependent on

[56] http://www.ilo.org/public/english/protection/secsoc/downloads/publ/1519sp1.pdf, p.16
[57] Minutes from this meeting are available from SC UK on request.
[58] Human Development Report 2007/2008, Country Facts Sheet, http://hdrstats.undp.org/countries/country_fact_sheets/cty_fs_ETH.html

unreliable sources of income to survive and there is a high ratio of labour to jobs, creating inequitable working practices. In addition, the lack of a civil registration system is not only a contravention of international legal instruments, but also impacts negatively on vulnerable households that are reliant on the succession of scarce resources from one generation to another. Without addressing these issues in Ethiopia, the poorest households will not receive the legal protection they are entitled to and these households' socio-economic status has little chance of improving (and therefore MDGs being met).

## Why are these issues critical to provide Social Protection in Ethiopia?

As well as access to adequate and nutritious foods, the issues identified by civil society are critical to social protection in Ethiopia because they will begin to address:

## Access to Health services in Ethiopia

400,000 children under five die each year in Ethiopia. More than 70 per cent of these deaths are due to five diseases i.e. pneumonia, diarrhoea, malaria, measles and malnutrition (and often a combination). Utilisation of health services is very low at a national average of 0.3 visits per person per year[59] and the poorest consistently have the lowest utilisation rates[60]. The Government allocates 7 per cent of its national budget to health ($2 per person) and falls short of its commitment in the Abuja Declaration to allocate 15 per cent of its national budget to health.

## Access to quality education in Ethiopia

Ethiopia is a signatory of the UN CRC and committed to achieving the second and third MDGs. The Government abolished school fees in 1994 but still almost three million children are out of school. There is wide variation in enrolment rates between regions - Addis Ababa has a 150 per cent GER and pastoral regions such as SNRS with a GER of only 23.3 per cent. In SNRS only 18.3 per cent of girls are enrolled in school, as compared to 27.6 per cent of boys. Ethiopia has failed to meet MDG 3 (Eliminate gender disparity in education by 2015).

## Legal protection

Despite Ethiopia ratifying the CRC which requires every child to be registered at birth (Art. 7), there is an absence of a functioning Civil Registration System. This undermines the existing rights framework in the country and has important practical implications, such as clarity over land and inheritance rights. There is currently no independent policy that protects orphans and vulnerable children[61] and no specific social security mechanism to protect this group. Studies show that the poorest rural households in Ethiopia generate sizeable amounts of their income from casual, agricultural labour. However, despite there being a legal minimum wage rate this is rarely enforced. Due to the surplus of labour available on the market, the poorest of households are subject to inequitable practices of employers who rely on their power to undermine legal obligations.

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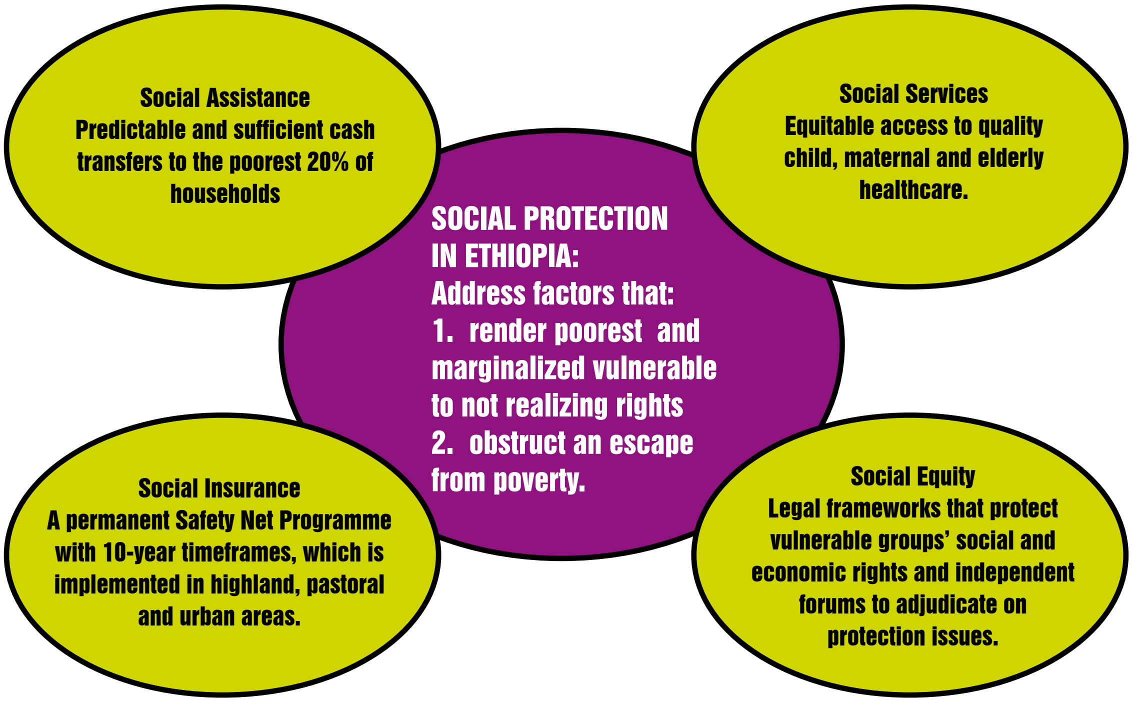
[59]FMOH, 2005

[60]Almost 24 per cent of women in the richest households have had an assisted delivery compared with less than one percent in the poorest households (MOH, 2004).

[61]Review of the Legal and Policy Framework Protecting Orphans and Vulnerable Children, SC UK, 2008

## What would a Social Protection framework look like in Ethiopia?

The fgure below shows a social protection framework that addresses these issues.




### Is this affordable?

The ILO has modelled the immediate and medium-term costs and financing options for a package of basic social protection measures in seven African countries[62]. The package examined comprises a universal pension (of US$ 0.5 per day), a disability benefit of US$0.5 per day, and universal child benefit (of US$0.25 per day), and universal access to basic health care and education in seven African countries. They also examined the costs of replacing the universal pension and child benefit with a cash transfer to the poorest 10 per cent (as in Kalomo, Zambia). Their analysis projected costs over a 10-30 year period and found that a pension at this level should cost between 0.3 and 0.6 per cent of GDP; a universal basic health care package would cost between 4 and 11 per cent of GDP; a universal basic education package would cost 1.7 and 6.4 per cent of GDP; and a universal child benefit for all children under 14 would cost between 1.5 and 4.5 per cent of GDP. A cash transfer programme targeted to the poorest 10 per cent would cost between 0.15 and 0.7 per cent of GDP. It is notable here that the cash transfer elements of this package, which are generally more controversial than basic services, are substantially cheaper than basic services, which states and donors have already committed themselves to finance. Looking at revenue projections for this period, they show that international aid for financing will be needed in poor countries in the medium term but by the mid 2020s, the need for external financing will have decreased substantially.

[62]Pal, K, Behrendt, C., Leger, F. Cichon, M., .and K. Hagemejer (2005), Can low income countries afford basic social protection. First results of a modelling exercise, Issues in Social Protection Discussion Paper 13, Geneva: ILO.

The costs of a social protection package of course need to be balanced against the relevant GDP of a low income country. Importantly, any discussion of whether low income countries, can afford social protection must be balanced by an examination of the costs of not providing effective social protection[63]. For example, studies around the world indicate that there is a direct correlation between providing regular, adequate cash transfers to poor households with children and a reduction in malnutrition[64]. The Lancet[65] puts the financial loss of early childhood malnutrition at 22 per cent of total life-time earnings. Drawing conclusions from the ILO, The International Poverty Centre and the Lancet Studies together may be premature without a detailing cost-benefit analysis, but the indications are strongly in favour of introducing such a social transfer scheme in Ethiopia.

### Fit between the PSNP and Government of Ethiopia's commitment to Social Protection

The financial costs of investing in social protection also need to be measured against the political investment already made in designing and delivering the Government's second PRSP, entitled the Plan for Accelerated and Sustained Development to End Poverty (PASDEP)[66]. The PASDEP's stated objectives are to achieve macro economic growth – with a particular emphasis on greater commercialization of agriculture and the private sector - and a scaling-up of efforts to achieve the MDGs.

Establishing a comprehensive social protection framework such as the one identified above in Ethiopia will address 3 of the 5 Government-identified barriers to achieving greater growth and realisation of the MDGs: access to education (resulting in improved human capital); enhanced economies of poor households (contributing to removing fear of investment; low risk/low/return trap) and improved nutrition and access to health (the early childhood trap)[67]. In addition to this, there are tangible benefits for Ethiopian policy makers in establishing a social protection framework that also complement the Government's PASDEP strategy:

a) Social protection interventions can address market failures (eg. lack of access to financial capital), thus protecting and in some cases raising poor households incomes and contributing directly to economic growth.
b) Social protection, through preventive or protective (e.g. cash transfers) measures can play an important role in supporting and maintaining the productive participation of the poor in economic activity.
c) Social protection can stimulate productivity and growth at the macro level[68].

## Conclusion

The PSNP has contributed to social protection in Ethiopia, and should be recognised as being the innovative and pioneering model that it is. Nonetheless, it has fallen short of providing a comprehensive social protection framework for the poorest in Ethiopia, due to design and implementation shortcomings. As a matter of priority, policy and decision makers in Ethiopia should:

[63]Social Protection for the Poor and Poorest in Developing Countries: Reflections on a Quiet Revolution, Armando Barrientos and David Hulme, March 2008, BWPI Working Paper 30 p. 17.
[64]The International Poverty Centre,The impact of unconditional cash transfers on nutrition: the South African Child Support Grant, Working Paper No. 39, Sept 2007.
[65]The Lancet Series on Earl Childhood Development appears in Volume 369, Jan.6, 2007.
[66]PASDEP is Ethiopia's guiding strategic framework for the five-year period 2005-2010.
[67]As part of the analysis to address these issues, the Government recognises that underlying causes include population pressures coupled with a poor productive resource base, low investment in human capital, low levels of infrastructure, a "Low-Risk/Low Return" trap and an "Early Childhood" trap.
[68]World Bank, Social Protection Sector Strategy: From Safety Nets to Spring Board, World Bank, Washington, D.C., 2001,

1. move to make the commitments made at Livingstone a reality, such as costed plans for a comprehensive social protection framework in Ethiopia, as well as modelling the costs of not implementing a social protection framework in Ethiopia;

2. review the conceptual and implementation constraints of the PSNP as matter of urgency and before April 2009, when they are due to make a decision on the future funding cycles of the PSNP;

3. adopt social protection policies that would ensure delivery of the PASDEP and MDGs in Ethiopia, such as:

   - 10-year funding cycles for a comprehensive safety net programme that reaches agricultural, pastoral and urban centres;

   - Universal cash transfers for the poorest 20% of households in Ethiopia;

   - Legal protection for children (including orphans and vulnerable children) through the introduction of a centralised Births and Deaths register;

   - Income protection for poor rural workers, through effective legal instruments and enforcement mechanisms;

   - Equitable child, maternal and elderly health access.

# 2.9 Social cash transfers: A case for Malawi

Harry Mwalima

## Introduction

Malawi has completed drafting the Social Protection Policy within the same period it has piloted a Social Cash Transfer Programme. Drafting of the policy has been a protracted process that has been achieved after lengthy discussions that have spanned three years. The Social Cash Transfer Programme, which started as a pilot in August 2006 has been met with mixed reactions as demonstrated in this brief.

## Background

Over the years, various attempts have been undertaken to reduce poverty and vulnerability in Malawi. Most of these efforts have only managed to alleviate the suffering of the poor temporarily. Some of these attempts are briefly stated below:

## Structural Adjustment Programmes

The Malawi economy registered remarkable growth from independence from mid 1960s up to late 1970s. During that period, real output growth averaged 6 per cent (Owusu & N'gambi, October 2003). Being an agro-based economy, this growth did not translate into industrial development and was poorly distributed with the estate agriculture benefiting the most. From 1979 exogenous shocks set in amongst which are:

- High import costs due to global oil price increases and disruptions in trade routes due to the civil war in Mozambique- the high costs of freight were estimated at between 30 to 40 per cent of the value of imports (Bhalla et al, 1998);

- Influx of refugees from Mozambique and droughts during the same period;

- Commodity terms of trade (the ratio of export to import prices) between 1977 – 1980 fell by 35 per cent. This was due to the fall in the prices of the main exportable commodities tobacco, tea and sugar; and

- Policy weaknesses and slippages exacerbated the effect of these external shocks. In the 1970s, the Government budget was around 5 per cent of GDP, but towards the end of 1970s it had risen to 10 per cent and in 1981 it rose to 34 per cent of GDP (Bhalla et al, 1998). This forced government to borrow at high interest rates, from external sources and the central bank, thus fuelling inflation. Inflation averaged 17.39 per cent between 1983 and 1988 (Sahn et al, 1990).

The country found itself with increased balance of payment deficits, which reached 19.6 per cent of GDP by 1979. The economy's underperformance was blamed structural weaknesses. In order to address these weaknesses and attain sustainable growth and poverty reduction, Malawi sought bail out from the International Monetary Fund (IMF) and the World Bank (WB). Between 1981 and 1994 Malawi adopted the IMF and the WB Structural Adjustment Programme (SAP) reforms in order to reduce the debt burden owed to them and help make debt repayments on the older debts owed to commercial banks and governments. The major areas of focus of the SAPs included the liberalisation of the agricultural sector, parastatal sector reform, privatisation, trade liberalisation, financial sector reform, (e.g. exchange rate liberalisation, interest rate liberalisation) and the rationalisation of the National Budget.

From 1995 to date, Malawi has implemented three Fiscal Restructuring and Deregulation Programmes (FRDPs), another form of SAP supported by the World Bank. Government also undertook a series of Enhanced Structural Adjustment Facilities (ESAFs) supported by the International Monetary Fund (IMF). In parallel to the introduction of the Poverty Reduction Strategy Paper (PRSP) approach internationally, the IMF has adopted Poverty Reduction and Growth Facilities (PRGF) as its main instrument in Malawi. The donor-supported SAPs did not impact favourably on livelihoods, food security and the general welfare of the poor in Malawi.

## The National Safety Nets Programme

As one instrument of operationalising the Malawi Poverty Reduction Strategy (MPRS) in 2002, the Government with support from key donors; the World Bank and the Department for International Development (DFID) developed a safety nets programme that did not live to become a programme. The National Safety Nets Programme (NSNP) did not materialise into a programme due to the following key factors:

- The short term nature of the programme did not convince policy makers to be a vehicle for reducing poverty;

- There was little government commitment as funding to the coordinating institution, the Ministry of Economic Planning and Development (MEP&D) and later the Department of Poverty and Disaster Management Affairs (DoPDMA), was meagre and there were limited staffing levels; and

- Lack of a policy to guide stakeholders and bring harmony to the programme.

## The Social Protection Programme

The Malawi Growth and Development Strategy (MGDS) which is now in its third year of implementation is the successor to the Malawi Poverty Reduction Strategy (MPRS). The Social Protection Policy draws reference from the Malawi Growth and Development Strategy (MGDS). Social Protection together with Disaster Risk Management constitutes the second theme in the MGDS and is recognized as a key element of Malawi's national policy to reduce poverty and protect human capital.

The Development Assistance Strategy (DAS) lays down the policy and strategies for enhancing efficiency and effectiveness in the mobilization and utilization of aid to achieve the development outcomes outlined in the Malawi Growth and Development Strategy (MGDS). The DAS aims to achieve these outcomes through the operationalisation of the norms of the Paris Declaration on Aid Effectiveness. The development of the Social Support Programme as an integral part of the MGDS reaffirms Government's commitment to achieving the outcomes as outlined in the DAS. Naturally, Development Partners are to support the Government to achieve these outcomes. This has created an opportunity for Malawi to develop the Social Protection Policy and Programmes. The Policy has four key themes which are:

- Provision of Welfare Support;
- Protection of Assets;
- Promotion through Productivity Enhancement; and
- Policy Linkages and Mainstreaming.

The evolution of social protection espouses new thinking in tackling poverty and vulnerability in Malawi. The key element in this endeavour is the recognition and acceptance by all stakeholders that sporadic, short-term and stand-alone programmes will not in the long term contribute in reducing poverty and vulnerability.

The 2005 Integrated Household Survey (IHS 2005) reports that 52.4 percent of approximately 12,800,000 Malawians live below the poverty line consuming no more than MK44 per day. The situation for these households is a daily struggle to sustain life. The situation becomes perilous in times of crop failure coupled with unfavorable market conditions. The current state of affairs is of failing job creation amidst low agriculture productivity being the mainstay of the economy. With rising population growth, the Government with the meagre resources at its disposal, is left with few choices but to pay close attention to social service provision at the cost of economic growth. With circumstances of chronic disasters, the Government is more constrained as the meagre resources are now diverted towards saving lives. This defines a situation where the poor and the vulnerable apart from not contributing to economic growth, are also a drain on the economy.

While the core vision for almost all Sub-Saharan countries is to attain sustained economic growth with the hope of achieving prosperity for all through trickle down effect, the current socioeconomic situation does not sorely favour such ambitions. ''Economic growth programmes alone might not translate into improved lives of the poor and the vulnerable in the short to medium term'' (MGDs, 2005). This acknowledgement calls for a two-pronged approach that embraces social protection as complementary to the economic growth agenda.

## The Social Cash Transfer Pilot Programme

Many Sub Saharan countries have adopted social cash transfers as tools within the realm of social protection for supporting livelihoods of those segments of the population that cannot construct viable livelihoods by themselves. However, some policy makers are skeptical of their potential in uplifting the poor and the vulnerable out of destitution.

## Global and Regional Perspectives on Social Cash Transfers

Through high profile international and regional conferences on cash transfers, organized by the African Union, the United Nations, World Bank and now joined by DFID and other international institutions, many governments in Africa are urgently embracing these attractive initiatives. There are a number of cash transfers being undertaken world wide. Some of the programmes include the following: the Foster Care Grant, Care Dependency Grant, Disability Grants, Family Allowances, Old Age Pensions, Child Benefits (Support Grants). From Malawi, a number of government officials and other stakeholders have attended these high-level meetings and workshops some of which include the:

- Third International Conference on Conditional Cash Transfer programme held from 26 to 30 June 2006, Istanbul, Turkey;
- International Conference on Social Protection held in Livingstone, Zambia from 20 to 23 March 2006;
- Bolsa Familiar study visit of senior government officials to Brazil in April 2006;
- Visit to Chipata, Zambia in May 2006 by implementers in the Ministry of Women and Child Development, the Department of Poverty and Disaster Management Affairs and officials from Mchinji District Assembly;
- National Social Protection Technical Committee study visits to South Africa, Lesotho, Kenya and Ethiopia from 4 to 15 November 2007;
- Regional Social Cash Transfer workshop held in Mombasa, Kenya from 26 to 28 February 2007;
- Training of the National Social Protection Technical Committee (NSPTC) members by the Economic Policy Research Institute (EPRI) held in Cape Town from 26 to 29 September 2007; and
- Social Protection Experts meeting on Social Protection Kampala, Uganda 28 to 30 April 2008.

It is from the above fora that practical experience coupled with ongoing research in Malawi that social cash transfers are seen as an important intervention for Malawi now and not tomorrow. Social cash transfers not only will enable the poor and the vulnerable to be self-sufficient but will overwhelmingly enable them to contribute to the socioeconomic growth of Malawi. Malawi is learning from the experiences of the countries that have long trodden through social cash transfers of various kinds. Of particular interest are not only countries within the sub-Saharan Africa region but even global pioneers of cash transfers such as South American countries and Far East Asia. Below are some of the international and regional experiences that we draw lessons from:

## The Brazil Experience

During the Quito conference held in March 2003 on the first workshop on conditional cash transfer programmes (CCTs), 8 countries attended the workshop and these are Mexico, Brazil, Colombia, Costa Rica, Honduras, Jamaica, Nicaragua and Turkey. At that time, Brazil had merged a number of programmes including the Bolsa Escola (a scholarship for children who were attending elementary school), Cartao Alimentacao (reduction in nutritional deficiencies and infant mortality), the programme for Eradication of Child Labour and the Auxilio Gas (Cooking Gas Subsidy) to create the Bolsa Familia. This merger led to the creation of a new Ministry - the Ministério do Desenvolvimento Social e Combate à Fome (Ministry of Social Development). This merger reduced administrative costs and bureaucratic complexity for both the families involved and the decentralised administration of the Programme.

The Bolsa Familia programme in Brazil serves as one of the most important learning interventions. It is a conditional cash transfer programme that targets a household. The conditionalities are school attendance of children between 6 to 15 years, and nutrition and vaccination monitoring of children from 0 to 6 years old. The programme is implemented in 5,564 local municipalities. The key ministries involved in the programme are the Ministries of Health, Education, Planning and Finance. The Programme uses a single registry that is controlled by the Federal Government. All Brazilians have a social Identification Number and this is used by other Government Departments.

- Families with per capita income of up to ½ of the minimum wage (R$195) or monthly family income of up to three minimum wages are put on the Programme

- The single registry is a tool for the social and economic identification and characterization of a poor family. The single registry will identify the person, the address of the person and his or her social and economic characterization. including the income of the family, and education levels of members of the family. Currently, there are 11.2 million households on the scheme.

## The South African Experience

The Government of South Africa introduced a number of programmes with the objectives of reducing income inequalities that existed during the Apartheid regime and to reduce the poverty head count at household level through redistribution of income. The South African Social Security Agency (SASSA) is a public entity established following the adoption of the South African Social Security Act of 2004 and the Social Assistance Act of 2004. SASSA is a public entity that does the processing of all applications. It liaises with different departments to collect the correct details about applicants. (For example, doctors have to provide medical reports for applicants for disability grants; the judiciary provides adoption documents for families that have adopted children). Companies are contracted to pay transfers to the beneficiaries.

South Africa (SA) uses “means testing” as a basis for individuals to qualify for the different types of social grants. Thus, poverty assessment of individuals is done through means testing, that is, SASSA evaluates the income and assets of the person applying for the grant in order to determine whether the person’s means are below the stipulated amount/threshold. The means test varies from one grant to another. There are seven types of grants in South Africa as follows:

1. An old age grant (R870/month);
2. Disability grants (R870/month);
3. War veterans grant (R 890/month);
4. Foster child grant (R620/Month);
5. Care dependency grant (R870/month;
6. Child support grant (R 200/month); and
7. Grant in aid (R200/month) is an additional grant awarded to persons who are in receipt of old age, disability or war veterans grants and are unable to care for themselves (Ministry of Economic Planning and Development, 2008).

In the SA model, there is integration of services. The Ministries of Home Affairs, Social Development, Health, Local Government and Judiciary are more integrated playing their specific roles. One stop service has been initiated in the Western Cape. Civil society has also been able to organise jamborees where the communities are able to process all the necessary documents to facilitate poor people to access the social security services. Beneficiaries have three options of how to collect their monthly grants. These options are:

- Banking system;
- At old age homes or institutions; and
- Through a computerised pay out system in cash.

With regard to monitoring and evaluation, South Africa has a central/single registry system. All this data is stored electronically and it is thus easy to verify details of the applicants for the social security programmes and also facilitates effective monitoring of different schemes, in terms of effectiveness and impacts on the livelihoods of the beneficiaries.

## The Jamaican Experience

In Jamaica prior to the creation of the Programme of Advancement Through Health and Education (PATH), a number of programmes were reportedly operational which had different target groups, high administrative costs and were inefficient. PATH as a programme comprises an educational grant for nutrition, pregnancy, disabilities, poverty and for the elderly. By 2003 the Government spent US $23 million. This was approximately 0.32 per cent of GDP. (Mexico CCP workshop on Conditional Cash Transfer Programmes (CCTs) Operational Experiences: Final Report Quito-Ecuador).

## Strengths and Opportunities for Social Cash Transfer Programme in Malawi

Politicians, government officials, civil society organizations and Development Partners have become aware of social cash transfers. A number of meetings and workshops have been undertaken on social cash transfers for these key policy makers, implementers and beneficiaries. During these meetings and workshops the following strengths and opportunities have been observed:

### Social Responsibility

All governments have an obligation to ensure all their citizens live decent lives. Social security is a human right according to the Universal Declaration of Human Rights (1948) Article 22. Social cash transfers targeted towards the poor and the vulnerable ensure that this moral responsibility is attainable. Cash transfers enable households and individuals access food, clothing, shelter, school fees, uniform and books. Dignity and sense of self worth of beneficiaries is restored, with individuals breaking out of the seclusion to become active members of society enjoying higher returns (Devereux, S. October 2006).

### Economic Multiplier Effects

Cash transfers of whatever magnitude will have some positive economic multiplier effects on the economy. The introduction of public works programme in the United States of America during the depression of 1930 was in part a measure to encourage consumption (XIV). South Korea introduced public works programmes during the Asian financial crisis of 1997 in order to boost spending so as to avert economic collapse. According to a study on the Dowa Emergency Cash Transfer, the local transfers benefited from the programme due to increased turnover. The study also found out that the economic multiplier effect of the cash transfers was around 2.1 (Pearson, Jr. & Kilfoil, June 2007).

### Promoting Local Productivity

The money going to the districts is very important as it encourages local productivity.

- The 2006, MK200 per person per day for ten days public works programme enabled beneficiaries to procure subsidized fertilizers for their gardens. This equally is noticeable in the Mchinji cash transfer pilot programme where in the same year some households had applied fertilizers in their maize gardens.

- In Mchinji some elderly women interviewed during the cash transfer payout day reported using the transfer to buy fertilizers and employing ganyu4 to work on their gardens.

- According to the report from Mchinji District Assembly (District Assembly, May 2007), beneficiary households investing in housing, livestock (chickens, goats, pigs) education, health care and agriculture inputs.

### Overcoming Threats and Challenges for social cash transfers in Malawi

Social cash transfers though very attractive could well be contentious in Malawi if not properly managed. There are a number of challenges in scaling up the pilot programme which have to be addressed at all costs. If these threats and challenges can be overcome, the nation might benefit from the cash transfer programme. Failure to overcome these might as well mean moving slowly towards growth in the face of a modest economic growth. These challenges can be analysed as follows:

### Sustained Donor Support

Longer-term financial support from donors will contribute to decisions on the social cash transfers. We now see a number of countries embarking on the programmes in Sub- Saharan Africa. Some of these countries like Lesotho, Swaziland and Kenya have already factored cash transfers into their annual budgets. These are models for Malawi to follow.

### Uncertainty of Economic Growth

Most governments are unwilling to undertake social cash transfers for fear of failing in sustaining such interventions amidst uncertain economic progress. This concern, though compelling, only postpones an increasing and unavoidable future responsibility due to a number of factors facing Malawi as indicated below:

- Slow economic growth;
- Increasing population size; and
- A large unproductive labour force.

## Political Interference

Politicians recognize the political strength of social protection and in particular social cash transfers. Two negative aspects of these interventions are that they would face the following:

- Implementation of a programme like the cash transfer could be misdirected by a corrupt administration and hence cannot be effective in reducing poverty and vulnerability; and

- The government-in-waiting would be unwilling to support such a vote-winning intervention.

## Dependency Syndrome

Cash transfers have a bad reputation of being associated with creating or perpetuating dependency amongst recipients. Unfortunately, the poor and the vulnerable in our situation are already dependent. What is required is to ensure that they become self- sufficient. It must be realised, that the situation of those targeted with cash transfers enables them access basic goods and services for their livelihoods. The Mchinji cash pilot programme demonstrates that the cash has managed to positively contribute towards high enrolments and attendance, good health, improved nutrition and investment in productive assets (Miller. & Tsoka, 2008).

## Inflationary Pressure

Some scholars have advocated against cash transfers as interventions that fuel inflation in very poor societies. Indeed, monetary injections will somehow fuel inflation; however, this depends on the volume and could be more pronounced if the injections are big enough to enable beneficiary households to shift expenditure to luxuries. As long as transfers are minimal, expenditure will be confined to basic goods and services, and it is not likely that there would be some alarming inflationary pressures (Campbell et al, 2007).

## Social Cohesion and Social Exclusion

A number of experts have advocated for universality on the basis of attaining social cohesion. However, this adherence ought to take into account the volatility of the social fabric prevailing at a point in time and space. In societies where we have political tensions, and where tribal values are very different and strong, this could be a source of tension and possibly conflict. Just because some individuals in a community will be jealous as they do not directly benefit from a development intervention is not an adequate moral justification for not undertaking such an intervention. At all times we have the haves and the have-nots. Rather, policy makers and practitioners should be more concerned that the intervention should not overwhelmingly widen the disparity between the beneficiaries and the non-beneficiaries, thereby making the non-beneficiaries worse off.

## Low Capacity of Implementing Assemblies

Many practitioners, researchers including policy makers have blamed decentralized institutions of lacking capacity to undertake development interventions. In Malawi, this assertion is echoed more by the Central administration, making it more difficult to entrust local assemblies with more devolved authority. This is a paradox as the Central machinery itself is not so dissimilar from the Local Assemblies. Not only are assemblies denied of professional human and financial resources, but the revenue base is also very narrow, making it difficult for them to demonstrate their full potential. Local Assemblies on the other hand have more organized and coherent structures than the Central administration. Not only does their size give them this advantage, but their chain of command is also undemanding.

### Competition from other Programmes

- Advocating for old age pensions as a foundation for social cash transfers would only encourage proliferation of stand-alone poverty and vulnerability programmes which encourage Ministries and Departments to compete and create fiefdoms; and

- Stand-alone exclusive poverty and vulnerability programmes would not only be costly, but would also put a heavier strain on the capacity of district assemblies.

Malawi should therefore avoid a trap where it finds itself implementing exclusive programmes in the name of an OVC (Child Support Grant) cash transfer programme, an old age pension scheme, Persons with disabilities social cash transfer scheme, and a Chronically Ill/HIV and Aids Impact Mitigation Cash Transfer scheme.

### The Path for Malawi

The Malawi social cash transfer pilot programme has provided an important learning opportunity for policy makers and practitioners alike, in an unprecedented manner.  This is a regular, predictable, non-contributory transfer to ultra-poor and a labour-constrained households which enables them meet their basic needs and allows the households to build assets in to escape from shocks and make them economically less vulnerable. This is arguably the only available programme in Malawi that would reach the ultra-poor. Other pro-poor programmes meant for the OVCs living in the world of HIV and AIDS, looking at the scale of the response, are still inadequate and most needs on the ground are not met, and it remains to be seen if these needs will ever be met  (Save the Children, Help Age International, and Institute for Development Studies, 2005).

Malawi needs to have a simple social cash transfer that inclusively targets all vulnerable groups who are ultra-poor and labour-constrained. According to estimates from the Integrated Household Survey of 2005, the ultra-poor, labour constrained households are more in Phalombe 7.1 per cent and lowest in Salima 5 per cent. This implies that 10 per cent of the households that are proposed to be on this programme can be reached. The challenge rests with targeting and this requires adequate investment, if the programme is to be meaningful. In the first three interventions in traditional authority areas in Mchinji, some village pockets posted higher inclusion errors due to inadequate investment in training and engaging extension workers. For Malawi in general, of particular concern were the Starter Pack and the Targeted Inputs Programme where traditional authorities were entrusted with registration of beneficiary smallholder farm families without supervision. There is no substitute to using proxy means test combined with community targeting in the cash transfer programme as the situation stands now. Triangulation could be applied in order to achieve lower inclusion errors. In the initial programme roll-out, there will be need to invest heavily in targeting, which is a one-off activity, until after five years during the retargeting exercise. Annual retargeting should be discouraged as this leads to heavy compromise on the impact of the programme. Households that are deemed ultra-poor but do have some labour should be put on other programmes as stipulated in the policy.

## The Proposed Social Cash Transfer Programme

Below is an outline of the proposed Social Cash Transfer Programme, which is a result of the Pilot that is underway in five out of the earmarked seven districts in Malawi. It is expected that by December 2008 the Pilot will be in all the seven districts following cabinet directive of 8 September 2006. Given the positive tentative impact coming out from the external evaluation, the Cash Transfer Programme is likely to form part of the National Social Protection Programme (NSPP).

### Introduction

The ultra-poor estimated at 22 per cent of the population are characterised by low incomes, high illiteracy rates, food insecurity and high rates of child malnutrition. Their situation has been compounded by the growing HIV/AIDS crisis which has increased their vulnerability to risks and shocks. However, many of the programmes that have been developed targeting them have not managed to reach them, but have ended up benefiting the non-poor. This has over the years forced the Government to provide for them with ad hoc periodic welfare support which has, over time proved to be unsustainable.

The Government with technical and financial assistance from UNICEF and the National Aids Commission (Global Fund) has since 2006 successfully piloted the Social Cash Transfer programme in Mchinji, Salima, Machinga, Likoma, Mangochi, Chitipa and Phalombe districts. This inclusive, multi-sectoral and integrated programme that directly provides cash to the ultra-poor who cannot support themselves will draw efforts, resources, experiences and expertise from government, civil society organisations and the communities within the context of decentralisation.

### Rationale, Goal and Objectives

Considering that many programmes have failed to reach the ultra-poor, Government with other development partners is developing the Social Cash Transfer programme as one priority programme that would go a long way in improving the socio-economic security of poorest households caring for orphans and other Vulnerable Children (OVC), the chronically ill, the infirm, the elderly and persons with disabilities. Cash transfers on a monthly basis will be provided to these ultra-poor households. It is expected that the programme will therefore contribute to:

- Households with members not fit for work generate an income on their own;
- Increasing economic activities through market strengthening and income generation;
- Reducing income inequality;
- Social and political stability;

- Fulfilling human rights and freedoms.

- Attaining household food security - At household level the cash transfers are spent mostly on food and other necessary commodities such as salt, sugar, soap, cooking oil, clothing, school-related expenses and on medical care. People on ARV medication use some of the money for transport to the hospitals and for improved nutrition. Monitoring by the District Assemblies indicate that the money is spent wisely. Instances of misuse are rare and are dealt with by the community committees that provide counseling to beneficiaries.

- Supporting economic investment - On average, beneficiaries households invest one quarter of the money for purchasing labour for their gardens, fertilizer, small livestock such as goats and chicken and for improving their shelter3. These small investments serve as income-generating assets which increase their resilience against shocks.

- Strengthening human capital, through breaking the intergenerational cycle of poverty - Considering that the majority of the members of the beneficiary households are children, the transfers can be regarded as an investment in human capital. There is increase in school enrolment, attendance and educational achievement4.

- Economic multiplier effects - The beneficiaries spend their money locally, consequently stimulating rural employment and rural production especially in agriculture, low-cost housing and trade. The transfers are a direct cash injection into the rural areas where it is scarce.

- Social cash transfer supports programme sustainability - The Government can sustain the social cash transfer programme with support from the development partners who are willing to contribute financially. Additionally, the social cash transfer has potential to enhance the Government's commitment to the decentralisation process. This will have the following outcomes:

  - District assemblies' capacities will be strengthened;
  - Implementation of the programme within national social support programme will help assemblies better manage social protection interventions, especially interlinked programmes;
  - Other non-social protection programmes will be better managed because duplication of efforts is reduced;
  - Financial overheads will be reduced; and

- Strengthening linkages - The Linkages Guidelines developed by the social cash transfer programme secretariat (MOWCD) together with Mchinji and Likoma District Assemblies, describes how the DAs link the cash transfers programme to other social-economic services in the district. This will be implemented through close collaboration with various government departments at district level, NGOs, extensions workers, Community Social Protection and Child Protection Workers as well as with CBOs. Strong linkages have been established with the health services, the education services and agricultural services. The social cash transfer programme also strongly complements the Inputs Subsidy Programme falling under the third policy area in the Social Protection Policy. It is also recommended that, the cash transfer programme should also be complemented with the Home Based Care (HBC) and psychosocial support.

## Goal

The goal of the Programme is to contribute to national efforts to reduce extreme poverty, hunger and starvation and to strengthen family and community capacities to care, support and protect orphans and vulnerable children, the chronically-ill, elderly and persons with disabilities. This will be achieved through the provision of cash assistance to ultra-poor and labour-constrained households, including the elderly poor persons.

## Objectives

- To reduce poverty, hunger and starvation in all households living in ultra-poverty and are at the same time labour-constrained;
- To increase school enrolment and attendance of children living in target group households and invest in their health and nutrition status; and
- To enable individuals living with HIV and Aids access medical treatment.

## Targeting Criteria

The Programme will target households that are ultra-poor and at the same time labour constrained and with persons above the age of 65. This criterion is used in order to focus on those households that are not able to access or to benefit sufficiently from labour- based interventions like public works or from piece-meal work. This programme will target 10 per cent of the ultra-poor households in Malawi estimated at 260,000 (IHS 2005) inclusive of the estimated 100,000 elderly persons that are deemed left out on the current programme.

The targeting process will involve a multi-stage participatory approach. The Community Social Protection Committees (CSPCs) which is a sub-committee of the Village Development Committee (VDC) will target beneficiary households according to the programme operational manual (Schubert, 2007). The SPSC will approve the 10 per cent neediest households per village. The 10 per cent cut-off point is based on the assumption that on average, approximately 10 per cent of the households meet both criteria. Statistics from the 2005 IHS indicate that on average less than 10 per cent of the population meet the targeting criteria.

## Financing of the Programme

In the pilot programme, the Government of Malawi provided the infrastructure in the form of human resources and mechanisms for delivering the programme. UNICEF provided technical and financial assistance for the design of the programme; while the Global Fund and the Pool Fund consisting of the WB, DFID, CIDA, and NORAD supported the piloting of the programme in 7 districts. USAID, Child and Family Applied Research Grant, UNICEF New York and Boston University School of Public Health financed the external evaluation. In the context of social support, a basket fund mechanism will be developed to fund the implementation of the national social support programme.

## Level of Transfers and Costs of the Programme

Monthly disbursement of cash will be made to the beneficiaries by the District Assembly. The monthly cash transfer will vary according to household size and take into account households with children enrolled in primary or secondary school, as well as whether a household has a member who is on ARV treatment. The child bonus is designed to encourage education, while the ART support is to enable persons on ARV access the service which is mainly available at district hospitals. Below are proposed monthly transfers that will be paid out:

- 1 person household MK 1,000 (US$7);
- 2 person household MK 1,400 (US$10);
- 3 person household MK 1,800 (US$13);
- 4 + person household MK 2,200 (US$16);
- ART support K700; and
- Bonus for primary school-going child of MK300 (US$2.1) and for secondary school-going child of MK600 (US$4.2).

The total programme cost per annum has been estimated at US$52 million. The cost of the programme will include transfers and administration costs for a five-year period.

## Programme Implementation

The implementation of the Social Cash Transfer Programme is multi-sectoral in nature. At national level, relevant government ministries/departments, non-governmental organisations (NGOs) and development partners will collaborate on issues of policy and coordination in the implementation of programmes to reduce poverty. Within the spirit of the decentralization process and emphasising on community participation, the DAs will be responsible for the implementation and management of the programme. A multi-sectoral Social Protection Committee will verify and validate the process of identifying beneficiaries and making payments to eligible household heads. At community level, a participatory process will be engaged where the Community Social Protection Committee (CSPC) will identify the neediest households with the involvement of community leaders, village members and extension workers in the impact area to ensure transparency in the selection process.

The Ministry of Economic Planning and Development will be responsible for identifying funds for the programme. At sector level, the Ministry of Women and Child Development (MoWCD) will lead the implementation process coordinating the technical aspect of the programme from development partners. Political support will also be garnered from other key participating ministries that include, the Ministry of Persons with Disabilities and the Elderly and the Ministry of Education.

## Monitoring and Evaluation

With the leadership of the District Monitoring and Evaluation Officer, district assemblies will produce monthly monitoring reports to be consolidated at the secretariat in the Ministry of Women and Child Development. Guidelines for internal monitoring are in place to track input deliveries and cost-effectiveness. The Secretariat will also produce monthly monitoring reports for timely adjustments to costs and implementation of activities. The Ministry of Economic Planning and Development (EP&D) will monitor and evaluate the programme's contribution to poverty reduction and national development.

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# 2.10 Social Protection as a means for effective poverty alleviation: Strengthening Mutual Health Organisations (MHO) and Community-Based Health Insurance (CBHI) Schemes in Sub-Saharan Africa- The Experience of GTZ

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*Keywords: Mutual Health Organisation, Community-based Health Insurance, SimIns, InfoSure, CHIC, Social Cash Transfer*

## Abstract

*In most developing countries, systems of social protection are limited to the formal sector (civil servants and private-sector employees). The informal sector often relies on voluntary community-based insurance systems, such as MHO or CBHI schemes, which often face managerial, organisational and administrative shortcomings and are prone to severe fluctuations in their finances. In close collaboration with its partners, the German Technical Cooperation (GTZ) has developed the following instruments and approaches suitable to tackle these deficiencies and to sustainably strengthen the capacity of MHO and CBHI schemes:*

- *Software programmes SimIns and InfoSure:*
- *'Centre for Health Insurance Competence' (CHIC)*
- *Social cash transfer schemes*

*The application of these strategies has had a positive impact in a series of countries in Sub-Saharan Africa. They helped to build up national or regional capacities for health insurance development and to analyse systematically the political and socio-economic context, needs and expected costs in order to enable MHO or CBHI schemes to become financially and organisationally viable in the long-run.*

## Research question

Within the last decades, a number of developing and transition countries have established more or less well functioning social health insurance schemes, based on the principle of solidarity: People pay according to their means and receive services according to their needs1. Its mandatory character facilitates the creation of large risk pools and the option of cross-subsidizing premiums. However, social health insurance is regularly linked to the formal sector, targeting civil servants, military and police, and private-sector employees. This inevitably leads to the exclusion of those working in the informal sector, which in most developing and transition countries comprises the vast majority of the population2.

One option to close this gap is the implementation and strengthening of voluntary community-based insurance systems, such as Mutual Health Organisations (MHO) or Community-based Health Insurance (CBHI) schemes. These non-for-profit schemes are mainly run by cooperatives, churches or community-based self-help groups and enjoy a growing popularity. As a consequence, their number has risen exponentially in West and Central Africa in recent years, currently covering about 2 million people3. In many communities, these schemes have assumed an important role not only in improving access to health services but also in achieving participation of the respective communities in the health care development process. This again entails a positive effect on the empowerment of civil society4. Nevertheless, MHOs and CBHI schemes face a series of substantial limitations: Due to their size, their voluntary character, the low financial resource base of their members and their lack of experience with health insurance, MHO and CBHI schemes often face managerial, organisational and administrative shortcomings. Moreover, they are often prone to severe fluctuations in their finances. For example, irregular contributory capacity of their members or covariate risks, such as natural disasters or epidemics may eventually lead to the financial collapse of the scheme5.
It was the aim of GTZ to develop instruments suitable to tackle these deficiencies and to sustainably strengthen the capacity of MHO and CBHI schemes so that they become financially and organisationally viable in the long-run.

## Methodology and Implementation

The following instruments and approaches were developed and employed by GTZ in close cooperation with national and international partners:

- Software programmes SimIns and InfoSure
- ‘Centre for Health Insurance Competence’ (CHIC)
- Social cash transfer schemes

*SimIns*

This health insurance simulation tool allows the modelling of the financial development of MHO and CBHI schemes over a 10-year period6. SimIns assesses the influence of key variables, such as population coverage, health insurance contribution, co-payments, health care costs, and utilisation rates, on the income and expenditure of health insurance schemes. By varying selected key variables, it is possible to make medium-term predictions and to determine the broad requirements for financial viability in the long run. Herewith, SimIns allows the assessment of contributions, utilisation rates, and health care costs, illustrates the implications of initial policies, and predicts the impact of these schemes on the overall structure of health financing and on public finance6. Concerning Mutuelles in Sub-Saharan Africa, SimIns has been employed for predicting the health insurance coverage in Rwanda if certain assumptions were met. The creation of three scenarios provided a basis for discussion regarding the further design of a political framework which favours the establishment and multiplication of MHO and CBHI schemes7.

*InfoSure*

InfoSure is a monitoring and evaluation tool, which supports the design, implementation, survey, and continuous monitoring of health insurance schemes through the collection and analysis of health insurance data8. It contains a clearly structured questionnaire for quantitative and qualitative data, as well as a quality check and an analysis tool to evaluate the information and generate a report. An exchange of information is facilitated through an internet-based database and user platform to publish case-studies, reports, and international comparisons. In Sub-Saharan Africa, InfoSure has been applied, for example, in Togo (Mutuelle de la Confederation Syndicale des Travailleurs du Togo) and in Senegal (Mutuelle de Sanghé). Both analyses facilitated the discovery of innovative approaches and structural weaknesses and laid out strategies for new developments within and across different health insurance schemes8.

## 'Centre for Health Insurance Competence' (CHIC)

CHIC is a tool for networking of MHOs and CBHI schemes on regional level9. It builds on the strategy to transfer complex financial, technical, and managerial tasks to a higher-level institution which provides these services on a paid-for consultancy basis. Within this approach, a CHIC assists its members by taking charge of management and technical support, by developing insurance products and quality standards, and by carrying out seminars and training events. It also represents the interests of local initiatives at political level. Consequently, by pooling resources and utilising synergies to accomplish tasks and activities, CHIC allows MHOs and CBHI schemes to work more professionally and efficiently9. Within the last years, first competence centres have emerged in Tanzania and Nigeria. In Tanzania, a CHIC is closely attached to the Tanzanian Network of Community Health Funds (TNCHF), a state-registered non-governmental organisation representing numerous community-based health insurers10. There is currently a high demand in TNCHF expertise in the fields of health financing and health insurance. In Nigeria, the Catholic Church has founded a Catholic Health Insurance Programme (CHIP) on the CHIC model as a result of a CHIC Management Seminar for health insurance schemes in Minna11. This seminar, which comprises a planning game, was replicated in 2004 in Dar es Salaam, Tanzania, in 2005 in Mamou, Guinea, and in 2006 in Kibuye, Rwanda12, 13. Being part of the CHIC competence-building strategy all courses have been carried out with great success. The feedback of the participating organizations was very positive, rating the content highly relevant and easily applicable within the daily management of health insurance schemes. Besides providing participants with current perspectives on health insurance and health insurance management, the seminar opened up the possibility for discussing various aspects and levelling positions of various interest groups9-13.

## Social cash transfer schemes

GTZ designs basic social protection interventions in order to help the most vulnerable in society to overcome crises without long-term loss of income, and to prevent them from adopting coping mechanisms which have a negative impact on human capital14. Social cash transfer schemes provide regular cash grants to destitute households with no or little self-help potential. The target groups of this work stream are the poorest of the poor, who are beyond the reach of self-help promotion. Support is particularly focused on older people, people with disabilities, and families affected by HIV/AIDS. The programmes are a contribution to protecting people's livelihoods and safeguarding children's opportunities to develop. It is an important objective to financially enable households to care for ill or disabled family members and to allow the allocation of money, for example to regularly pay contributions to health insurance schemes. Beyond its broader goals and by reacting to demand-side deficiencies, social cash transfers consequently present an alternative instrument for the enhanced utilization of MHO and CBHI schemes. In particular, the respective families are able to meet the transport costs to and from their respective health care provider14. Social cash transfer schemes have accomplished extremely successful results in Zambia15, 16. GTZ and other development partners assisted the government to implement a pilot scheme in which social cash transfers are distributed to 11,000 households, generating significant improvements in nutritional status of the beneficiaries, increasing children's school attendance, and boosting the local economy15, 16.

## Outcome

The application of the above-described instruments and approaches has had a positive impact in a series of countries in Sub-Saharan Africa. They helped to build up national or regional capacities for health insurance development and to analyse systematically the political and socio-economic context, needs, and expected costs in order to facilitate the sustainability of MHO and CBHI schemes. This in turn facilitated improved access to health care provision for poor and informal segments of the population.

## Recommendations

GTZ examines the potential for a stronger cooperation between locally based health insurance schemes and develops concepts for linking existing MHOs and CBHI schemes with local, regional, and national structures, as well as with public and private forms of health insurance and social protection schemes in general.

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# 2.11 Achieving Accountability in Cash Transfer Programmes: The Case of the Social Protection Rights Component of the Kenya Hunger Safety Net Programme

**Stephen Barrett**


## Abstract

*The need to develop strategies which effectively reach those living in chronic poverty and which recognise the intergenerational and multi-sectoral nature of poverty has led to widespread recognition of social protection as an essential component of national poverty reduction and development strategies. To-date particular emphasis has been placed on social assistance or social transfers – regular, non-contributory cash or in-kind payments provided to individuals or households with the objective of decreasing chronic or shock-induced poverty.*

*While many of these schemes have proved extremely effective in combating poverty, this paper argues that too little attention has been paid to-date to ensuring that standards of accountability, transparency and participation are respected. In particular, it is argued that mechanisms for achieving accountability to beneficiaries have not been taken sufficiently seriously. Grievance mechanisms have tended to suffer from fundamental design flaws that have either meant that they have remained inaccessible to vulnerable people at community level or have proved vulnerable to manipulation by local elites.*

*Moreover, grievance mechanisms associated with cash transfer programmes have also failed to acknowledge that the intended recipients of social transfers often lack the resources to protect their rights vis-à-vis programme implementation systems or more powerful fellow community members or to provide the necessary feedback to programme officials and policy-makers. Their vulnerability to exclusion and inability to publicly voice their concerns can undermine the accuracy of beneficiary targeting exercises, and limits feedback to programme managers when operational ineffectiveness threatens to undermine the social and economic benefits that the programme seeks to achieve.*

*Drawing on HAI's experiences to-date in implementing the Social Protection Rights component of the Hunger Safety Net Programme (HSNP) in Kenya, this paper stresses the importance of respecting rights-based operational principles within cash transfer programmes. In particular, HAI argue that the development of effective accountability mechanisms at both community and institutional levels is critical to ensure the effectiveness and efficiency of programme operations as well as to ensuring that direct social assistance is politically sustainable in the longer term.*


## Social Protection policy implementation: the story so far...

Despite global economic growth, just under a billion people are living on less than a dollar a day, with up to half of this number in chronic poverty[69].[70] Even if the Millennium Development Goals (MDGs) are met in 2015, millions will continue to live in poverty. The need to develop strategies which effectively reach those living in chronic poverty and which recognise the intergenerational and multi-sectoral nature of poverty has led to widespread recognition of social protection as an essential component of national poverty reduction and development strategies. In addition, social cash transfers are increasingly understood in terms of a social policy commitment to empowerment, human rights and social justice, as well as an investment in broad-based and inclusive economic growth.

Social protection instruments include, but are not limited to, social assistance or social transfers which are regular, non-contributory cash or in-kind payments provided to individuals or households with the objective of decreasing chronic or shock-induced poverty (e.g. child benefit, old age pensions, disability grants). It is widely recognized that social protection schemes complement and increase returns on investment in other areas of social and economic development. In fact, at an empirical level, many would claim that the debate about whether social protection instruments are a cost-effective approach to fighting chronic poverty is already won. As a more progressive understanding of social protection has gained currency, donors, civil society and national governments have increased their focus on it as an essential strategy for combating poverty.

National governments throughout Africa have demonstrated commitment to the development and implementation of social protection policies. The Livingstone Call for Action of March 2006, agreed by 13 countries and supported by the African Union, urges the inclusion of costed social transfer plans in national budgets and policies within the next three years. This has been followed up through the Livingstone II policy process, which earlier this year saw 6 national and three regional consultations led by the African Union. These meetings brought together a wide range of development actors, including African governments, furthering the process of building political will and discussing design, implementation and financial issues. The consultations will culminate in the AU ministerial meeting in October, which has social protection firmly on its agenda.

Progress in implementing the Livingstone Call for Action is being made and a wide range of social protection instruments have been launched in a number of developing countries, including the poorest. A range of approaches have been adopted in different contexts depending on local priorities and the wider development context. The more successful models have emerged as a result of local ownership in identifying needs and developing appropriate and affordable social protection mechanisms. These schemes have provided further evidence that investment in social protection packages, specifically cash transfers, can work in a variety of contexts in the South also.

However, despite clear evidence of the positive impact and affordability of direct social assistance[71], widespread concerns remain amongst policymakers over introducing enduring entitlements, particularly where national tax bases are low. Even though donor governments are demonstrating increasing

[69]World Development Indicators 2007, World Bank

[70]Chronic Poverty Research Centre, The Chronic Poverty Report 2008-09: Escaping Poverty Traps

[71]It is becoming increasingly accepted that social protection provision, especially direct social assistance, is not only cost effective but also affordable. A recent International Labour Organisation (ILO) study of 12 low-income countries (6 in sub-Saharan Africa and 6 in Asia) estimated that the cost of providing a social pension in each country would, in some cases, be less than 1% of Gross Domestic Product (GDP). Estimates show that extending a minimum national package (child benefit, old age allowance and disability grant) to all low-income countries in Sub-Saharan Africa would cost 3% of the $25billion increase in aid to Africa agreed at the G8 in 2005. This may reduce the need for aid expenditure on humanitarian assistance, while providing an estimated poverty reduction impact of 40% within less than a decade.

commitment to financing of social protection provision[72], many African policymakers and opinion leaders remain unconvinced about the long-term sustainability of social protection mechanisms. Indeed, it is well understood that comprehensive social protection programmes will require a broadening of the tax base in the longer term and Africa's emerging middle class of potential tax-payers remain skeptical that public financial management and governance systems are sufficiently robust to guarantee that such a broadening of the tax base will actually translate into effective and efficient policy implementation. There is widespread lack of faith in a socialized approach to managing risk and vulnerability and those that can afford it are often more likely to trust the private insurance sector with their money than support increased public expenditure on social protection programmes.

### Governance standards within social protection initiatives: a risk to political and fiscal sustainability?

Unfortunately, suspicions about governance standards have frequently been proven correct and the prestige of cash transfer programmes has often been damaged by the absence or inadequacy of independent quality assurance provisions linked to mechanisms that promote accountability, transparency and appropriate public participation. In addition to operational errors associated with implementing complex programmes in challenging environments, reviews of a number of cash transfer programmes have also identified a range of ways in which means-tested programmes can become vulnerable to maladministration, manipulation and abuse. These include relatively simple cases of nepotism and bribery within the targeting process as well as systematic exclusion of marginalised groups and political manipulation at different levels. Such problems not only undermine the effectiveness and efficiency of the programme and the political sustainability of social protection instruments, but also constrain the contribution that the implementation of social protection policies can make to the development of the social contract.

Many of these risks are products of the power imbalance and associated 'accountability deficit' that often characterizes the development agency-beneficiary or service provider-service user relationship. Recipients of cash transfers often lack the resources to protect their rights vis-à-vis programme implementation systems or more powerful fellow community members or to provide the necessary feedback to programme officials and policy-makers. In particular, vulnerable groups (including women, older people and minorities) are frequently discriminated against within community-based targeting and appeals processes leading to significant exclusion errors. Moreover, the most vulnerable community members – particularly women - are frequently subjected to social pressure not to complain. Their vulnerability to exclusion and inability to publicly voice their concerns can undermine the accuracy of beneficiary targeting exercises, and limits feedback to programme managers when operational ineffectiveness threatens to undermine the social and economic benefits that the programme seeks to achieve.

Of course any large-scale social protection programme is a political as well as an economic and social resource which can be easily manipulated to reward political supporters and punish opponents (Sharp, Brown & Teshome, 2005). Politicians from different political parties tend to associate themselves with cash transfer programmes in areas where many people have been targeted or criticize the management

[72]For instance, social protection forms one of 'four pillars' of the ILO's Decent Work Agenda. The G8 Summit Declaration on Growth and Responsibility in the World Economy (June 2007) called for investment in social protection systems. Social Protection is one of UNICEF's priority themes for public advocacy and partnerships within the 2006-2009 Strategic Plan. The World Bank's 'Social Protection Sector Strategy: From Safety Nets to Springboard' reflects an approach to social protection as a strategy for empowerment by helping the poor to 'take on higher return activities with less concern about the risks'. In 2005, the UK's Commission for Africa recommended an investment of US$6 billion per year up to 2016 in social transfers in those countries where appropriate levels of political support were emerging (particularly through Ministries of Finance). In its 2006 White Paper 'Making Governance work for the poor', the UK Government argued that social protection should be seen as the fourth essential service, alongside health, education and water/sanitation. The German government is supporting the development of social protection in a number of countries through financial support to social security schemes and was also influential in ensuring the inclusion of statements on social protection at the 2007 G8 summit.

of the programme in areas where the number of people targeted is relatively small. Representatives of the incumbent political party may also promise enrolment in the programme to their supporters and threaten their opponents' supporters with exclusion. For their part, opposition politicians may even deliberately promote the exclusion of certain groups – sometimes by spreading false information - so that, at a later date, they can seek support from those that feel that they were unfairly excluded. Although common, such problems tend to remain localised rather than pervasive or systematic. Nevertheless, the damage done to the prestige of the programme and to public understandings of the rights and responsibilities associated with citizenship and public service delivery can be considerable.

Therefore, while it is inevitable that such programmes are used as a political resource in any society, it is crucial for the longer term effectiveness and political sustainability of the programme that incidents of abuse and manipulation are detected through a monitoring process and that vulnerable groups are actively supported to hold service providers to account. There are two types of accountability: upstream accountability of service providers involved in the delivery of the transfer scheme to national governments and development partners, and downstream accountability of service providers to beneficiaries and potential beneficiaries[73]. In the first instance, downwards accountability requires transparency (including provision of up-to-date information on eligibility criteria implementation arrangements and beneficiaries to all relevant stakeholders). However, accountability also requires enforcement in the event of maladministration and/or rights abuse. Enforcement can be achieved through a range of instruments including complaints and appeals processes, redress mechanisms (including compensation in instances of gross rights abuse), mediation and/or third party arbitration, beneficiary advocacy and independent oversight linked to authorities with executive decision-making power. In the specific case of means-tested cash transfer programmes, accessible grievance procedures and other accountability mechanisms that make provision for submission of complaints and appeals against targeting decisions are critically important.

## Achieving accountability: lessons from existing social protection programmes

As part of preparations for the launch of the HSNP Social Protection Rights component, HAI conducted a review of international experiences in the design and implementation of grievance mechanisms for cash transfer programmes. This review concluded that grievance mechanisms associated with cash transfer programmes have suffered from a range of design flaws that have tended to limit the contribution that they can make to assuring the effectiveness and efficiency of programme operations. Moreover, although a range of institutional models have been developed in different settings, consensus has yet to be reached on what constitutes best practice in any given context.

The Ethiopian Productive Safety Net Programme is, for example, designed such that the organisations responsible for receiving and adjudicating on appeals are the same as those that are responsible for beneficiary selection and de-selection. These overlapping roles can make it difficult for officials to adjudicate objectively in appeals lodged against earlier beneficiary selection decisions. This direct conflict of interest fundamentally undermined the capacity of the appeals mechanism to fulfil its objectives including the minimisation of exclusion and inclusion errors and directly contributed to wider weaknesses within the PSNP such as dilution of resources, politicisation and exclusion of

[73]Katherine Bain, Frank Braun and Jaime Saavedra (2005), Voice And Accountability In Transfer Programs In Latin America And The Caribbean, World Bank

vulnerable community members such as women and older people[74]. The PSNP also lacks a true focus on beneficiary advocacy and rather confines itself to a rather more mechanical approach to complaints and appeals that fails to recognise that beneficiaries of social transfer programmes are rarely in a position to adequately defend their rights or articulate their needs.

Elsewhere on the continent, the Kalomo Social Cash Transfer Scheme in Zambia charges District Social Welfare Officer (DSWO) with providing oversight of the beneficiary selection process (including dealing with any complaints that cannot be resolved further down the chain of command). The DSWO is also responsible for ensuring that training meets quality standards, that substructures are completing their assigned tasks and, most importantly, that payments reach beneficiary households in full and in a timely fashion. A limited grassroots-level beneficiary advocacy function is also provided by Community Welfare Assistance Committees (CWACs) who are responsible for counselling potential beneficiaries during the application and appeals processes. However, the Kalomo programme lacks any form of truly independent oversight and both the CWACs and the DSWO are integral components of the programme targeting and beneficiary selection/de-selection processes. The inherent contradictions present in the CWACs' dual role have been one of the few significant weaknesses in an otherwise successful programme. The recent final evaluation of the Kalomo programme notes that CWACs frequently failed to carry out formal means-testing interviews, left households off registration lists from which the poorest 10 per cent were selected, and allowed ineligible family members to enrol on the scheme. Moreover, the CWAC mechanism focused primarily on targeting processes and remained a largely ineffective advocate for the most vulnerable households[75].

The institutionalisation of a 'beneficiary advocate', such as an Ombudsperson, can empower potential beneficiaries in their relationships with programme management structures and thereby promote effectiveness of the programme by increasing transparency and reducing corruption and malpractice. Empowerment of beneficiaries implies ensuring that people understand the benefits to which they are entitled and are aware of avenues of redress in the event that access to entitlements is unfairly impeded. The institutional frameworks associated with beneficiary advocates vary significantly from place to place and very much depend on the specific institutional and legal basis of a given transfer programme.

For example, Turkey's conditional cash transfer programme has instead established provincial-level Boards of Trustees to provide independent oversight and deal with complaints and appeals. Membership includes locally elected representatives, provincial social service directors, NGOs and police. The programme also features a national CCT unit which receives and classifies appeals for further handling. Yet these boards have proved insufficiently connected with the grassroots and remain inaccessible to the most vulnerable. As such they fail to adequately acknowledge that beneficiaries of social transfers often lack the resources to protect their rights and provide necessary feedback to policymakers. Another example is the state-managed Jefes y Jefas CCT programme in Argentina which provides an Ombudsperson as part of a rather sophisticated model involving three levels for complaints and dispute resolution. In the first instance, municipal and neighbourhood councils are responsible for beneficiary registration, receiving complaints and requesting dis\enrolment. This integration of the community-based targeting and complaints processes has necessitated the establishment of two further levels within the grievance mechanism: the Ministry of Labour's Programmes Complaint Commission and

[74]Sharp. K, T. Brown and A. Teshome (2006), Targeting Ethiopia's Productive Safety Net Programme, ODI, London.
[75]Final Evaluation Report of the Kalomo Social Cash Transfer Scheme, Zambian Ministry of Community Development and Social Services (MCDSS), September 2007

the Internal Auditing Units (secondary level) and, finally, the independent Ombudsperson is available as a last resort (tertiary level). However the Argentinean experience has been that the sophistication of this system undermined its effectiveness and led to widespread misunderstanding of roles and responsibilities[76]. In both the Turkish and Argentinean cases, the institutions involved tend to focus on the mechanics of appeal and complaint submission and resolution and they have an extremely limited remit in terms of proactive beneficiary empowerment.

To summarise the discussion, in low-income countries (particularly in Africa) community-based grievance mechanisms have been insufficiently resourced or insulated from targeting processes and have proved ineffective in combating the effects of discrimination, social exclusion and low-level corruption and political manipulation. More formal and institutionalised approaches, as commonly employed within CCT programmes, have proved more robust but have also remained insufficiently connected with the grassroots. Moreover, both approaches have critically failed to appreciate the potential for mechanisms of community-based beneficiary advocacy to empower citizens in their relationship with service providers and thereby effectively contribute to management of fiduciary risk.

Such deficiencies not only constrain the impact that social protection programmes have on poverty levels by limiting the flow of information from citizens about programme operational quality (e.g. accuracy of targeting) but also undermine the contribution that social protection can make in terms of empowerment and social cohesion. Moreover, social transfer programmes that are open to manipulation and that lack institutional checks and balances are less likely to be understood in terms of an entitlement associated with citizenship and are rather more likely to be viewed as instruments of patronage which can be manipulated by political actors. This in turn affects the degree to which people feel that they have guaranteed access to an entitlement should they become eligible – the critical factor in enabling higher risk, higher return economic activity.

In must also be recognized that accurate targeting and registration of beneficiaries relies on the assumption that potential beneficiaries understand the eligibility criteria and administrative processes involved before the registration process has been completed. Yet recipients of social transfers are frequently vulnerable to exclusion due to inadequate provision of appropriate information services. Moreover, once registered, beneficiaries must understand the benefits to which they are entitled and appreciate their options for redress when benefits are reduced or denied. This suggests that comprehensive rights education involving civil society organizations is a pre-requisite for achieving accountability.

## Achieving accountability within the Kenya Hunger Safety Net Programme (HSNP)

The HSNP is a major joint Government of Kenya/DFID initiative that seeks to reduce extreme poverty in Kenya and support the establishment of a government-led national social protection system delivering long-term, guaranteed cash transfers to extremely poor and vulnerable people to improve access to food, protect assets and reduce the impact of shocks. By 2017, the programme aims to support Government of Kenya to establish and implement an evidence-based national social protection strategy that draws non-state actors into the process.

[76] Katherine Bain, Franka Braun And Jaime Saavedra (2005), Voice And Accountability In Transfer Programs In Latin America And The Caribbean, World Bank

The HSNP will be implemented in two phases. The objective of Phase I (April 2007 - March 2012) is to design and pilot cost-effective mechanisms for beneficiary targeting, payment delivery and grievance management in four districts (Turkana, Marsabit, Mandera and Wajir). The focus of this activity will be a comparison of the cost-effectiveness of three different types of targeting methodology: a social pension (for all older people aged over a certain age threshold), community-based targeting (similar to the EMOP targeting process), and targeting based on 'dependency ratio' (ratio of children, older people and disabled people to overall household size. Phase II (2012-2017) is expected to select one of these targeting approaches (based on evidence of cost-effectiveness and impact) and roll it out, along with the processes for payments and grievance management, to 300,000 households. Beyond 2017 it is hoped that the Government of Kenya will carry the programme forward as part of an integrated national social protection strategy.

Separate managing consultants (MCs) have been contracted to deliver the different components of the HSNP's operational functions. The Social Protection Rights (SPR) component is managed by HAI and is a unique and defining feature of the programme. The objective of this component is to improve programme effectiveness and minimise fiduciary risk through: acting as an independent check on the other components; implementing mechanisms of appropriate downward accountability; maximising transparency; and acting as a beneficiary advocate charged with the empowerment of communities as a whole and the empowerment of vulnerable groups within communities. Given the hope that Government of Kenya will adopt the HSNP in the longer-term, the SPR component also seeks to set a rights-based precedent to social protection policy and programme development in Kenya.

## Challenges to in achieving a rights-based HSNP in Northern Kenya

In addition to the issues discussed in the review of international experience in grievance mechanism design, implementing a rights-based approach to the HSNP involves facing a number of additional challenges associated with the uniquely complex socio-political environment of Northern Kenya.

a) Categorical and universal approaches to targeting such as the proposed Social Pension and Dependency Ratio methods are often considered alien by administrative officials and communities alike and potentially 'unfair' in an environment that has become indoctrinated with the principles of cyclic, community-based targeting for short-term food-based interventions aimed at addressing immediate cases of acute hunger. Unsurprisingly, people sometimes associate pensions with (illegitimate) rewards for retired civil servants rather than a universal right or a tool with which to fight poverty. The programme can expect to face attempts to circumvent the categorical targeting approaches – particularly by local elites. Their motivation for doing so is usually based on notions of 'fairness', community conflict/dispute mitigation (particularly where clanism is predominant) or simply to exploit the programme for their own, or their family's, personal gain. Such behaviour may well be seen as entirely legitimate by fellow community members.

   In this context the SPR component is charged with advocating for targeting based on people's rights, based on eligibility as defined by the programme and therefore potentially involves difficult negotiations with opinion leaders and local political actors. The use of an amended version of the well-established community-based targeting (CBT) methodology in this programme brings additional challenges as the ethos of CBT is that 'the community' is given ultimate responsibility for resource allocation. The presence of an independent 'adjudicator' is contrary to this principle.

b) Where reciprocal networks of obligation (sharing) exist, all community members will have a vested interest in the targeting and appeals processes. Moreover, those that have been least able to invest in social capital accumulation (the poorest) are unlikely to be supported in appeals processes or even feel able to lodge an appeal against their exclusion due to likely social sanction[77].

c) Limited political manipulation (inclusion errors) is likely and can contribute to public perceptions of disempowerment and undermine programme legitimacy and social cohesion. Exclusion errors are likely to be even more significant and related to communal identity as well as gender, age, place/duration of residence, marriage status, religion etc. These factors are often culturally specific. Administration field staff involved in targeting are usually rooted in the communities involved and are therefore frequently subjected to pressure from influential community members to either directly manipulate or turn a blind eye to these inclusion and exclusion errors. Administration staffs are therefore likely to view the complaints mechanism with suspicion and fear and may be unlikely to collaborate freely and openly. The challenge therefore is for the SPR component to be seen by all stakeholders as supportive, independent, impartial, trustworthy and authoritative.

d) Few people are likely to be prepared to risk social sanction and appeal against community-based targeting decisions. People are also likely to be sceptical of the ability of external agencies to provide a credible independent appeals process in the face of exclusionary pressures at community level. Excessively formalized and confrontational grievance procedures can actually consolidate the disempowerment of vulnerable community members rather than overcoming it. Instead they often work best for those who are most able to take advantage of them and, if not carefully managed, can be vulnerable to exploitation through malicious or mischievous complaints. Alternative, accessible and non-confrontational community-based approaches should instead be employed to address issues of social exclusion and inter-intra-community conflict/dispute over targeting decisions.

e) A number of context-specific factors are also likely to complicate matters. These include: lack of access to official identification documentation; widespread illiteracy and innumeracy; complex local political dynamics; communal identity issues; social exclusion (of minority groups, PLWHA, and women with children outside of wedlock, for instance); fragmentation of households; the prevalence of informal marriages and polygamy; and widespread gender-based discrimination.

f) The impact that these factors have in terms of workload for the SPR component is likely to be in part determined by: level of understanding of the eligibility criteria and the appeals process; community-level programme coverage; administration component relationship with the community; community experience in targeting; the targeting methodology employed; and the quality of implementation. Demand for appeals and complaints processes is therefore unpredictable although likely to be heaviest in the earliest stages of programme implementation and also likely to involve temporal and geographic complaints 'hotspots'.

g) Finally, fundamental aspects of the HSNP's sophisticated design open up significant scope for rights abuse and exploitation. Examples include the complicated nature of the targeting process, an untested technology-led payments strategy and the use of a control/late registration group for M&E purposes.

[77] A review of the effectiveness and validity of community based targeting and distribution (CBTD) as an equitable, effective and transparent methodology for delivering humanitarian transfers. Amrik Heyer for Oxfam GB (January 2007)

## The Social Protection Rights Component Implementation Strategy

In order to address the above issues, the SPR component aims to support a rights-based approach to HSNP implementation using the following four-part strategy:

1. Delivery of an on-going and strategically directed programme of civic education based on a Programme Charter of Rights and Responsibilities (PCRR) that sets out the rights and responsibilities of all stakeholders involved in the programme and provides a framework by which all stakeholders can be held accountable. The PCRR is based upon recognized rights-based principles and the provisions of international human rights frameworks ratified by the Kenyan government.

2. Implementation of an accessible, multi-channel complaints and feedback mechanism for monitoring observance of the HSNP Service Charter. This document sets out the service commitments made by each implementing agency according to which communities can hold implementing agencies accountable. The SPR component will act on behalf of community members in advocating for improved service delivery where necessary and will refer serious cases of maladministration to the National Coordinator for action. It is anticipated that the SPR component will proactively identify and deal with three types of grievance:

- Programme operational / performance issues (e.g. late payment);
- Programme legitimacy issues (e.g. legitimacy of geographical targeting);
- Associated disputes (e.g. disputes with payments agents).

The SPR component terms of reference state that all complaints should, in the first instance, be directed to the relevant MC and that the MC concerned should be given an opportunity to address the problem before any escalation to the SPR component occurs. In the event that the complainant is unsatisfied with the response from the MC, the complaint can be referred to the SPR component for investigation, mediation and, ultimately, arbitration.

However, this approach is insufficiently flexible to deal with the demands of the HSNP. In the first instance, this approach is only really of relevance to complaints about operational performance issues (e.g. late payment) and is ill-suited to complaints about aspects of programme design or negative externalities which no single component can take responsibility for or address alone. Secondly, given the large number of communities involved, it is likely that individual agencies will go for significant periods of time without substantial contact with any one targeted community. Yet people still need to have an opportunity to provide timely feedback to the programme if they have problems or concerns. It would be rather frustrating for complainants if they were told that they could not complain to the SPR component about payments delivery until they had first spoken to Equity Bank when Equity were not due to visit the community for another two months. Finally, the approach specified in the ToR also fails to appreciate that community members may feel unable to address complaints about certain issues to the MC at fault for fear of reprisal. Unimpeded access to an independent complaints process (that guarantees anonymity) is therefore very important.

## HAI have therefore proposed the following alternative design:

a) All MCs should be in a position to respond to complaints about unchangeable aspects of programme design (e.g. geographical targeting, targeting methodology) or negative externalities 'on-the-spot' using a set of FAQs prepared by the Secretariat. Discussions about these issues should not be considered formal complaints unless the complainant is unhappy about the response and wishes to pursue the matter further by submitting a formal complaint to the SPR component.

It should be explained that fundamental design features are unlikely to be changed during phase I and that the complainants should approach their local representatives (chief and/or District government officials) if they feel sufficiently aggrieved. This means that community views on programme design and operations cannot be fully taken into consideration when designing phase II unless a formal complaint is submitted. People will therefore be encouraged to submit a formal complaint to the SPR component on these issues (refer the complainant to their responsibility to engage in the learning process). The SPR component will then record all such complaints in the MIS before they are forwarded to the Secretariat as part of the SPR component's quarterly reporting.

b) Although it is preferable for complaints to be submitted to the relevant MC, all MCs must be able to accept complaints about any aspect of the programme – either directly from the complainant or via the Rights Committee or other community representative. Receiving a complaint involves logging the complaint using a standard form which records the name of complainant, gender and age of complainant, community name, sub-location, nature of complaint, name of recipient of complaint, MC, action taken or action to be taken. The receiving MC should also record why the complaint has not been submitted directly to the relevant MC – i.e. due to lack of availability of the relevant MC or perceived threat of reprisal. A dated complaints receipt should be issued to the complainant and the process explained. The complaints form and receipts will be developed by HAI.

   If an MC receives a formal compliant about its own operations, the complaint should be recorded by the field staff and forwarded to the relevant authorities within the same MC. How individual MCs record complaints received and track their resolution is not the concern of the SPR component. However, a copy of all formal complaints received should be forwarded to the SPR component at district level for logging into the MIS every month.

   If a complaint is received by one MC about the operations of another MC, the staff member of the recipient MC must pass the paper log of the complaint directly to the SPR component at the earliest available opportunity. The SPR component will enter the complaint details into the MIS and follow-up with the relevant MC, monitor timely resolution of the complaint and, in the event that the complaint proves difficult to resolve, directly intervene. Ultimately the SPR component can refer the case to the HSNPC.

c) The SPR component proposes to accept complaints whether or not they have first been directed to the relevant MC or not – effectively eliminating the distinction between primary and secondary complaint processes. All complaints received will be logged in the SPR MIS and the issue taken up with the relevant MC on the complainant's behalf (the SPR component will however ask the complainant whether they wish the complaint to be dealt with in anonymity or not). The complainant will be told by SPR staff that the complaint will be passed onto the relevant MC and that they should get a response within a set period of time. If they do not get a response or are unhappy with the response, the SPR component will investigate the matter further and seek speedy resolution. The component concerned will of course be given adequate opportunity to respond to either the individual complainant or to the community as a whole (depending on whether the complaint was submitted anonymously) at the earliest available opportunity.

The SPR component will then proactively follow up to ensure that the complainant is satisfied with the response or form of redress offered by the MC. If not, the SPR component will investigate further and, if necessary, engage with the MC again on the complainant's behalf. The SPR component will then take a view on the most appropriate course of action and feedback to both the complainant and the other MC. If the SPR component rules in favour of the MC, the decision should be fully explained to the complainant. The complainant of course retains the right to pursue his complaint with his local representatives. If the SPR component rules in favour of the complainant and the MC refuses to accept the decision, the matter shall be forwarded to the HSNPC for final adjudication.

d) The complaints mechanism will also make provision for 'community complaints' and 'group complaints'. Community complaints can be submitted by the Rights Committee and/or community leaders when a large number of community members wish to submit a similar complaint. This is intended to reduce administrative work-load and provide an opportunity for expression of collective dissatisfaction. A 'community complaint' also allows for anonymity of specific complainants. It will be explained that community complaints should only be submitted with the agreement of the majority of the community (verified with a public baraza) and will be treated very seriously by the programme. Meanwhile, Group Complaints can be submitted by the Rights Committee on behalf of a group of complainants and also allow for anonymity. However, the complaint does not have to be sanctioned by the community as a whole or the leadership. They could for example come from a specific section of the community – sub-clan for example.

e) The ToR also states that the complaints mechanism should be available to all citizens – whether or not they are residents of targeted communities. However, the programme does not have the capacity to provide on-demand complaints mechanism for the whole country nor to respond to complaints received from non-targeted communities. Therefore, while complaints from non-targeted community members should be accepted as a matter of principle (particularly regarding negative externalities), the programme reserves the right not to formally respond to these complaints. It should be explained to complainants of non-targeted communities that their formal complaint will be registered and considered during the design of Phase II but, if they are sufficiently concerned, they should also complain to their representatives (chief and/or district officials). Complaints from non-targeted communities are likely to pertain to the geographical targeting decisions and are therefore to be treated as discussed under Problem 1 above.

3. Provision of an independent yet non-confrontational appeals adjudication and dispute resolution service in cases where complaints, appeals and disputes cannot be resolved to mutual satisfaction by the other agencies.

Management of the appeals process within CBT communities is likely to pose the greatest challenges to the programme as the ethos of CBT is that 'the community' takes full control and responsibility for targeting decisions. While it is recognised that this is a relatively accurate (and certainly the most understood form of targeting at community level), there are some major problems with the methodology: exclusion of vulnerable groups is common and the process is frequently influenced by local political dynamics. Since it relies on community nomination, nominees are frequently expected to help those that nominated them and individuals will rarely nominate someone with whom they have no pre-existing relationship, be-it familial or otherwise.

In this context, challenging targeting decisions implies challenging power structures at community level and, potentially, supporting individuals' right to be free from discrimination in the face of the right of 'the community' to make targeting decisions. This is complicated by the fact that it is unlikely that the most vulnerable community members will submit an appeal in public due to the risk of social sanction. Given that social support is the primary coping mechanism in these communities, a confrontational appeals process could leave poor households even more vulnerable – even if they are eventually enrolled on the programme. What is more, the more confident and less vulnerable individuals are the most likely to contest targeting decisions and the poorest households may become vulnerable to removal from the list - that is, the appeals mechanism could actually be manipulated to exacerbate inclusion and exclusion errors rather than reduce them.

HAI therefore believe that individual appeals cases in communities implementing community-based targeting will be impossible to manage in the short-to-medium term. Communities that are used to CBT as part of the WFP/GoK emergency food distribution programme have absolutely no experience in dealing with inclusion and exclusion errors and are likely to be extremely resistant to the confrontational process that this would involve since, in a quota system, appeals necessarily involve the removal of one person from the beneficiary list and their replacement with someone else. Therefore, the SPR component proposes that, at least initially, no individualised appeals will take place in communities implementing CBT.

The role of the SPR component will instead be to gather evidence of any significant inclusion and exclusion errors through discussions with vulnerable groups at community level. Based on the evidence gathered, the SPR and Administration components can jointly inform the community that the programme feels that the beneficiary list is not sufficiently representative of the most vulnerable members of the community and that, in order for registration to take place, the targeting exercise must be re-run and more of the most vulnerable community members included. No single MC will take responsibility for this decision. The process adopted will have to be extremely sensitive and based on a process of discussion, reflection and negotiation rather than clear-cut arbitration. If this is not done with care, the process could become confrontational and undermine MC relationships with the communities and the SPR component's position as community/beneficiary advocate.

In principle there is no limit to the number of times that the targeting exercise can be re-run. However, given the demands that recurrent targeting exercises would place on both the Administration and SPR components, the Administration component can take a decision on whether it feels that further re-targeting is impractical and forward the latest beneficiary list to the HSNPC for a decision on whether to enrol or not. The SPR component will also forward a report on the situation to the HSNPC either supporting or contradicting the Administration component's decision to proceed with enrolment. The HSNPC will be responsible for adjudicating if the opinions of the two components differ.

As the SPR component gains more experience engaging successfully with community processes, we may be able to move towards advocating for specific vulnerable households to be included at the expense of less vulnerable households. However, this will have to be done in a very non-confrontational and negotiated manner. The final stage may be to develop an acceptable, non-confrontational public appeals process for individual cases. However, this may or may not be possible and is likely to be restricted to low-risk communities. Similar issues are also likely to be faced in communities implementing the dependency ratio and the social pension. Households in dependency ratio communities are very likely to 'recruit' additional household members in order to qualify for the programme. While this could lead to disputes, it is more likely that fellow community members will fully support misreporting of household size to the programme to maximise the number of households in the community that are enrolled. Meanwhile, the social pension approach will be affected by the absence of official ID cards. A certain degree of community-based age verification will therefore be necessary which again creates scope for disputes and misreporting. In these cases the SPR component will adopt an impartial investigative stance and seek to negotiate a mutually acceptable outcome for individual households, communities and the programme administration.

Finally, the SPR component must approve the targeting process in all communities prior to their enrolment. This will not involve approval of the actual beneficiary list per se but rather confirmation that due process (including some sort of public and independent review/appeals process) has been observed in the relevant communities. The SPR component will provide a monthly report to the HSNPC detailing which beneficiary lists are clear to be enrolled and which should be held back due to irregularities in the targeting process. In the event that capacity constraints within the SPR component mean that independent verification has not been possible, the HSNP's National Coordinator will take the decision on whether to proceed with or delay the enrolment process.

4. Engagement with and, where possible, implementation through local organizations and networks with experience in rights promotion in the relevant districts.

Given the intention that the HSNP will eventually be incorporated into a wider government-owned social protection strategy, HAI are keen to ensure that the SPR component engages local civil society organizations in a wider accountability framework. HAI will support local organizations to understand the principles of social protection policies and instruments support the mainstreaming of rights education into their programming activities in order to empower community members to hold duty bearers accountable, and also to serve as conduits for complaints and other information about programme operations.

## Conclusion

While it is widely recognized that social protection instruments are an effective and affordable response to chronic poverty, insufficient attention has been paid to the development of robust and accessible mechanisms for achieving accountability, transparency and appropriate public participation. While instances of abuse have, to-date, remained limited in scale, the damage done to the prestige of these programmes should not be under-estimated. It is the central proposition of this paper that the accountability deficit and governance standards associated with many of these programmes not only risk undermining their effectiveness but also the longer-term political sustainability scaled-up direct social protection Similarly, while social protection can make a critical contribution to the development of the state-citizen social contract, it must also be recognized that this contribution will be fundamentally constrained if adequate provision is not made for accountability, citizen feedback and independent oversight of programme operations.

Social protection programmes, like all other forms of public service delivery, must be subject to public scrutiny and be able to adequately defend themselves when subjected to criticism – including that which is malicious and/or politically motivated. Provision therefore must always be made for the collection, analysis and public dissemination of data at the programme level. The HSNP will, for example, feature a fully integrated management information system (MIS) which will allow analysis of the number and nature of complaints, who has submitted them, how they have been resolved and by whom. Public dissemination of this type of data will be key to fostering public faith in the legitimacy of the programme.

Finally, the designers of cash transfer programmes must also acknowledge that the intended recipients of cash transfers are often unable to protect their rights vis-à-vis programme implementation systems (including where these systems are in part community-based) or provide the necessary feedback to programme officials and policy-makers. Their vulnerability to exclusion and inability to publicly voice their concerns can affect the accuracy of beneficiary targeting exercises, and limits feedback to programme managers when operational ineffectiveness threatens to undermine the social and economic benefits that the programme seeks to achieve. It is therefore critical that accountability mechanisms are sufficiently resourced to make them accessible at community level and that adequate provision is made for rights education and empowerment – including through the presence of a mandated and competent beneficiary advocate. While civil society has a potentially significant role to play in this respect, the limited participation of local civil society organisations in the social protection policy debate remains a sizeable problem that needs to be addressed.

# 2.12 Old Age Pension Coverage in Sub-Saharan Africa: Methodological considerations and preliminary findings from the ILO Social Security Inquiry

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## Abstract

*The limited coverage of social security schemes has become one of the most pressing issues in debates about social protection policies around the globe. In many parts of the world, only a small minority of the population is protected against contingencies such as old age, sickness or disability. Enhancing the coverage and the effectiveness of social protection for all has been identified as one of the four strategic objectives of the ILO for the current biennium. Information on the coverage of social security benefits and their generosity is a critical element of the evaluation of the scope and quality of social protection. Yet, comparable data on the coverage and benefit levels of old age pensions are still extremely rare for middle and low income countries. The ILO therefore has embarked on a fresh effort to close this gap and to improve the knowledge base in this field of social security. The main aim of this paper is to present preliminary data for 19 Sub-Saharan African countries (2000-2006) and to discuss some methodological considerations that accompanied the process of data collection. While data availability remains an issue, the findings suggest that old age pension coverage has remained relatively low as large majorities outside of formal labour markets continue to struggle to meet the eligibility criteria for fully-contributory old age pension benefit payments. Only in the few countries with non-contributory, universal old age pensions, old age pension coverage reaches close to 100 per cent. Our analysis of protection ratios paints a slightly more positive picture with numbers of the affiliated and contributors to general pension schemes surpassing the number of current recipients. With only few exceptions, there are – nevertheless – hardly any signs of maturation of pension systems for the majority of the fully-contributory systems discussed in this paper.*

## Introduction

Information on coverage and benefit levels is a critical element of the evaluation of social security, particularly in view of the fact that majority of the world population is not adequately protected against common risks or hardship (ILO 2001). It was estimated that up to 90 per cent of the population in Sub-Saharan African and South Asian low income economies are not covered by statutory social security protection (ILO 2000, Van Ginneken 2003). While some categories of workers in the formal sector, namely civil servants and other public sector employees, tend to be relatively well protected, workers in the informal economy often lack any social protection at all. Enhancing the coverage and the effectiveness of social protection for all has been identified as one of the four strategic objectives of the ILO for the current biennium.

In contrast to information on the financing and expenditure of social protection, systematic and comparable data on coverage and benefit levels is very rare in the global context. A first attempt at systematic data collection at a global scale was undertaken for the last wave of the Inquiry into the Cost of Social Security (1994-1996), albeit it did not yield expected results. Few countries responded and the quality of data collected was sub-standard. The main challenge was that many respondents in the ministries and statistical offices visited did not have sufficient access to statistical information collected by social security schemes, or that suitable data was not collected at all. One of the main lessons drawn from this endeavour was that it is preferable to collect data on coverage and benefit levels directly with the social security scheme. In its Social Security Inquiry (henceforth: Inquiry), the ILO has commenced to do exactly that. Given the fact that some of the relevant information is rarely available at national level, basic information on social protection was collected on the scheme level.

This paper provides a first snapshot of the ILO's innovative approach. Although the Inquiry has collected statistics for a wider range of countries and social security programmes, it focuses on a comparative overview of old age pension systems across 19 Sub-Saharan African countries. We start with a brief overview of the structure and design of the Inquiry. Subsequently, a methodological discussion of different ways to measure old age pension coverage is presented.. The principle calculation procedure for several coverage indicators from scheme level data is illustrated in the example of Senegal. The paper also presents the comparative evidence for the 19 Sub-Saharan African countries in the sample[78]. We will discuss some general characteristics of different old age pension systems as this will enable us to put the widely diverging social security coverage ratios across the observed countries into context. The Inquiry presents the first major collection of coverage statistics by the individual social security programme (or: function) for Sub-Saharan Africa and thus necessarily moves into uncharted territory[79]. While we highlight some of the more specific methodological issues encountered during the data collection process, it needs to be stressed that the findings are preliminary and should be interpreted with caution. Indeed, we would welcome any feedback on the included statistics with a view to improving their quality and to filling the gaps.

The ILO Social Security Inquiry — The Inquiry has provided the framework for two major data collection initiatives. Funded by France, the ILO Security Inquiry for South-Eastern Europe has collected data on Albania, Bosnia-Herzegovina, Bulgaria, Croatia, FYR Macedonia, Moldova, Romania as well as Serbia and Montenegro[80]. A larger interregional project, funded by the Netherlands, has collected data from 20 countries in Africa, Asia, Europe and Latin America, the majority of which are eligible to International Development Association (IDA) resources[81]. Information provided by the SSA/ISSA Social Security throughout the World[82] database and several national sources has been used to supplement the information gathered by these two main data collection initiatives so far.

The Inquiry relies on a network of national consultants who coordinate the data collection in their countries. The branches of social security covered in the Inquiry encompass those classified in the ILO Convention No. 102 and ILO Recommendations Nos. 67 and 69. These are: old age, disability, survivors, sickness and health, unemployment, employment injury, family/children, maternity, housing, basic education83 and other income support and assistance not elsewhere classified.

[78]It should be mentioned that the choice of discussed countries was not based on a conceptual rationale; the sole criteria used was data availability.

[79]In providing coverage statistics by function, this report goes further than the ILO's earlier statistics (ILO 2000).

[80]The results from this Inquiry have been summarized in ILO 2005c.

[81]Together, these two data collection initiatives include data for the following countries: East Asia and Pacific: Cambodia, Malaysia, Mongolia, the Philippines, Thailand, Viet Nam; Europe and Central Asia: Albania, Armenia, Azerbaijan, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Kazakhstan, FYR Macedonia, Moldova, Romania, Serbia and Montenegro; Latin America and the Caribbean: Argentina, Brazil; Middle East and North Africa: Republic of Yemen; Sub-Saharan Africa: Burkina Faso, Ghana, Lesotho, Mozambique, Senegal, United Republic of Tanzania, Zambia; South East Asia: Bangladesh, Sri Lanka.

[82]http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/2006-2007/africa/index.html (accessed July 3rd 2008)

[83]Covers the social security functions of the education system (such as food for poor children, text books etc.).

**Figure 1: Structure of the Questionnaires**

| National Level | Scheme Level |
|---|---|
| Questionnaires for the Ministry of Labour and/ or Welfare<br>- Inventory of social security schemes<br>- Population, employment and wages<br>- Low income and poverty<br>- Information on social security provisions<br><br>Questionnaire for the Ministry of Finance<br>- GDP, public expenditure, inflation and exchange rates<br>- Social security financing<br>- Social security expenditure | Questionnaire Scheme 1<br>- Expenditure<br>- Financing<br>- Recipients<br>- Benefit levels<br><br>Questionnaire Scheme 2<br>- Expenditure<br>- Financing<br>- Recipients<br>- Benefit levels<br><br>Questionnaire Scheme n<br>- Expenditure<br>- Financing<br>- Recipients<br>- Benefit levels |

Additional questionnaires were sent to Ministries of Finance (henceforth: MF) and Ministries of Labour and/or Welfare (henceforth: ML). In addition to social spending and financing, the MF questionnaires also contain figures on macroeconomic variables such as GDP and the rate of inflation. For the few cases in which this macroeconomic information was not available, indicators were calculated by means of external – mostly United Nations – figures. The ML questionnaire identifies the social security schemes of the country and provides some information on legal entitlements to social security. It also includes basic background data on demography, employment, and wages, which were important for the calculation of coverage and benefit level indicators. Similar to the above, in those cases for which this basic background data was not included in the Inquiry, external sources were drawn upon[84].

Ideally, scheme questionnaires were completed for each social security scheme identified in the ML questionnaire. A scheme was defined, following the ESSPROS approach, as "[…] a distinct body of rules supported by one or more institutional units […] governing the provision of social security benefits and their financing" (Eurostat 1996: 19). Scheme questionnaires describe coverage, expenditures, revenues, and contributors for each scheme. They also collect information on each benefit of the scheme, including the total expenditure, its main objective, whether it is basic or supplementary, contributory or non-contributory, periodic or one-off, cash or in-kind, means tested or non-means tested, and other features. The scheme questionnaires also include details on the number of the recipients of each benefit levels, eligibility criteria, guaranteed minima, rules for means testing, and other information. Figure 1 summarizes the structure of the Inquiry.

[84]It should be mentioned that statistics provided by national and international bodies differed substantially in some cases. In this paper we relied on the national statistics in the majority of cases – international sources were only utilized if national statistics were not available. UN population projections were the primary external source for demographic information; data on the economically active population and wages were primarily taken from various ILO Labour Statistics data tables.

Measuring old age pension coverage - The measurement of social security coverage is not as straightforward as it may seem. Measures of social security coverage need to be broken down by function; a universal variable of coverage is not adequate. People may have access to health care, but not to old age pensions, or vice versa. They may have access to old age pensions but not to disability, maternity or unemployment benefits. Therefore, a differentiated approach to measuring coverage is necessary.

Coverage against specific social risks and contingencies can be understood in two ways: while the concept of 'potential coverage' relates to those groups of the population who are protected against a specific risk or contingency in case they would need it (protected persons), the concept of 'actual coverage' relates to those receiving benefits at a certain point in time (recipients)[85]. These two concepts are complementary to each other and should be assessed separately.

The absolute number of persons covered against a specific risk or contingency should be set in relation to the group of the population that is addressed by the benefit in question in the form of a coverage ratio. Thus, the number of pensioners can be related to the number of older persons as a reference group. However, this approach is also not easily translated into practice. Namely, the definition of reference groups can be problematic. To be more precise, there is a trade-off between an exact reflection of the individual country's circumstances and cross-national comparability when defining the reference group. For instance, the coverage of old age pensions could be evaluated in relation to the size of the population over a certain age limit (e.g. 65+), but interpretations should take into account that this definition may not correspond to national pension ages. This point is of particular relevance for this paper as will be shown subsequently. At the same time, national legal retirement ages are difficult to use as many countries operate several statutory retirement ages, depending on gender, sector, employment history, etc., that are difficult to relate to population data (which often comes in a five year age brackets).

Because of these considerations, we propose two sets of coverage ratios for recipients and protected persons. For recipients, these coverage ratios are defined as follows:

1. The first type of recipient ratio tries to come as close as possible to the group of those who are addressed by the social protection branch in question, for example: recipients of old age pensions as a proportion of the total number of pensioners. This indicator could be referred to as 'systemic recipient ratio'.

2. As mentioned before, the number of recipients can also be related to the population in the relevant age group. In most cases, this will be the working-age population (15-64) or older persons (65+). This indicator is called the 'demographic recipient ratio'[86]

For protected persons, the coverage indicators could be defined in a slightly different way:

1. The 'systemic protection ratio' is defined as the number of protected persons as a proportion of the population that should be protected by a certain scheme according to its legal or statutory basis.

[85]As far as possible, coverage statistics should distinguish between those who are entitled to a specific benefit in their own right and those who are entitled as dependants. This distinction is important to reflect the extent and nature of the entitlement to a certain benefit. The level of protection tends to be higher for benefits earned in one's own right. However, as data on dependants often are not available, the indicators discussed in this paper will focus on those entitled in their own right (recipients) only.

[86]For employment-related benefits, a second variant of recipient ratios sets the number of recipient in relation to the economically active population. This indicator is called the 'employment recipient ratio'. An alternative 'employment recipient ratio' could be calculated by relating the number of recipients to the actual number of the employed, yet given the dynamics of employment and the cyclical nature of unemployment, this indicator is not further followed.

This indicator may not be available for some schemes or may coincide with the second indicator.

2. For schemes that address work-related risks and contingencies, the 'employment protection ratio' indicates the proportion of protected persons in the economically active population.

3. The 'demographic protection ratio' relates the number of protected persons to the population in the relevant age group, which is mainly the working-age population (15-64)[87].

The distinction between persons protected in their own right and persons protected as dependants reflects the fact that social security does not only provide protection to individuals, but in most cases to entire families, given that benefits are usually shared between households. Thus, the actual number of beneficiaries is typically larger than the number of recipients. However, it should also be noted that benefits acquired in one's own right carry much stronger entitlements than those that are derived from this right and provided to dependants. Therefore, coverage indicators in the Inquiry solely concentrate on benefits acquired in a person's own right.

Which of these possible indicators are chosen for assessing social security coverage depends on the question that is addressed and on the availability of data. 'Systemic' old age pension recipient and protection ratios would be extremely useful. However, data availability issues make a calculation of such indicators not feasible[88]. Data reality for many of the Sub-Saharan African countries seems far removed from such an ideal situation. Accordingly, our discussions rely on 'demographic' recipient and protection ratios in this paper.

## 5. Table 1 The Calculation of Recipient Ratios for Old Age Pensions in Senegal 2004

| Scheme name | Means-tested | Number of old-age pensioners at the end of the year | | | | | |
|---|---|---|---|---|---|---|---|
| Scheme of the civil servants | | Total | | Male | | Female | |
| | | Total | 65+ | Total | 65+ | Total | 65+ |
| *Retirement pension* | No | 19,372 | 8,116 | 18,182 | 7,659 | 1,190 | 507 |
| General scheme of retirement | | | | | | | |
| *Pension of solidarity (without compensation of contribution)* | No | 188 | 188 | 165 | 165 | 23 | 23 |
| *Retirement pension* | No | 60,897 | 35,529 | 55,151 | 32,908 | 5,746 | 2,621 |
| Total non-means tested | | 80,457 | 43,833 | 73,498 | 40,732 | 6,959 | 3,151 |
| Demographic recipient ratio non-means tested | | 0.8% | 11.2% | 1.5% | 20.2% | 0.1% | 1.7% |
| 6 | | | | 1 | 1 | 1 | 1 |

*Source: ILO Social Security Inquiry, own calculations.*

[87]For schemes that address work-related risks and contingencies, the 'employment protection ratio' indicates the proportion of protected persons in the economically active population.
[88]In fact, this lacuna remains even for the otherwise well-explored old age pension systems in high income countries.

Table 1 illustrates the aggregation procedure for recipient ratios in the field of old age pensions for Senegal[89]. Only those benefits that were classified as 'basic' are included in the calculation of indicators. 'Supplementary benefits' (i.e. 'second-pillar' schemes) were excluded to avoid double-counting. Obviously, this handling of data can create problems as the relative importance of 'basic' and 'supplementary' benefits varies from country to country and 'supplementary' old age pensions reach a considerable number of persons in some countries. Importantly, inclusion of such benefits into the calculation of recipient ratios would have inflated the results considerably. This is not to say that 'supplementary' benefits should be disregarded altogether as they can give us important clues as to how specific social security systems function. Still, as a first step, a focus on 'basic' benefits was warranted.

Two variants of coverage indicators can be calculated because of the ambiguous role of means-tested old age pensions; one excluding and one including means-tested old age pensions. In Senegal, as in most other countries discussed in this paper, no means tested benefits existed in the field of old age pensions at the time of writing. Means-tested old age pensions have only played a major role in South Africa. Nevertheless, the calculation of separate indicators including and excluding 'means-tested' benefits is of major relevance, should one try to utilize the Inquiry's data for studies with a broader country focus.

The number of recipients in all schemes that provide retirement pensions or allowances are added together in order to obtain the total number of old age pensioners on the national level[90]. In a second step, the total number of old age pensioners is then set in relation to the size of the elderly population in each category. As already discussed in the previous section, the age limit of 65 years should ideally be chosen to ensure some degree of comparability across countries. However, we have also argued that it is theoretically possible to use the national statutory retirement age for the calculation of national recipient ratios. In Senegal the legal retirement age for men and women was 60 years in the public sector and 55 years in the private sector in 2004. As can be seen in Table 4, pensioners aged 65 and above only made up about half of the total number of recipients of non-means tested old-age pensions in this country. Many of the observed countries only provided figures for the 'total' number of old age pension recipients. The legal retirement age in some Sub-Saharan African countries can be as low as 55, but is mostly at the age of 60 (see Table 4). Similar to our example of Senegal, it is thus likely that the 'total' number of old age pension recipients is substantially higher than the recipients aged 65 and above. Simply using 'total' numbers of recipients against an 'artificial' denominator of '65+' leads to biased coverage ratios. More importantly, as countries use different legal retirement ages, this bias is likely to vary from country to country. Although not ideal, we thus decided to use legal retirement ages as given in USSA (2007) for our calculations in the subsequent comparative sections.

It should also be mentioned that although excluding 'supplementary' pension schemes has eliminated the main source of double counting, some double counting may still occur. For example, this is the case if recipients have moved between different pension schemes during the course of their working lives and receive pensions from several pension schemes when retired. In order to eliminate these sources of double counting, it would be necessary to conduct additional analyses on the national level or to use

[89]Please note that the actual figures used in our comparative sections vary slightly from the figures given in Table 1. Data for special schemes for civil servants and army personnel were only available for very few countries at the time of writing. Thus, we had to concentrate on general schemes of retirement only in our comparative discussion of old age pension coverage. Still, for the illustration of the principle calculation procedures, it makes sense to add the data for the Scheme of the Civil Servants at this stage.

[90]The number of recipients is collected at a point in time. In accordance with statistical practice in many countries, it is proposed to use the last day of the year (31 December) for this purpose. Where this was not possible, other dates were used, being aware that seasonal effects may have some impact on the measured results.

micro-data in order to complement the data collected at the scheme level. Nevertheless, the approach chosen in the Inquiry gives the best estimates currently available for cross-country comparisons.

Principally, the Inquiry allows for the calculation of recipient ratios by sex and age group – i.e. it should be possible to account for gender or age inequalities in old age coverage. For instance, as is shown in Table 1, there was a significant gap between male and female coverage ratios in Senegal in the year 2004. While just over 20 per cent of all males aged 65 and above were covered in Senegal in 2004, only 1.7 per cent of all females in this age group received an old-age pension. Unfortunately, the calculation of such gender specific indicators remained only a 'principal' opportunity at the time of writing. Once more, missing data made it impossible to compute such indicators for the majority of observed countries in this paper.

A similar approach as for recipient ratios can be followed for calculating protection ratios. The number of persons protected can be derived from the number of persons who are affiliated to a scheme. This includes contributors as well as persons who do not currently contribute (e.g. because they are temporarily not employed for any reason) but are still covered by a scheme. Although, affiliation alone is no guarantee to be protected if needed, as social security schemes have complex rules to determine eligibility, this indicator comes as close as possible to reflecting the coverage by social security. An alternative, more restrictive, indicator is based on the number of contributors only. Given that in many countries either one or the other was available, the choice of indicators presented in this paper is, again, mainly driven by data availability. Countries may show marked differences in the number of affiliates and active contributors. In Senegal, for instance, 355,000 persons were affiliated in the 'General Scheme of Retirement' in 2004, while only 264,476 of these actually contributed to this scheme (see Table 2).
Demographic and employment protection ratios can be computed by dividing the total number of contributors by the total population in working age or the total economically active population (in working age). For Senegal we thus calculated a demographic protection ratio of 4.5 per cent and an employment protection ratio of 5.4 per cent across all schemes providing non-means tested old age pensions[91].

[91]The same reasoning as in Table 3 applies; see Footnote 11.

**Table 2. The Calculation of Protection Ratios for Old-age Pensions (based on the number of contributors), Senegal 2004**

| Scheme name | Means-tested | Main functions | Number of contributors at the end of the year (persons) | | |
|---|---|---|---|---|---|
| | | | Total (15-64) | Male (15-64) | Female (15-64) |
| General scheme of retirement | No | OA, SU | 179,833 | 151,963 | 27,870 |
| Scheme of the civil servants | No | OA,SU, DIS, EI | 56,425 | 48,619 | 7,806 |
| Total number of contributors (non-means tested) | | | 236,258 | 200,582 | 35,676 |
| Demographic protection ratio (DPR) | | | 4.5% | 8.3% | 1.2% |
| Employment protection ratio (EPR) | | | 5.4% | 8.1% | 1.9% |
| Employee protection ratio (EPR2) | | | 55.7% | 77.9% | 21.4% |
| 20. | 15.<br>21. | 16.<br>22. | 17.<br>23. | 18.<br>24. | 19.<br>25. |

*Source: ILO Social Security Inquiry, own calculations.*

## Table 3. Basic characteristics of old age pension schemes in Sub-Saharan Africa.

| | Scheme Name | Contingencies Covered | Contributions | Employee/ Employer/ Government Contributions | Retirement Age | Qualifying Conditions |
|---|---|---|---|---|---|---|
| Burkina Faso | Social Security Scheme for Employed Persons | OA/DIS/SUR/FAM/ MAT | Fully Contributory | 5.5%/5.5%/None | 56 to 63 | 180 months insurance affiliation |
| Burundi | Pension Insurance Scheme | OA/DIS/SUR | Fully Contributory | 2.6%/3.9%/None | 60 | 180 months insurance affiliation |
| Cameroon | Caisse nationale de prévoyance sociale (CNPS) | OA/DIS/SUR | Fully Contributory | 2.8%/4.2%/None | 60 | 240 months affiliated; |
| Chad | National Social Security Fund | OA/DIS/SUR | Fully Contributory | 2%/4%/None | 60 | 180 months contributions |
| Congo | Civil Servants' Pension Fund | OA/DIS/SUR | … | 4%/8%/None | 55 | 240 months coverage; 60 months contributions in last 10 years before retirement |
| Ghana | Social Security Pension Scheme | OA/DIS/SUR | Fully Contributory | 5%/12.5%/None | 60 (55-59 for employees in hazardous environment) | 240 months contributions |
| Guinea | National Social Security Fund | OA/DIS/SUR | Fully Contributory | 2.5%/4%/None | 55 | 180 months contributions |
| Lesotho | Old Age Pensions | OA | Non Contributory; Non Means Tested | Government | 65 | Unconditional |
| Mauritius | National Pension Scheme | OA/DIS/SUR/FAM | Non Contributory, Non Means Tested | Government | 60 | Residence for 12 years (not for those aged 70+) |
| | | OA/DIS/SUR | Fully Contributory | 3%/6-10.5%/ None | 60 | No minimum qualifying period; contributions required in the year before making the claim |
| Namibia | Old Age Grants | OA | Non Contributory; Non Means Tested | Government | 60 | Unconditional |
| Niger | National Social Security Fund | OA/DIS/SUR | Fully Contributory | 1.6%/2.4%/None | 60 (58 for public sector workers) | 240 months registered; 60 months coverage in last 10 years |
| Senegal | General Scheme of Retirement | OA/DIS/SUR/ SH/SA | Fully Contributory | 5.6%/8.4%/None | 55 (60 for managers) | Point system – minimum 400 points necessary |
| Sierra Leone | National Social Security and Insurance | OA/DIS/SUR | Fully Contributory | 5%/10%/None | 60 | 180 months of contributions |
| South Africa | Social Pension | OA | Non Contributory; Means Tested | Government | 65 (men); 60 (women) | Residency in South Africa at the time of application |
| Sudan | National Pensions Fund | OA/DIS/SUR/SA | Fully Contributory | 8%/17%/None | 60 | 240 months of contributions |
| Togo | National Social Security Fund | OA/DIS/SUR | Fully Contributory | 4%/8%/None | 55 (or 360 months of cov.) | 120 months contributions |
| Uganda | National Security Fund | OA/DIS/SUR | Partially Contributory | 5%/10%/None | 55 | Age 55 |
| Zambia | National Pension Scheme Authority | OA/DIS/SUR | Fully Contributory | 5%/5%/None | 55 | 180 months contributions |
| Zimbabwe | National Social Security Authority Pension Schemes | OA/DIS/SUR | Fully Contributory | 3%/3%/None | 60 | 120 months contributions |

*Source: ILO Social Security Inquiry, USSA 2007.*

### Table 4. Benefit levels in the field of old age pensions

| | Old age pension | | Old age settlement/grant: |
|---|---|---|---|
| | Max | Min | Lump Sum: |
| Burkina Faso | 80% of average covered earnings | 60% of legal minimum wage | 20% average monthly earnings for each 60 month period of coverage |
| Burundi | 80% of average monthly earnings | 60% of legal minimum wage | Average monthly earnings (last 3 or 5 years) times the number of contributed years |
| Cameroon | 80% of average monthly earnings | 50% of legal minimum wage | Average monthly earnings times the number of contributed years |
| Chad | 80% of average covered earnings | 60% of highest regional minimum wage | One month's average wage for each year of contribution |
| Congo | 80% of average covered earnings | 60% of highest regional minimum wage | Average monthly earnings (best 3 or 5 years) in last 10 years for each year of coverage |
| Ghana | 80% of average covered earnings | 150,000 Cedi | Total contributions plus interest |
| Guinea | 400,000 Francs | 75,000 Francs | Average monthly earnings (best 3 or 5 years) in last 10 years for each year of coverage |
| Lesotho | M150 (2007) | | n.a. |
| Mauritius | Universal pension: M1,490Rs | M2,365Rs (60-89) + | n.a. |
| Namibia | 14% of rural incomes; | 7% of urban incomes | n.a. |
| Niger | 80% of average covered earnings | 60% of highest regional minimum wage | Average monthly earnings (best 3 or 5 years) in last 10 years for each year of coverage |
| Senegal | 1.33% of covered earnings times the number of years of insurance coverage | | n.a. |
| Sierra Leone | 80% of average covered earnings | 50% of national minimum wage | 1.5 month's average wage for each year of contribution |
| South Africa | 870 Rand | | n.a. |
| Sudan | 80% of average covered earnings | 40% of average covered earnings | 100% of contributions |
| Togo | 100 X legal minimum wage | 80% legal minimum wage | One month's average wage for each year of contribution |
| Uganda | Lump sum payment of total contributions plus interest | | n.a. |
| Zambia | 40% average adjusted monthly earnings | 20% of national monthly earnings | 100% of adjusted contributions plus interest |
| Zimbabwe | 1.33% of monthly average earnings X number of contributed years up to 30 years; plus 2.25% of monthly average earnings X number of contributed years exceeding 30 years | M12,900 Z$ | 1/12 of the insured's annual covered earnings immediately before retirement X years of contributions up to a maximum of 10 years |

*Source: USSA 2007; ILO Social Security Inquiry*

## Characteristics of old age pensions in Sub-Saharan Africa:

Before we start looking at comparative recipient and protection ratios calculated on the basis of the Inquiry data, it is worthwhile to have a brief look at more general characteristics of old age pensions in Sub-Saharan Africa. This enables us to put social coverage data into perspective of more structural dissimilarities across the main old age pension programmes in our country sample (see Table 3 and Table 4). The following summary of qualifying periods, contribution rates and benefits levels of old age pensions is nothing new. Barbone and Sanchez (1999a and 1999b) used a very similar approach in their discussion of old age pension systems in Sub-Saharan Africa while focussing on the situation in the late 1990s and the characteristics of old age pension schemes have hardly changed since, apart from very few exceptions.

Unlike the majority of Sub-Saharan African countries which provide fully contributory, defined old age benefits, Lesotho introduced non-contributory; non-means tested old age pensions in 2005[92]. Similarly, Mauritius has a longer history of universal old age pensions and has had some success in expanding the importance of the fully contributory scheme running alongside those non-contributory old age pensions (see below). 'Old age grants' in Namibia are universal, too, while 'social pensions' in South Africa are part of social assistance and means-tested.

Contribution rates are still high across the 'social insurance'-type programmes in Sub-Saharan Africa. While governments do not generally contribute to the financing of old age pensions (apart from their role as employer of staff in public institutions, if separate schemes do not exist), the combined contribution rates of employees and employers can reach between 12 and 17.5 per cent of monthly salaries. This is comparatively high even compared to the majority of high income countries. Contributions for the 'National Security Fund' in Sudan even reached a total of 25 per cent[93]. At the same time, there are several countries in which combined contribution rates did not exceed 7 per cent. Niger had the lowest combined contribution rate with only 4 per cent of salaries. In all four of the non-contributory schemes in Lesotho, Mauritius, Namibia and South Africa, Government has covered all costs for the universal old age pensions. Interestingly, total expenditure for these pensions did not exceed 2 per cent of the GDP in any of these countries[94].

The legal retirement age generally ranges between 55 and 60 years of age. The majority of countries allows for earlier retirement for employees in hazardous environments or for the prematurely aged. Retirement from work is a necessary condition for the collection of old age pensions in all countries under investigation. Qualifying conditions to become eligible for full pension payments can be quite high and reach up to 20 years of active contributions in some countries. Yet again, universal pensions differ from this pattern as they are either unconditional (see Lesotho and Namibia) or solely subject to prior residency (see Mauritius and South Africa).

Old age pension replacement rates vary in line with contribution rates. Nine of the 19 observed countries have a legal maximum pension level of 80 per cent. The majority of recipients are likely to receive much lower pensions, around 50 per cent of recent average earnings[95]. According to National Statistics, 'Old age grants' in Namibia amount to 14 per cent of rural and 7 % of urban incomes. Monthly payments of 200 Namibian Dollars equal around 25 US Dollars – however, without the consideration of Power Purchasing Parities (PPPs) this figure is hardly meaningful. Universal old age pensions in Lesotho

[92]Besides the main social insurance programmes offering old age benefits, special systems for public employees and army personnel exist in many countries (as we have seen in the example of Senegal above). We have mentioned previously, that we have to be content with a focus on general old age pension schemes, since missing data in the Inquiry did not allow for a systematic inclusion at the time of writing.

[93]Combined contribution rates for old age pensions in Germany, Sweden and the United States amounted to 19.5, 17.21 and 12.4 per cent respectively in 2007.

[94]Lesotho 1.3% (2005); Mauritius 1.8% (2004); Namibia : just under 2% (2001); South Africa: 1.4 % (2002)

[95]We assume a relatively generous 30 years of coverage. Palcios and Pallares (2000) provide very similar, if slightly lower, average replacement rates.

reached 150 Lesotho Maloti, around 19 US Dollars per month (again, PPPs are not taken into account). Monthly benefit payments in Mauritius amounted to 2,365 Mauritius Rupees (approx. 90 US Dollars) and 870 Rand (approx. 115 US Dollars) in South Africa.

Comparisons of these figures to the replacement ratios of the defined benefit systems are quite difficult with the available information. As minimum pensions in some of the countries with social insurance are based on legal minimum wages, we can get at least a tentative idea by converting them into US Dollars (the same problem caused by failure to account for PPPs remains however). Thus, it seems that replacement rates of the universal pensions in Lesotho and Namibia are below the minimum pension rates in the majority of countries with defined benefit schemes, which is by no means surprising. Both South Africa and Mauritius seem to be doing much better in this regard, but until more convincing benefit level statistics which take account for different PPPs are available, these findings have to be treated with scrutiny.

Old age pension recipient ratios in Sub-Saharan Africa. Calculations of old age pension recipient ratios have sometimes resulted in figures of way over 100 per cent (ILO 2005c). As both the legal and – more importantly – the actual retirement are often well below the age of 65, the use of this cut-off point can inflate recipient ratios. Generally, the demographic definition of 'pensioners' as the population aged 65 has some undisputed advantages in comparative research. The situation for the Sub-Saharan African countries is somewhat different. Legal retirement ages actually reached as high as 65 in none of the observed countries. As has been mentioned previously, we used the actual legal retirement age for our calculations of recipient and protection ratios instead. The figures reported in Table 5 below refer to both the number of total old age pension recipients as percentage of the total population aged 55+, 60+, or 65+ depending on national legislation (as given in Table 3). Again, we might loose some cross-country comparability by using these differing demographic denominators, but we gain in reliability of figures for each individual country.

Table 5 shows that there is a huge gap across the observed countries in terms of old age pension recipient ratios. Not surprisingly, universal, non-contributory old age pensions in Mauritius, Namibia and South Africa reach a much higher proportion of the elderly population compared to the fully contributory systems in all the other observed countries. Old age recipient ratios in all three countries surpass the 90 per cent threshold. This compares to recipient ratios of fully-contributory pensions across Sub-Saharan countries of typically below 5 per cent. In fact, the Contributory Retirement Pensions scheme in Mauritius is the only social insurance programme which reaches a considerable percentage of the elderly population. Fully-contributory pensions are typically more generous than social pensions, which are mainly supposed to provide a safety net for the needy. It seems that eligibility criterion are still too stringent to be viable for the masses in and out of the formal labour markets. Indeed, in this sense, the general situation has not changed much compared to the late 1990s when Barbone and Sanchez (1999a and 1999b) wrote their respective summary reports. Intriguingly, there are several countries within our sample for which old age recipient ratios remain below 1 per cent. While some of these show mild increases of ratios throughout the early 2000s this is by no means the case for all countries.

We argued above that a look at the protected population in case they were affected by a specific risk or contingency by means of protection ratios provides a different perspective on the state of social protection. For old age pensions, the numbers of affiliates and contributors is important because it allows us to come to a tentative assessment of whether pension systems are 'maturing' – i.e. whether they are likely to achieve greater coverage levels in the future. As we have also pointed out previously, there are different possible ways to calculate such protection ratios. In the following sections, we will discuss 'employment protection ratios' based on the number of affiliates and contributors solely. As we have seen in our summary of eligibility criteria, the majority of countries require inured persons to actively contribute for a certain amount of time to receive pension payments – mere affiliation to old age pension scheme is only sufficient in very few cases to earn such rights – rather, individuals that fail to meet the legal thresholds fall back to receiving much less generous 'pension settlements/grants'. It is not difficult to see that – for this reason – protection ratios based on the number of contributors seem to be a much more sensible indicator. Unfortunately, only few of the observed Sub-Saharan countries made such data available to the Inquiry. In some cases, we were therefore forced to make do with the number of affiliates as the basis of our discussion.

## Table 5 Recipient Ratios in the Field of Old Age Pensions, 2000-2006

| | Scheme Name | Old age pensioners as proportion of the total elderly population | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Burkina Faso | Social Security Scheme for Employed Persons | … | … | … | 1.51 | 1.61 | 1.57 | … |
| Burundi | Pension Insurance Scheme | … | … | … | 6.56 | 6.58 | 7.23 | … |
| Cameroon | Caisse nationale de prévoyance sociale (CNPS) | … | … | 4.63 | … | … | … | … |
| Chad | National Social Security Fund | … | 0.67 | 0.57 | 0.76 | 0.78 | 0.95 | … |
| Congo | Civil Servants' Pension Fund | … | 4.60 | … | … | … | 5.18 | … |
| Ghana | Social Security Pension Scheme | … | … | … | 4.59 | 4.76 | … | … |
| Guinea | National Social Security Fund | … | 1.21 | 1.20 | 1.32 | 1.44 | 1.46 | … |
| Lesotho | Old Age Pensions | … | … | … | … | 7.38 | 64.88 | 70.48 |
| Mauritius | National Pension Scheme, Non-Contributory Pensions | … | 93.54 | 92.62 | 91.48 | 91.39 | 89.74 | 90.15 |
| Mauritius | National Pension Scheme, Fully Contributory Pensions | … | 27.09 | 27.40 | 27.35 | 27.62 | 28.45 | 28.41 |
| Namibia | Old Age Grants | 80.5 | 92.6 | … | … | … | … | … |
| Niger | National Social Security Fund | … | 1.87 | 0.92 | … | … | … | … |
| Senegal | General Scheme of Retirement | … | … | … | … | 5.76 | … | … |
| Sierra Leone | National Social Security and Insurance | … | … | … | 0.09 | 0.11 | 0.20 | … |
| South Africa | Social Pension | … | … | 92.38 | 93.88 | … | … | … |
| Sudan | National Pensions Fund | … | … | … | 4.56 | … | … | … |
| Togo | National Social Security Fund | … | 2.82 | 2.91 | 2.98 | … | … | … |
| Uganda | National Security Fund | … | … | … | 0.40 | 0.39 | 0.35 | … |
| Zambia | National Pension Scheme Authority | … | 0.04 | 0.13 | 0.22 | 0.30 | … | … |
| Zimbabwe | National Social Security Authority Pension Schemes | … | … | … | … | 3.42 | 3.58 | … |

*Notes: Recipient ratios as percentage of elderly (55+, 60+ or 65+) population; *including means-tested benefits.*
*Source: ILO Social Security Inquiry*

## Table 6 Protection Ratios in the Field of Old Age Pensions, 2000-2006

| | | Old age demographic protection ratio (affiliates) | | | | | | | Old age demographic protection ratio (contributors) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Burkina Faso | Social Security Scheme for Employed Persons | … | … | … | … | 2.3 | 2.5 | 2.7 | … | … | … | … | … | … | … |
| Burundi | Pension Insurance Scheme | … | … | … | … | … | … | … | … | … | … | … | … | … | … |
| Cameroon | Caisse nationale de prévoyance sociale (CNPS) | … | … | … | … | … | … | … | … | … | … | … | … | … | … |
| Chad | National Social Security Fund | … | … | … | … | … | … | … | … | … | … | … | … | … | … |
| Congo | Civil Servants' Pension Fund | … | … | … | … | … | … | … | … | … | … | … | … | … | … |
| Ghana | Social Security Pension Scheme | … | … | … | … | 17.6 | 18.3 | … | … | … | … | 8.6 | 9.2 | … | … |
| Guinea | National Social Security Fund | … | … | … | … | … | … | … | … | … | … | … | … | … | … |
| Lesotho | Old Age Pensions | … | … | … | … | … | … | … | … | … | … | … | … | … | … |
| Mauritius | National Pension Scheme, Non-Contributory Pensions | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Mauritius | National Pension Scheme, Fully Contributory Pensions | … | … | … | … | … | … | … | 34.3 | 34.7 | 34.1 | 34.8 | 35.3 | 35.1 | 33.0 |
| Namibia | Old Age Grants | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Niger | National Social Security Fund | … | … | … | … | … | … | … | … | … | … | … | … | … | … |
| Senegal | General Scheme of Retirement | … | … | … | … | … | … | … | … | … | … | 3.31 | 3.40 | … | … |
| Sierra Leone | National Social Security and Insurance | … | … | … | … | … | … | … | … | … | … | … | … | … | … |
| South Africa | Social Pension | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Sudan | National Pensions Fund | … | … | … | … | … | … | … | … | … | … | … | … | … | … |
| Togo | National Social Security Fund | … | … | … | … | … | … | … | … | … | … | … | … | … | … |
| Uganda | National Security Fund | … | … | … | … | … | … | … | … | … | … | … | … | … | … |
| Zambia | National Pension Scheme Authority | … | … | … | … | … | … | … | … | … | … | 7.6 | 9.0 | … | … |
| Zimbabwe | National Social Security Authority Pension Schemes | 24.0 | 26.0 | 35.4 | 38.0 | 26.1 | 27.4 | 27.5 | 9.9 | 10.5 | 16.1 | 17.0 | 18.8 | 19.5 | 18.1 |

*Notes: No. of working-age affiliates (contributors) in (to) old age pensions scheme (15-64).*
*Source: ILO Social Security Inquiry*

Table 6 summarizes the available statistics for the 20 countries in our sample. Since universal pensions in Namibia, Mauritius and South Africa are – by definition – independent from prior affiliation or contributions, statistical information is not applicable in these cases. Numerous gaps remained in the data at the time of writing. For those few countries that actually provided this information, we can see substantial differences across the old age pension schemes yet again. A relatively stable 35 per cent of the population in working age contributed to the 'National Pension Scheme' (i.e. the fully contributory old age pensions) in Mauritius throughout the early 2000s. This compares to a protection ratio of just below 20 per cent in Zimbabwe (2006). Interestingly, the number of working age contributors nearly doubled in relation to the total working population in this country between 2000 and 2006. Ghana and Zambia had protection ratios of between 7 and 10 per cent, while Senegal is lagging behind with a protection rate of a mere 3 per cent. Statistics for the number of affiliates were only available for 3 countries, namely - Burkina Faso, Ghana and Zimbabwe. Unsurprisingly, the number of affiliates surpasses the number of active contributors in the two latter countries. While the protection ratios based on these figures peaked in 2003 at 38 per cent in Zimbabwe, it has since decreased and stabilised at approximately 26/27 per cent. Protection ratios in Ghana are below 20 per cent and at about 2.5 per cent in Burkina Faso.

## Discussion

Limited coverage of social security has been increasingly discussed as a major issue in many middle and low income countries. The Inquiry constitutes the first internationally comparable and consistent database, which includes information on coverage of national social protection systems. It is meant to support and underpin policy analyses and formulation on the international and national level. It is also supposed to provide a knowledge base for technical advisory activities for national social protection schemes by the competent ILO units as well as for other interested parties.

The Inquiry has entered uncharted territory with its attempt to collect such data. In the early sections of this paper, we have illustrated methodological considerations of old age pension coverage indicators in particular. In practice, incomplete and patchy data posed an important obstacle for our attempt to calculate meaningful indicators for the included Sub-Saharan African countries. We were only able to discuss the major social insurance schemes, thus ignoring separate programmes for civil servants and army personnel. We also did not include a discussion of statistics broken down by sex. In principle, the Inquiry allows for the calculation of gender specific recipient and protection ratios indicators – an important tool to identify possible gender gaps in social security coverage. Unfortunately, the majority of Sub-Saharan African countries did not – at the time of writing – report statistics to this detail. Incomplete data in some of the external data sets, such as, statistics of average monthly wages aggravated attempts to calculate indicators further. At times, official national statistics (as provided in the ML questionnaires) deviated substantially from the international UN, World Bank and IMF sources used.

We still think that important lessons can be learned at this relatively preliminary stage of discussion. The fact that all Sub-Saharan countries can be characterised by comparably large urban and rural informal labour markets, an increasing demographic dependency and high levels of economic activity among the elderly is well-established in the literature. The level of recipient and protection ratios of old age pensions is – with the exception of the non-contributory schemes in Mauritius, Namibia and South Africa - comparably meagre in light of the 'demand' for old age pensions these conditions create. Not only was old age pension coverage close to zero in some of the observed countries, it is hard to see any major improvement or maturation.

Writing in 1999, Barbone and Sanchez (1999b: 1) argued that, “formal social security institutions have not been successful in fulfilling their main mission, broad-based coverage of the population” in Sub-Saharan Africa. Although preliminary, the evidence suggests that – almost 10 years later – this conclusion is still valid. While Lesotho has embarked on a paradigm changing shift by introducing universal old age pensions in 2005, the majority of observed countries still offer fully-contributory, social-insurance type of old age pensions. In the majority of countries, the requirements are still too high to be attractive and affordable for the masses in and out of the formal labour market.

Finally, while recent contributions to the literature have implied that all Sub-Saharan African countries fall into one single ‘in/security regime’ (Bevan 2004), this paper emphasises some important structural differences across the observed countries. In particular, we show that there is a real difference when old age pensions are fully- or non-contributory, financed by employee/employer contributions or government budgets. These structural differences have a major impact on ‘old age pension’ coverage. We do not intend to jeopardize Bevan’s (2004) findings, which have a lot to offer from ‘a bird’s eye perspective’. Nevertheless, we would like to stress the necessity of further attempts to take the national characteristics of social protection schemes in Sub-Saharan African countries more seriously. If we want to help our understanding of the characteristics, dynamics and politics of old age pensions in Sub-Saharan African countries a more detailed and ‘grounded’ approach will be necessary. Hopefully, an updated and improved Inquiry will continue to be a useful tool to help such an endeavour.

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# part 3:

# SOCIAL PROTECTION, VULNERABILITY AND RIGHTS

# PART 3: Social Protection, Vulnerability and Rights

## 3.1 The Impact of the AIDS Epidemic on Families and Households of the Elderly in rural Uganda: What are the implications for social protection?

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### Abstract

*The impact of HIV and AIDS on old people is often portrayed as bound up in the care of children fostered in their households when parents die. The impact on old people's care and general well-being as they age is less often explored. This study aims to elucidate factors which affect old people's ability to cope with the impact of HIV and AIDS while examining options for improving social protection for old people living in poverty.*

*Since 1989/1990, the MRC/UVRI Research Unit on AIDS has collected demographic data from a population cohort of 20,000 people in South-West Uganda. Data on socio-economic status, based on an asset-index is collected every four years. Households are classified into three groupings: the poor, the less-poor and `the rich'. Among the 523 households included persons aged 70 and above in 2006, while 15% of these consisted of an old person living alone.*

*Longitudinal data from ethnographic studies in 1991/1992 and 2006/2007 with 27 households drawn from the cohort, representing different household types and socio-economic rank, provided information on eight old people (seven women and one man) who are now over 70 years. Two (a man and a woman) were living alone. Seven of the eight had lost children and grandchildren to HIV/AIDS, the majority of whom had provided support for the elderly person in question. Five of the elderly had orphan grandchildren living with them who were under 18 years of age. The nursing care of four, who were infirm, had been adversely affected by the premature deaths of their children. Four of them experienced loss of income because of HIV/AIDS-related expenditures. Higher socioeconomic status,*

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*large family size and reciprocal relationships with kin and neighbours were particularly important in shielding the elderly from the negative effects of HIV/AIDS-related deaths among their children. Elders without these factors fared particularly badly.*

*What can be done to provide support for older people in this setting? While targeted interventions for those most in need are required, it is evident from our findings that extended family cohesion remains strong and generally provides adequate protection for most elderly people, including those living alone. We suggest that the best way to extend the reach of social protection may be by improving general public services that are not specifically targeted at older people so that families are able to continue to provide help and support in the absence of social pensions. However, in addition to improving services, it is important that respect for age and experience is sustained so that old people do not feel discarded by family and society. That is as important as meeting their practical social protection needs.*

**Keywords:** HIV and AIDS, old people, Uganda, social protection, household composition.

### Introduction

The impact of HIV and AIDS on old people is often portrayed as bound up in the care of children fostered in their households when parents die. However, the impact is more complex than that, affecting old people's own care and general well-being as they age (Seeley et al. 2008). Dayton and Ainsworth (2004) and Williams and Tumwekwase (2001) highlight three areas where the impact of the AIDS epidemic affects old people's lives and their choices residential areas. These are:

1) As parents attempting to protect their children from infection and, if unsuccessful, as those who look after the sick and bury those who die.

2) As grandparents fostering orphans or children of single parents who have to work away from the village in order to earn a living.

3) As dependent old people who are deprived of any support in their old age that their deceased adult children might have provided.

Residential choices for HIV/AIDS orphans in the context of child fostering still widely practiced across sub Saharan Africa (Serra 2008) may mitigate or exacerbate the influence the epidemic has had on the elderly.

In this paper we combine the ethnographic analysis of eight households with people aged 70 and above with quantitative analysis of population census data of a rural population of 20,000 in South-West Uganda. We examine the impact of the AIDS epidemic on residential patterns and the socioeconomic status of old people and set out emerging lessons for social protection.

## Background

Zimmer and Dayton (2005) in their review of Demographic and Health Surveys of 24 Sub-Saharan countries, looking at the household composition of households containing people over 60 years found that 59 per cent lived with a child and 46 per cent with a grand-child. Only five per cent of the aged lived alone (2005: 297). They remark on the importance for care and support of old people living with an adult child 'in sub-Saharan Africa'; a generalisation that does not, however, appear to be true for the Baganda - the largest ethnic group in the study area upon which the data in this paper is based. In Buganda, children belong to their father's clan (Roscoe 1965: 128). However, this does not mean that a father lives with his children after they have grown. As Nahemow (1979:172) has observed, "While they have a patrilineal kinship system, [the Baganda] are nuclear in their households and generations are often residentially segregated by considerable distances. This was the traditional pattern and is still true today." The explanation she gives for this pattern is the existence of plentiful fertile land over which settlements could spread. In addition, high rates of marital instability (Nabaitu et al. 1994), residential mobility for work/access to land and incidence of widows living with grown-up sons (Fallers 1960) all contribute to considerable variability in the living arrangements and patterns of residential proximity among the Baganda' (Nahemow 1979: 173). The advent of the AIDS epidemic 25 years ago may, therefore, have increased variability rather than fundamentally altered co-residence patterns among kinship groups.

## Research Setting

The research is based in a rural sub-county in Masaka District, Uganda. The people living in the area are largely subsistence farmers who produce small amounts of cash crops such as bananas, beans and coffee. The majority of the population are ethnically Baganda (75 per cent), but there is a large representation of immigrants from Rwanda (15 per cent). Four per cent of the population are immigrants from Tanzania. The community is predominantly Roman Catholic (58 per cent), with substantial minorities of Muslims (28 per cent) and Protestants (12%). Just over 50 per cent of the population is under 15, and the ratio of females to males for the total population is roughly equal. The majority of households occupy less than five acres of land but few are landless. Most ownership involves customary land tenure agreements (kibanja) made up of a small number of large land owners.

In 1990/1991, research in the MRC/UVRI cohort found HIV prevalence in the adult population (age 13+) of the original 15 villages to be 8.5 per cent in the annual survey, 7.0 per cent in 1998/1999 and 7.7 per cent in 2004/2005. In the 10 additional villages, which include the administrative and trading centre of the sub-county, prevalence rose steadily from 4.4 per cent in the 1999/2000 survey round to about 8.6 per cent in the 2004/2005 survey round (Shafer et al. 2008). Williams (2003:164) reports that overall incidence rates of HIV among males and females over 60 years in the MRC/UVRI cohort from 1990-1997 was three per 1000 person years.

## Methods

The MRC/UVRI has studied the progress of HIV and AIDS in a cohort of about 10,000 individuals living in 15 villages since 1989 and an additional 10,000, living in 10 neighbouring villages since 2000. Cohort participants are entitled to free medical care in the MRC/UVRI clinic. Annual demographic, medical and serological surveys have been carried out with the cohort since 1989. Information on socio-economic status, based on house condition and an asset index is collected every four years. Households are divided into two broad categories `poor' and `good' on the basis of the score attained[99]. Members of the cohort also take part in other small studies from time to time, including the ethnographic

[99]We used four indicators of household wealth. Information is collected on house ownership, roof-materials (iron sheets or tiles are considered 'Good', other roofing materials consider 'Poor'), the state of the roof (using a five point scale ranging from 'Very Bad' to 'Very Good'), and the number of occupants per house. Data are also collected on ownership of four household items: breakable cups or plates, a radio or radio cassette, a bicycle, and a motorised vehicle. The socio-economic status index is derived from adding these items to give a score out of four.

study on the impact of HIV and AIDS on daily life carried out with 27 households from three of the cohort villages in 1991/1992 and repeated with 24 of those households 15 years later (2006/2007) from which the qualitative data in this paper is drawn.

Households including people 70 years of age and above were selected from the cohort data for 1989/1990 and 2006/2007 (the two time periods that correspond when households were selected for the two phases of the ethnographic study). We then assessed household size and gender of household head against the two broad categories of socio-economic status (poor and good). We also looked at how many elderly people who were also household heads were living with someone living with HIV/AIDS.

The original 27 households in the ethnographic study were chosen in 1990 to represent a cross-section of different household types (by sex and age of household head, as well as socio-economic status). The socio-economic rankings of the 27 selected households were cross-checked through visits to the households before the main fieldwork began.

A team of local people trained in ethnographic research, paid monthly visits to the study households assigned to them for the year to record changes in different aspects of the household, such as composition, employment, health, food consumption and social networks. In 2006/2007 the study was repeated by collecting the same detailed information on day-to-day life, and also changes in socio-economic status and household members' memories of what has happened in the past 15 years. Members of 24 of the 27 original households participated in the study. Life histories of all adult members were collected. The analysis of the data was done manually using thematic content analysis.

Overall approval for the study was given by the Ugandan National Council of Science and Technology. Ethical approval was given by the review boards of the Uganda Virus Research Institute and the University of East Anglia.

## Findings

In 1989/1990 2.7 percent (291,134 men and 157 women) of the total population of 10,372 people was 70 years and above. In 2006/2007, there was 6 per cent (1203 people, 573 men and 630 women) from a population of 19,999 people[100]. We found that 154 men and 120 women who were household heads were aged over 70 in the cohort in 1989/1990. In 2006, the totals were 277 men and 244 women. In 1989/1990, 41Of these household heads, (24 men and 17 women) belonged to households with at least one member living with HIV/AIDS. The equivalent figure in 2006/2007 was 79 (51 men and 28 female).

Out of the 154 male headed households, in 1989/1990, 10 per cent (15) were single person households. Of these, two thirds (10) had low socioeconomic status. For female headed households, 15 per cent (18) of the 120 were single person households. Over four-fifths (15) of these had low socioeconomic status. In 2006/2007, 12 per cent (34) of male and 18 per cent (45) of female headed households were single person households. Roughly half of both the male (18) and female (21) single person households had poor socioeconomic status. See Table 1, below.

[100]The increase in population size in 2006/2007 is accounted for by the expansion of the cohort in 2000.

One person in 'a single person household' in 1989/1990 was HIV-positive; four were HIV-positive in 2006/2007.

In both 1989/1990 and 2006/2007 for both male and female headed households the association between poor socio-economic status and small household size was statistically significant (p<0.005).

**Table 1. Count (and per cent) of Households by Household Size, Socio-Economic Status and Sex of Household Head for Households Including a Person of 70 years and above**

| **1989/1990** | **Male household head** | | | | **Female household head** | | | |
|---|---|---|---|---|---|---|---|---|
| Household size | SES – Poor | SES Good | Total | P-value | SES - Poor | SES Good | Total | P-value |
| 1 | 10 (32) | 5 (4.1) | 15 (10) | | 15 (47) | 3 (3.4) | 18 (15) | |
| 2 | 11 (35) | 12 (9.8) | 23 (15) | | 8 (25) | 6 (6.8) | 14 (12) | |
| 3 | 4 (13) | 11 (8.9) | 15 (9.8) | | 5 (16) | 17 (19) | 22 (18) | |
| 4 | 4 (13) | 5 (4.1) | 9 (5.8) | | 3 (9.4) | 14 (16) | 17 (14) | |
| 5 | 0 (0) | 19 (15) | 19 (12) | | 0 (0) | 16 (18) | 16 (13) | |
| >5 | 2 (6.5) | 71 (58) | 73 (47) | | 1 (3.1) | 32 (36) | 33 (27) | |
| Total | 31 (100) | 123 (100) | 154 (100) | <0.005 | 32 (100) | 88 (100) | 120 (100) | <0.005 |
| **2006/2007** | **Male household head** | | | | **Female household head** | | | |
| Household size | SES – Poor | SES Good | Total | P-value | SES - Poor | SES Good | Total | P-value |
| 1 | 18 (72) | 16 (6.4) | 34 (12) | | 21 (75) | 24 (11) | 45 (18) | |
| 2 | 3 (12) | 21 (8.3) | 24 (8.7) | | 2 (7.1) | 28 (13) | 30 (12) | |
| 3 | 3 (12) | 27 (11) | 30 (11) | | 4 (14) | 32 (15) | 36 (15) | |
| 4 | 0 (0) | 24 (9.5) | 24 (8.7) | | 0 (0) | 31 (14) | 31 (13) | |
| 5 | 0 (0) | 13 (5.2) | 13 (4.7) | | 1 (3.6) | 25 (12) | 26 (11) | |
| >5 | 1 (4.0) | 151 (60) | 152 (55) | | 0 (0) | 76 (35) | 76 (31) | |
| Total | 25 (100) | 252 (100) | 277 (100) | <0.005 | 28 (100) | 216 (100) | 244 (100) | <0.005 |

Looking at the qualitative data, among the 27 households in 1989/1990, 14 had a total of 16 members aged over 60. If these elderly people had all lived, they would have been aged over 75 during the restudy in 2006/2007. Nine of these people had died by 2006 and are not included in this paper. One person, aged 80, moved into a study household in 2002. Table 2, below, shows the seven households including people in 2006/2007 who had been over 60 in 1991/1992.

**Table 2: People Aged Over 60 in 1991, Socio-Economic Status of their Households, and the Situation of the Oldest People in 2006**

| Older person's name and age in 1991 | sex | SES in 1991 | SES 2006 where oldest old person still resident | Situation in 2006/2007 |
|---|---|---|---|---|
| Madina (65) | F | Poor | Poor | Madina still resident in study area, initially living with a granddaughter but by the end of the study period the girl had married and moved away and Madina was living alone |
| Kiwanuka (65) | M | Less poor | Less poor | Kiwanuka still resident in study area, living alone but a widowed daughter moved to the village to live nearby in towards the end of the study period. |
| Nanono (68) | F | Less poor | Less poor | Nanono now living near a daughter outside the study area. Between one and three grandchildren stayed in the same house with her over the study period. Nanono's daughter had placed the children there to help their grandmother. |
| Marita (85) | F | Less poor | Less poor | Marita died in 2003. At that time Nasrin, Marita's sister, (aged 80+) had already joined the household (she came in 2002) headed by Marita's daughter. They live with another of Marita's daughters and four of her grandchildren, plus two of their nieces and a great-niece. |
| Victoria* (70) | F | Rich | Rich/less poor | Victoria still resident in study area, living with a son and a daughter and four grandchildren. |
| Anatoli (71)/Lydia 65) /Sara (63) | F | Rich | Rich/Less poor | Anatoli died in 1992. Lydia and Sara still resident in the study area living with a young grandson and great nephew. Another granddaughter lives nearby and she and her husband cultivate the family land and help the two women with heavy tasks. |
| Ayisa (70) | F | Rich | Rich. | Ayisa living with relatives outside the study area. She stayed with an adult granddaughter in a house on one of her sons' compounds. |

*The names of the people we focus on in this paper are shown in bold

The 8 old people shown in the table had been affected by HIV and AIDS in some way. Seven of the eight had lost children and grandchildren to HIIV/AIDS, the majority of whom had provided support for the elderly while they were still alive. Four had orphaned grandchildren living with them who were under the age of 18. The nursing care of four, who were infirm, had been adversely affected by the premature deaths of their children. Four had lost income because of AIDS-related expenditures.

Below we focus on the two people among the eight, Madina and Kiwanuka, who lived alone for at least part of the 2006/2007 study period and the impact of HIV and AIDS on their lives.

Madina is the poorest among the households listed in Table 2. She is now over 80. In 1991 she lived with her then 25 year old daughter, Agnes, and the daughter's eight year old son and five year old daughter. By 2006 Madina was living with her granddaughter. Her grandson stayed in a room at the trading centre for a while before moving to Kampala to look for work. Agnes had remarried and was living elsewhere in the village. Unfortunately Agnes' husband had died and she was sick throughout 2006. She died in the care of Madina in early 2007. Shortly afterwards Madina's granddaughter married and moved to live with her husband in another village.

Madina's grandchildren had been her main help. Her granddaughter had cooked and cleaned for her, and collected the medication from the MRC/UVRI clinic she required to control asthma attacks. In 2006 her grandson started work (repairing bicycles). Twice a week, her granddaughter cleaned the house two mornings a week. Both grandchildren had worked hard cultivating crops for sale. They used to share their earnings with their grandmother for household costs and often helped her with small extra expenses. This support stopped when they moved away, although the granddaughter occasionally sent Madina a bag of sugar, or some other small food items the granddaughter's husband did not permit her to travel away from the village where they now lived and he had stopped her from earning money from domestic work.

Shortly after the death of her daughter Agnes and the departure of her granddaughter, Madina said, "my sorrow is so great I cannot sleep at night". She struggled to cultivate the land near her house and cook food for herself. Neighbours help her fetch water and occasionally give her food.

Kiwanuka another elderly man is about 80 years old now. In 1991 he was living with his son Victor aged 18 years while his young wife who had three children lived next door. However, by 2006 Kiwanuka was living alone in a small hut close to his own land. His house had collapsed in 1994 and a neighbour had given him the shelter which had been left empty when the occupant died. Like his old house, the new shelter was a grass roofed mud and wattle hut. It was in bad condition. He did not have a kitchen, therefore he cooked outside. His wife next door died in 1997 and her son from a previous marriage moved into her house with his family. The children she had with Kiwanuka came to live with him when his wife died. Since they were all teenagers, they soon left home. Victor, his son from a previous relationship, was now living with his mother in another district because he too was very sick.

By 2006, the two boys Kiwanuka had had with his last wife were fishermen living by the shores of Lake Victoria. His two daughters were also working near the Lake.

Kiwanuka acknowledged that HIV/AIDS-related illnesses may have killed two of his former partners but he believed that witchcraft was the cause of his son Victor's illness. In 2000, when his eldest daughter lost her husband, Kiwanuka said he had died due to HIV/AIDS-related illnesses. Kiwanuka's daughter went to stay with her mother (who was ill) and while there heard about and joined the MRC/UVRI programme through her father who was already a member of the organisation and was getting help there. She had started to fall sick and feared she was HIV-positive so she came to visit her father in 2002 to seek his help in accessing MRC/UVRI services. He succeeded in getting her the help and she used to visit her father when she came for check-ups. In mid 2007, Kiwanuka's daughter permanently joined her father because she was in need of regular treatment. This was advantageous for Kiwanuka because she gave him money to help him construct a new house, cooked for him and generally looked after him.

## Discussion

Nahemow (1979) found that among her sample of 115 elderly Baganda, 18 lived alone but most lived near a relative – especially an adult offspring. She comments that `while dissatisfaction [with support and care] is prevalent among elderly Baganda, loneliness is not. […] their separation is a matter of personal preference and can be viewed as adaptive and consistent with societal norms' (1979: 182). Information from the ethnographic study would suggest that this may not be the case before the HIV/AIDS epidemic has shrunk the safety net of available kin for the elderly to rely on for economic support. However, many do still have kin nearby.

While Madina had anticipated that her grandchildren might move away in search of employment, greener pastures and marriage, she had not expected her daughter; who lived close by in her village, to die young. Madina's situation mirrors those in Nahemow's study who she found to be socially isolated because `1) spouse not living 2) residential separation from kin 3) poor health' (ibid), a finding corroborated in the work of Mba (2007) for the elderly in Ghana and Williams (2003) in villages close to our present study site.

Kiwanuka's situation was similar to Madina's in 2006. He sometimes considered re-marriage because he was tired of living alone. He struggled to carry water from the well and cultivate some of his land all by himself. The three children he had with his last wife, who had long left the area, occasionally helped him but did not assist on a daily basis, which was what he needed. It is ironic that it was HIV/AIDS that led to the return of his eldest daughter searching for free treatment; who turned out to be of significant help to him. With her return, his circumstances changed. While she did not live with him, her proximity to him served him a great deal. While she was away on fish trading business, she arranged for others to assist him.

As the data in Table 1 shows, an increasing percentage of people who are 70 years of age live alone in the study area[101]. In addition, a significant number of the old people live in poor, small households. However, as the Madina and Kiwanuka stories illustrate, a focus on the household unit does not reveal who else may be nearby to provide assistance, or indicate which of the single person or small households might be most in need of help.

Dayton and Ainsworth (2004) and Williams and Tumwekwases' (2001) assessment of the impact of

[101]Further research to investigate the increase in the percentage of single person households between 1989/1990 and 2006/2007 and the increasing percentage of those that have poor socioeconomic status which are single person households, is planned.

HIV and AIDS on old people stands out as most important for the people in our study aged over 70. As dependent old people who are deprived of any support in their old age that their deceased adult children might have provided their situation is critical. It is particularly so for those, like Madina, for whom poverty exacerbates the losses they have suffered from HIV/AIDS. Socio-economic status and family size are important in mitigating the impact of the epidemic for the elderly because the `old age security motive' (Nugent 1985, among many others) for having children persists.

## Conclusion

It is probably unrealistic in a resource-poor setting to suggest costly social protection for all those over 60 or 70 years of age, such as old-age pensions, outside the small minority of salary earners who currently benefit from national insurance schemes. Targeted food aid or medical care from local community-based organisations for those most in need, like Madina, may provide protection against abuse or neglect, since there is evidence that resources "may at least guarantee a basic level of care and status within households, and reduce the risk of abuse" (Barrientos and Lloyd-Sherlock 2002: 14). Currently, extended family cohesion remains strong, however, and generally provides adequate protection for most elderly people in the study area. The lack of formal social protection, therefore, will continue to be a structural barrier to fertility decline in rapidly growing populations like Uganda. The best way to extend the reach of social protection may be by improving general public services not specifically targeted at older people. Improvements in the quality of free primary education provide a good example. Not only would better education services improve the level of support for elderly people by freeing parental resources allocated to education, but it would also reduce the cost of fostering children for the rural elderly because the low cost would encourage them to take their children to school. Improving public health systems is critical and would provide direct as well as indirect benefits for old people, as time and money is saved in the search for good care. Improved roads, and greater access to mobile telephones, can help the old keep in contact with relatives and summon help when needed. Perhaps most of all, sustaining respect for age and experience, and ensuring that the elderly do not feel discarded by family and society are as important as meeting their practical needs.

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# 3.2 Risks, Shocks and Shock Response in Northern Uganda

**Sarah Ssewanyana[1] Stephen Younger[2] Ibrahim Kasirye[3]**

## Abstract

*Using a comprehensive survey of Northern Uganda, a region engulfed by insecurity—arising from civil conflict and cattle rustling, this paper examines the shocks and shock responses in the region. We find that the most important (likely) shock at both household and community levels is drought, followed by problems due to heavy rains and attacks by the Lords Resistance Army (LRA) rebels. Another important finding is that few households that suffered a shock reported receiving any coping strategy or assistance. When assistance is received, it is more likely to come from Non Governmental Organisations (NGOs) than either Government or family/friends. This varies considerably according to the type of shock. NGOs are by far most likely to provide assistance after a rebel raid, while family/ friends respond to deaths in the family and Government to epidemics. Generally, few households acknowledge receiving any assistance at all.*

**Key Words:** *Conflict, Shocks, Shock Reponses, Northern Uganda*

## Introduction

Northern Uganda remains an eyesore in Uganda's impressive poverty reduction record. During the 1990s when Uganda sustained positive economic growth rates coupled with poverty reduction, the Northern Uganda region registered only marginal changes in welfare status. The national poverty head count index significantly declined—from 56 per cent in 1992 to 34 per cent in 1999—before increasing to 38 per cent in 2002. The most recent survey shows that the national headcount index reduced to 31 per cent by 2005/06 (UBoS, 2007). On the other hand, Northern Uganda only recoded a reduction from 72 per cent in 1992 to 61 per cent by 2005/06. The civil war, which has been raging since 1986 coupled with cattle rustling in some parts of the region are the commonly cited explanations for the poor progress in poverty reduction in this part of Uganda (MFPED, 2006). One of the hallmarks of this civil strife has been the displacement of households from their farmlands into Internally Displaced People's (IDP) camps, thus rendering large parts of Northern Uganda economically inactive.

As part of the national response to minimize the adverse impacts of the civil war, the Government of Uganda (GoU) with help from development partners has initiated a number of interventions in the region. These include the Northern Uganda Recovery Program (NURP-I) — which was operational from 1992-1999 and focused on rebuilding the war-torn infrastructure. There is the Karamoja disarmament programme that purchases arms from rustlers and the cattle restocking programme in Teso. In 2002, the second NURP commenced, and the main anchor was the Northern Uganda Social Action Fund (NUSAF) project which operated in 18 districts of north and eastern Uganda. Under this project, a

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survey was conducted by UBoS in 2004 (details discussed in the next section) to provide baseline welfare indicators to guide the implementation of the NUSAF project. This particular survey—the NUS, is the main source of data used in this study. However, the present study is by no means an evaluation of the NUSAF project.

The results presented in this paper are part of a large study “Strengthening the Understanding of the Dynamics of Poverty in Northern Uganda” undertaken by the authors. In this paper, we focus on risks, shocks, and shock responses in the region. In particular, we estimate the probability that a household or community suffers a particular kind of shock, we look at the severity of those shocks and examine ways in which communities and households respond to them, including sources of assistance. We find that the most important (likely) shock at both household and community level is drought, followed by problems due to heavy rains and Lords Resistance Army (LRA) rebel attacks. Perhaps more important is the observation that the probability of shocks varies greatly by sub-region. Insecurity due to rebel attacks is very likely in Acholi and to a lesser extent in Lango and rare in other parts of Northern Uganda. Cattle rustling is virtually certain in Karamoja and also common in Acholi, but much less so in other areas. Thus, insecurity is not generalized in the Northern Uganda area.

Another important finding is that there are few households that suffered a shock report that are receiving any coping strategy or any other assistance. When assistance is given, it most likely emanates from NGOs than either Government or family/friends; although this varies considerably according to the type of shock experienced. This paper is organized as follows. Section one introduces the topic at hand. Section two describes the datasets used in the study. The risk and vulnerability analysis is undertaken in section three while section four presents the conclusion of the paper.

## Discussion

As mentioned earlier, NUS of 2004 conducted by UBoS between July and December 2004[102] is our main data source. The main objective of the survey was to collect high quality and timely data on demographic and socio-economic characteristics of household population for monitoring development performance as well as providing baseline indicators for the different socio-economic and vulnerable groups. Specifically, the survey aimed at providing indicators to guide the monitoring and evaluation function over the NUSAF project period (2003-2008) in 18 districts of Uganda[103].

UBoS was able to cover all districts in Acholi sub-region by interviewing households in IDP camps, which as earlier mentioned, were not covered in the previous national household surveys due to the insurgency at the time. The survey covered 25,667 individuals in 4,787 households. The NUS, unlike the previous national household surveys, included a vulnerability and risk module that captured shocks and shock responses—some retrospectively, over the 1992-2004 period. This information was collected both at household and community levels.

## Risk and Vulnerability Analysis

One of the novel features of the NUS is the inclusion of many questions about risk and shocks at both the household and community level. In this section, we estimate the probability that a household or

[102]This excludes the month of September, when fieldwork was suspended due to logistical problem beyond the Bureau.
[103]NUSAF region is sub-divided into 5 sub-regions. These include West Nile (includes districts of Adjumani, Arua, Moyo, Nebbi, Yumbe), Acholi (includes districts of Gulu, Kitgum and Pader), Lango (includes districts of Apac and Lira); Teso (includes districts of Katakwi, Kumi, Pallisa, Soroti and Kaberamaido) and Karamoja (includes districts of Kotido, Moroto, and Nakapiripirit).

community suffers a particular kind of shock, we look at the severity of those shocks and examine the ways in which communities and households respond to them, including sources of assistance. We also generate "risk and social capital profiles." Like poverty profiles, these look at simple co-relations and cross-tabulations of risk and social capital indicators with a variety of socioeconomic characteristics. The analysis produces a huge number of tables, which are available upon request from the authors. Here, we will provide summaries of the key associations.

## Probability of Shocks

A variety of questions in the NUS allow estimation of the probability that a community or household suffers different shocks during a defined period (usually one year or the 12 years since 1992). To do this, however, we have to assume that the observed values of shocks for each community are draws from the same population of shocks. That is, we have to assume that the variation that we observe in the shocks across different communities at one point in time is similar to the inter-temporal variation we would observe if we could collect data on shocks to an individual community over many years (or longer time periods).

The survey includes questions about the occurrence of three specific shocks: cattle rustling, LRA rebel attacks, and other raids/conflicts. The probability that a community suffered cattle rustling in 2004, 1999, and 1992, is 18 per cent, 22 per cent and 20 per cent respectively. The correlation between these shocks is about 0.8 for each correlation, indicating that mostly, the same communities suffer from rustling each year. This is reinforced by estimates of the probability by sub-region. Rustling is ubiquitous in Karamoja, and also more common in Acholi than other sub-regions.

The probability that a community suffered from LRA raids in 2004, 1999 and 1992 is 25 per cent, 25 per cent and 16 per cent respectively, showing a significant increase over time. The correlation between these shocks ranges from 0.55 to 0.72, indicating that by and large, the same communities suffer from LRA rebel attacks each year. As with rustling, the probability of an LRA attack is concentrated in certain sub-regions; namely Acholi and to a lesser extent, Lango.

The probability that a community suffered from other raids/conflicts in 2004, 1999 and 1992 is 4 per cent, 6 per cent, and 5 per cent respectively. The correlation between these shocks ranges from 0.48 to 0.75, indicating that mostly, the same communities suffer from these shocks each year. West Nile has a higher probability of such shocks than other sub-regions.

This survey also asks whether seven specific "calamities" of drought, heavy rains, fire, strong winds, rebel activity, cattle rustling, and epidemic have occurred in the community in the past 10 years.. The probability of different shocks occurring during a 10-year period shows that drought is clearly the most likely shock—virtually certain to occur in a decade—followed by heavy rains and rebel raids. At first glance, the results for rebel raids and cattle rustling do not appear consistent with the results in the previous section, where the probability of an attack or rustling in one year is not much lower than these probabilities for a decade. However, the high inter-temporal correlation between shocks seen in the previous section combined with the fact that the probability estimated here is for one or more shocks occurring (by the structure of the questionnaire) means that the two are, in fact, consistent. Basically, rebel raids and cattle rustling recur in mostly the same communities year after year. Therefore, the decade-long probability that such a shock occurs at least once is not much different from the year-long probability.

The probability of a community's school being closed for some time during the past year was 13 per cent. The schools that closed did do for the median number of 9 days, while the mean was 30 indicating a much skewed distribution. (One school was actually closed for the entire year). While these seem like large losses, it is important to remember that they apply to only 13 per cent of all schools in Northern Uganda. Rebel activity is by far the most important reason for school closures, accounting for 71 per cent. Cattle rustling at 11 per cent and "other" at 15 per cent account for non-trivial shares.

The probability of a community's health centre being closed for some time during the past year due to insecurity was 7 per cent. For those centres that closed (all but one being private centres), the median number of days was 20, but the mean was 77 invariably indicating a much skewed distribution. Rebel activity is by far the most important cause for these closures.

## Severity of Shocks

In addition to the probability that a shock will occur, its severity also matters. Some of the questions attempt to gauge the severity of shocks, albeit crudely in most cases. We report those results here. All of the probabilities reported here are conditional on a given shock having been reported in the community.

We also examine the probability that a shock caused the school or health centre to close, by type of shock. Rebel activity is by far the most likely cause of such a closure, followed by epidemic and cattle rustling. Overall, the most important consequence of all shocks is "destruction of food crops/stores" (48 per cent), followed by "community displaced" (12 per cent). But individual shocks have different distributions. The agricultural shocks mostly cause destruction of crops. Rebel activity causes community displacement 58 per cent of the time. 69 per cent of the time, cattle rustling causes theft or destruction of livestock. Epidemics cause "community isolation" 57 per cent of the time. Most communities (65 per cent) did not report an "other impact" of the shock, though for cattle rustling and rebel activity, "theft of property" was reported somewhat often.

In terms of recovery time, only 13 per cent of communities report that it took "a few weeks" or less to recover. Most communities report recovery after "a few months", though 29 per cent report a recovery time of at least one year. Except for cattle rustling and rebel raids - for which much larger shares report never having recovered - the distribution of recovery times is pretty similar, regardless of the type of shock, though recovery from fire, strong winds, and epidemic seems to be a little faster. With regard to the time that it took communities to recover from the reported shock, about 62 per cent of communities recovered within one year. This is more common for the agriculture and harvest-loss shocks, and epidemics (except Ebola), and much less common for rebel activity and cattle rustling.

In addition, we investigate the share of a community's households affected by a shock. Not surprisingly, drought and rain affect most households—over 90 per cent of communities report that about 100 or about 75 per cent of households were affected by these shocks. The same is true for communities affected by rebel activity. Communities that registered losses due to crop destruction by wildlife, birds, or livestock, and those suffering from crop pests and diseases also report 100 or 75 per cent of households being affected in more than 70 per cent of cases. On the other hand, in communities affected by harvest lost due to fire, robbery, cholera, Ebola, and other epidemics, 25 per cent or fewer households were affected. Overall, the most common response (45 per cent of the time) is that all households were

affected, indicating that community leaders show community-wide shocks in most cases.
The results for reported severity of the shock, by type of shock, are similar to the above. In 70 per cent of the time, community leaders judged the reported shock to be “extremely” or “very” severe. This is more common for rebel activity, cattle rustling, drought, and untimely rain. With regard to the time that it took communities to recover from the reported shock, about 62 per cent of communities recovered within one year. This is more common for the agriculture and harvest loss related shocks, for epidemics (except Ebola) and much less common for rebel activity and cattle rustling.
Responses to Shocks

While there is little in the way of information about strategies to avoid or mitigate shocks, the NUS data does contain some information on how communities and households tried to cope with shocks when they occurred. Bellow are the responses.

Overall, the main responses to shocks are fairly evenly divided between moving (21 per cent in all), appealing to the government for help (32 per cent), and doing nothing (29 per cent), with other responses being less common. These patterns differ significantly by type of shock. For rebel raids, 79 per cent of communities moved (and only 8 per cent appealed to the government for help). Cattle rustling also caused 35 per cent of communities to move, but other shocks caused very little migration. The overwhelming response to an epidemic was to appeal to the government for help. For the agricultural shocks, appealing to the government and doing nothing were the dominant responses. Only 31 per cent of communities report an “other response” to shocks. Of these, appealing to the government for help is the most common response, especially for those who suffered a rebel raid.

We also examine the share of communities that say they received assistance in the wake of a shock, by type of shock and type of response. Except for the victims of rebel raids and epidemics, most communities did not receive assistance after a shock. This varies somewhat by type of shock and response, though the overall number of observations is quite small for some shock/response combinations. We limit our attention to those cases with at least 50 responses. For drought, 42 per cent of those who appealed to the government for help got some assistance; 31 per cent of those who appealed to someone else for help did so; while only 23 per cent overall did so. After heavy rains or flooding, 18 per cent who appealed to the government for help received aid, while only 10 per cent overall did so. For victims of rebel raids, 87 per cent of communities that moved into IDP camps, and 83 per cent of communities that moved to a combination of IDP camps, relatives and elsewhere received some assistance. These are the highest positive responses reported. Finally, 81 per cent of communities suffering an epidemic and requesting help from the government received some assistance.

Unlike the community responses, the coping responses of households in response to shocks, by type of shock show that 75 per cent of households report “no help” or do not respond, suggesting that most households did not have coping strategies for most shocks, even if communities (or community leaders) did. The only response with a significant share is “received help” (17 per cent). Note that sale of assets; a strategy that is often highlighted in the literature, occurred in only 4 per cent of cases overall. Nor are formal or informal borrowing important coping responses to shocks. Shocks that were more likely to have elicited help or gifts include “inability to work in the fields (e.g. due to illness or insecurity)”, “death of important cash earner,” “rebel raids,” “funeral expenses,” “famine,” and “epidemic.” As noted above, most households report receiving no assistance. For those that do, overall, food is by far the most important type of assistance they got. However, there are shocks for which cash is more common, including, “death of important cash earner,” “medical costs,” “disability related costs,” and “funeral expenses.” Also, not surprisingly, epidemics solicited mostly “other” types of assistance, if any assistance was forthcoming at all.

Overall, the source of assistance is more likely to be an NGO than other sources, including the government. This is despite the fact that it is more common to solicit help from the government, though this is mostly due to NGO’s response to insecurity related shocks and famine. For the medical and disability shocks, relatives and neighbours are more common sources of support, while the government comes to the fore in an epidemic.

## Risk and Social Capital Profiles

In this section, we cross-tabulate many risks and social capital variables available in the NUS with a set of socio-economic indicators. This list includes geographical location (urban/rural, sub-region, and whether or not the household lives in an IDP camp), indicators of socio-economic status (per adult equivalent expenditure quintile and household head’s educational attainment) and several possible indicators of vulnerability (household head being female, widowed, divorced/separated, disabled, or having moved due to insecurity). Our aim is to describe the extent to which shocks and social capital are correlated with geographic areas, socio-economic status, and vulnerability.

We note at the outset that some of these indicator variables are themselves highly correlated. Most of the IDP camps are in Acholi sub-region, and more than half of people living in households whose head has migrated due to insecurity are also in that sub-region. Indeed, many of them migrated to IDP camps. Households with more educated heads also tend to have higher expenditures per adult equivalent. Female-headed households also tend to be widow-headed households.

Some of the shocks are at individual-level, some at household-level and others at community-level. In all cases, however, we weigh the data so that it pertains to individuals. Thus, for a community-level shock, we weigh the outcome by the number of people in the survey living in that community and the sample expansion factors. So the correct interpretation of a table for a community-level shock is “X per cent of people live in communities that suffered a drought.”

Individual-level shocks: Nearly 15 per cent of children under the age of 18 have lost their father. 6 per cent have lost their mother and 4 per cent have lost both[104]. Apart from the obvious correlation between these variables and widow-headed households, the only large differences are by sub-region. Children who have lost both parents are more common in Acholi (6 per cent) and Lango (8 per cent) than other sub-regions, although this pattern is less clear for children who lost their mother only. Other tables, including those for consumption and head’s education, show no clear relationship.

Despite the well-publicised level of civil conflict in that part of the country, 61 per cent of orphans’ fathers and 75 per cent of their mothers died of disease and not violence or war, which accounted for only 21 and 10 per cent of parents’ deaths. While it is possible that the conflict has lead to greater disease, there is not much evidence to support this in Northern Uganda. Parents’ cause of death is not obviously correlated with our indicator variables, except that the cause of death, especially for fathers, is much

[104]In our definitions, we count a child as “orphaned” if the household has no knowledge of whether his parent is alive or dead, in addition to the cases where the parent is known to have died.

more likely to be war or violence in Acholi than in other sub-regions. This is also true for residents of IDP camps and households whose head has migrated due to insecurity.

Household level shocks: It is important to recall that the "main" shocks questions in the household survey ask the household to list up to three shocks since 1992. As such, this does not establish the probability that any household will experience one of these shocks, because some households could have suffered more than three shocks. With that in mind, reporting an agricultural shock (usually a drought) is more common in rural areas albeit the difference is not as large as one might think, showing the dependence of urban areas in Northern Uganda on the agricultural economy. They are also more likely to happen in Karamoja, for households not living in IDP camps, and for households whose head has not migrated due to insecurity. Households reporting the death of an important income earner are more common in Teso and, obviously, among widow-headed households. Crime shocks are remarkably uniform and low: only 4 per cent of households report being the victim of a crime since 1992. Violence shocks (mostly rebel raids) are more common in Acholi, Lango and Karamoja  among residents of IDP camps and in households whose head has migrated due to insecurity.

Community level shocks: Somewhat at odds with the previous household-level information, 18 per cent of people in Northern Uganda live in communities that reported cattle rustling in 2004 alone (rather than 4 per cent reporting a crime for the entire period of 1992-2004, as above). This rate is much higher in Karamoja (83 per cent) and Acholi (34 per cent) than the other sub-regions. It is also higher in rural areas with residents of IDP camps and households whose head moved due to insecurity. Rustling is also somewhat more likely to affect poorer communities and those with less educated household heads.  These patterns are consistent across time, being similar for 1999 and 1992.

The incidence of "LRA rebel attacks" is also much higher in the community data than the household data, with 29 per cent of people living in communities reporting such attacks in 2004 alone, as opposed to the 20 per cent of households who reported suffering a violence shock since 1992. Not surprisingly, these attacks were much more common in Acholi (94 per cent) and Lango (41 per cent) than other sub-regions. Further more, they are much higher for those living in IDP camps (91 per cent), and in households whose head migrated due to insecurity. These patterns are similar in 1999 and 1992 albeit in those years, the richest quintile is somewhat less likely to suffer LRA attacks.

In sum, perhaps the most striking generalization of these tables is the fact that many shocks and social capital indicators have large differences by geographic area - sub-region, urban/rural, and IDP camps - but relatively few differ by much across the consumption distribution or by many of the vulnerability categories (households head being female, widowed, divorced/separated, or disabled). The one exception is having a household head who has migrated due to insecurity, which is highly correlated with geographic indicators (Acholi and, to a lesser extent, Lango sub-regions and living in an IDP camp). In part, this is due to the fact that many of the shocks are related to insecurity and weather, which tend to be specific to certain areas. But even the social capital variables are more likely to differ by geographic area than by socioeconomic characteristics.

## Conclusions and Implications

The implication for policy is straightforward. If we want to identify people who are more vulnerable to the kinds of shocks identified in the NUS, we will do better to focus on geography than by consumption or education levels or a variety of household head characteristics. Some of these conclusions are obvious: many of the shock variables deal with insecurity and this is highly concentrated in certain sub-regions. The results' positive contribution is that within the sub-regions where rebels are active, the consequences for residents rarely differ systematically by socio-economic characteristics, including consumption per adult equivalent. As such, targeting assistance to the victims of rebel activity cannot usually go beyond the obvious geographic indicators. The same is true of weather-related shocks. Certain areas are more prone to drought, flooding, etc., while the victims of these shocks do not usually differ systematically by socioeconomic characteristics.

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# 3.3 Climate Change: Challenges for Social Protection in Africa

**Rasmus Heltberg and Paul Bennett Siegel**

**Abstract:**

*This paper explores the role of social protection in helping Africa adapt to climate change. The increase in covariate (environmental and health) risks due to ongoing and future climate changes—and the demonstrated adverse impacts of such risks—make it important to scale up interventions to reduce household vulnerability. Efforts under way to gear up adaptation to climate change in Africa must be responsive to the needs of the poor. Social protection can contribute to this with its established frameworks for vulnerability reduction. Particular instruments to consider include social funds for community-based adaptation, safety nets designed flexible to respond to climatic shocks and natural disasters, and skills development, micro finance, and assisted migration for changing livelihoods.*

*Key words: climate change, adaptation, risk, vulnerability, Africa, social protection.*

## Introduction

Climate changes, ongoing and projected, are affecting Africa profoundly. Climate changes are projected to cause more frequent and more severe adverse weather events; higher average temperatures; increased water scarcity in several parts of the continent combined with risk of flooding from intensifying rainfall; and spread of vector-borne diseases. Africa's agricultural potential could be sharply reduced, especially in rainfed areas. While climate change affects everybody, the poor have the weakest adaptive capacity and are the most vulnerable. Whatever development gains Africa has or will have made over the next few decades are at risk from the effects of climate change unless adaptation is improved.

This paper explores the role of social protection in helping Africa adapt to climate change and the implications of climate change for social protection interventions in Africa. The impacts of climate changes fall disproportionately on people that have contributed the least to cause the problem and that have the least resources to cope with it. At stake are issues of fairness in the responses to a large global externality; the need to protect past gains from development; and potentially serious global repercussions of failing to address climate change effectively. One of the guiding principles for international climate change efforts is to protect the poor from extreme negative impacts.

The question is how to do that most effectively. The international community is negotiating the post-Kyoto climate change framework and considering how to support climate action in developed countries. The negotiations discuss future funding arrangements for climate change mitigation and adaptation and it is very likely that some developed countries will make available significant amounts of concessional funding for climate action in the poorest countries.

So far, social protection professionals have been involved little in the process of designing the future funding arrangements for global climate action, even though social protection as argued by Stern (2008) could become one of the priority sectors for adaptation in developing countries. The aim of this paper is therefore to start a dialogue with social protection professionals on how to improve the human and social aspects of global and national adaptation responses in low income countries, particularly Africa. Can we make sure that social protection is positioned to take advantage of the likely increased availability of donor funding earmarked for climate change?

The paper reviews the range of risks facing the poor in Africa, discusses how those risks are impacted by climate change, and considers implications for social protection interventions. The paper argues that Africa needs to gear up efforts to adapt to climate change, identifies a role for social protection to this end, and proposes specific interventions tailored to the changing risks. Social policy and social protection, already concerned with vulnerability reduction, can and should promote adaptation to climate change that is pro-poor and geared towards local needs. Some of the instruments to consider are social funds for community-based adaptation, safety nets designed flexible to respond to climatic shocks and natural disasters, and skills development, micro finance, and assisted migration for changing livelihoods.

The paper is organized as follows: The next section discusses risk, coping, and the role of social protection in Africa. This is followed by an overview of how climate change might impact Africa's risk pattern. After this, the responses to climate change and the implications for social protection are discussed. Funding, governance, and research topics are briefly covered, and the conclusions are summarized.

## Risks, Coping, and Social Protection in Africa

The poor in Africa face high risks and use informal and ineffective means to protect themselves against those risks, with very low coverage of government and market-based instruments. As a result, shocks and fluctuations in household income often result in food insecurity, human capital decumulation, and low-risk low-return livelihood decisions.

In Africa, high levels of poverty are compounded by pervasive risks to households, risks that all too often undermine growth and development. When a breadwinner falls sick, her children will often go hungry and be pulled out of school. When drought strikes, families sell off livestock and productive assets, making eventual recovery much harder. Severe and repeated shocks are a large part of the reason people become poor in the first place, and that the poor find it so hard to escape poverty (Carter et al, 2007). While households face numerous sources of risks, environmental and health risks are usually the most frequent, the most costly, and have the most adverse outcomes (Dercon, 2004; Heltberg and Lund, forthcoming). Environmental risks include natural disasters, droughts, floods, landslides, heat waves and are mostly covariate (affecting entire communities at a time).

Health risks include death, disease, accidents, and disability and are mostly idiosyncratic (affecting one household at a time). To poor African households, environmental and health risks are not one-off chance events but fundamental features of life with proven potential to trigger famine and destitution. And climate change will amplify these sources of risk as extreme weather events become more frequent (and possibly more extreme) and as disease vectors spread while other determinants of health (water, food) worsen.

African households cope mainly through informal strategies that rely on family and community structures rather than government or market-based instruments. These strategies include gift exchange, sharing of food, migration and remittances, child labor, informal loans in kind or cash, sending children to live with relatives, and more. Extended family and kinship networks underpin many of these risk coping mechanisms which are often reciprocal. Households also adjust to these risks by diversifying their livelihoods and choosing relatively liquid assets wherever possible. There is mounting evidence that uninsured risk prompts households to engage in low-risk low-return activities and holding liquid instead of productive assets, hindering the ability of the poor to grow their incomes and escape poverty[105]. Therefore, interventions to help households better manage risks can improve both equity and efficiency.

The severity of shocks and the inadequacy of the available risk protection mean that shocks often trigger serious adverse consequences for human capital and future welfare of the affected households. In response to shocks, households frequently reduce the quantity and quality of food consumption and withdraw children from school. A longitudinal study in Zimbabwe followed children that were less than two years old (the age where children are most susceptible to malnutrition) when a severe drought hit in the early 1980s. Those that survived the famine were found to be stunted, translating into lower schooling achievements, inferior adult health, and an estimated 14 percent reduction in lifetime earnings (Alderman, Hoddinott, and Kinsey, 2006). Analysis of rural Ethiopian households stricken by drought revealed that the drought exacerbated asset inequalities as the poor lost a greater share of livestock and recovered at a slower rate than the non-poor. Those poor households who survived the drought with very little livestock left had great difficulty in subsequently rebuilding their herds (Carter et al, 2007).

A characteristic of social protection in Africa is that the poor benefit neither from government nor from market-based instruments. Coverage and spending on social safety nets for the poor is very low in Africa, much below levels in other regions. Market-based instruments such as micro credit and life and index-based insurance are also in their infancy in Africa and again below levels in other regions. Fiscal and implementation constraints result in low coverage of formal social protection instruments in Africa (World Bank, 2001). Limited domestic fiscal resources, apparent absence of donor interest in funding social protection in non-emergency situations, and implementation constraints limit the capacity of many African governments to supply adequate and effective social protection to their citizens. Looking across countries, the demand for social protection and the ability to fund it and deliver it well tends to grow with income.

Large-scale natural disasters sometimes trigger government and donor assistance, although it tends to be too little, too late, and in the form of food rather than cash (Barrett and Maxwell, 2005). Although critical and potentially life-saving, such support is often ad hoc and not part of a long-term strategy

[105]A study in Southern India found that in the presence of high risk, poor farmers reaped lower returns to their assets than did the better-off farmers, while the reverse was true in low-risk settings (Rosenzweig and Binswanger, 1993). See also Elbers, Gunning, and Kinsey (2007) and Dercon (2004) and the papers therein.

designed to keep households from falling into a cycle of asset decumulation triggered by shocks. International support for humanitarian assistance only materializes when the situation is very dire, if at all (Barrett and Maxwell, 2005). In the 2005-2006 famine in Niger there was accurate early warning of the pending disaster, but many months passed before assistance arrived to the affected areas. During this time, households faced the choice between distress sales of productive assets or disinvestment in human assets (e.g., malnutrition, removing children from school). Either choice may have long-term implications for poverty. Despite the clear deficiencies in donor-funded disaster relief, its repeated use may nevertheless have undermined countries' incentives for crafting strong national social protection systems integrated with national budgets, as well as for taking out weather-based insurance.

Access to financial products and services is also of some importance to the poor for consumption smoothing and risk management but remains much below potential in
Africa. A large proportion of the population in Africa are excluded from the banking system and forced to use cash, informal borrowing, and informal money transfers which are far less secure and flexible. Credit is not the only financial service demanded by the poor—savings, payments and remittances, and insurance services may rank higher. Poor people face many barriers to financial access—distance from services, the inability to produce formal documents, and prohibitive costs. Across Sub-Saharan Africa, only 20 percent of households have accounts with financial institutions (World Bank, 2007). Financial and micro finance institutions may need to expand the range of services they offer, cut red tape, and embrace technology.

The explosion in mobile phone coverage might offer opportunities for expanding financial access for the poor. At the end of 2005, Africa had 135 million mobile subscribers. By the end of 2010, it will have 400 million subscribers. Many African countries have vastly more mobile subscribers than internet connections or bank account holders or safety net beneficiaries. Kenya's Safaricom offers a pioneering cell phone money transfer service in partnership with Vodafone. Kenya is the first country in the world to use this service, which allows anybody to transfer money using a mobile phone without a bank account. One of the first uses of the system is to support the distribution of microfinance loans and to collect repayments. Remittances are another popular use.

There are also interesting examples from other countries. The Philippines has high coverage of mobile banking and Sri Lanka has launched a system called M-Chek whereby small retailers use mobile phones for payments, bypassing credit cards.

## Climate Change—Adding to the Risks Facing Africans

Recent evidence and predictions indicate that climate changes are accelerating and will lead to wide-ranging shifts in climate variables. Climate models indicate that the ongoing warming trend will continue and that the continent on average could become 2-6 degree Celsius warmer over the coming century. This warming will place significant stress on water resources. Droughts could become more common, although the climate models have difficulty predicting the magnitude and direction of regional changes, especially in Africa (Hulme et al, 2001). Africa could be particularly hard hit from increased water shortages in most parts (except Eastern Africa); spread of vector-borne diseases beyond their current range; and sharp reduction in agricultural potential, especially in rain fed agriculture which accounts for about 96% of all cropland in Africa. Cline (2007) applies agricultural impact models, combined with climate model projections, to develop estimates for agricultural impacts in more than 100 countries.

Agricultural productivity for the entire world may decline from levels otherwise reached by between 3 and 16 percent by the 2080s. Developing countries, many of which have average temperatures that are already near or above crop tolerance levels, are predicted to suffer on average 10 to 25 percent decline in agricultural productivity by the 2080s, and more so in Africa: Sudan could see a drop of 56 percent in agricultural potential and Senegal 52 percent. The median estimated loss in dry land agricultural potential in Africa is 31 percent. There is high dispersion around this median and much smaller losses (and possible gains) in irrigated agriculture.

Although the poverty and social impacts of climate changes are only beginning to receive attention, Africa will face serious socio-economic impacts because of geographic exposure, reliance on climate sensitive sectors, low incomes, and weak adaptive capacity (Stern, 2006; IPCC, 2001 and 2007). Since dryland agriculture constitutes a large fraction of African GDP, the projected decline in agricultural productivity and other natural resource-based livelihoods will trigger large relative income losses and increased poverty and food insecurity. Covariate climate shocks will increase as extreme weather events (floods, droughts, hot spells) become more frequent and vector-borne diseases spread beyond their current range. Thus, the risks associated with climate change will change the risk pattern facing African households toward more covariate and more frequent shocks, greater uncertainty about the risk, interactive risks, and potentially irreversible consequences. These risks will place increasing stress on risk coping mechanisms at all levels. They will, in all likelihood, increase household vulnerability to poverty, hunger, disease, mortality, and displacement in many countries of Africa unless risk management is strengthened. Policymakers need to be concerned about climate change in Africa and gear up adaptation efforts.

## Responses to Climate Change

Managing climate risks has traditionally been the responsibility of households with little external support for managing common climate risks such as localized floods, droughts, or crop failures. There is one exception: large extreme weather events and natural disasters triggering emergency food aid. The failure to provide all-weather roads in many places that clearly need them is symptomatic of the relative neglect of weather shocks in development planning. This may have to change. Large covariate and repetitive climate events could overwhelm the risk coping capacity of many community institutions.

Furthermore, household and community adaptation is not always equitable, sustainable, or desirable; without external support, many poor households and communities choose adaptation strategies that are inequitable, unproductive, or asset-degrading.

External support is needed even though communities in Africa have a long track record of managing climatic risks and have incentives to adapt. Households and communities will do their best to adapt to perceived climate changes, even in the absence of facilitating government policy and sometimes despite of policy or regulatory constraints. Producers have private incentives to explore investment opportunities to adjust assets, technologies, and livelihoods to changing climates. But incentives are not always sufficient. Information, technologies, and financing are also needed to help producers benefit from opportunities. External support will offer some “compensation” for a large global negative externality (Stern, 2008). However, there are many unresolved issues surrounding the design of external support for adaptation, both on governance and on design to ensure support for pro-poor local climate action.

Adaptation to ongoing and future climate changes will mean many different things depending on country and sector. However, there is growing consensus about some of the principles underlying good adaptation policies and investments:

Identify appropriate ‘no regrets’ instruments—investments and policies with high payoff under the current climate as well as in a future with a different and more volatile climate.

Improve management of current climatic variability to prepare for worse weather ahead. Help households replace unproductive, asset-degrading coping strategies (withdrawing children from school, delaying health care, distress asset sales, etc) with ex-ante mechanisms to anticipate, plan, and act against negative impacts of risks.

Consider risk and responses in an integrated multi-sectoral fashion rather than sector by sector. For example, water resources management will be of growing importance for many sectors such as agriculture, hydropower, and urban.

Adaptation is ‘good development’ and good development is adaptation. This means, among other things, that finance and planning for adaptation must be integrated with general development finance and planning.

Adapt at many levels. Efforts by households, communities, and nations to respond to climate change need to be complemented by international responses based on the principle of global burden sharing and social justice.

Prepare for a long-term, continued engagement with communities and countries on adaptation. This is not an issue that will be ‘resolved’ any time soon.

## Implications for Social Protection

Efforts to enhance community resilience need to feature more prominently in the response to climate change and social protection interventions hold promise for this purpose (Heltberg, Jorgensen, Siegel, 2008; IDS, 2007; Yamin, Rahman, and Huq, 2005).

Adaptation responses have to span a range of sectors and draw on a variety of approaches and disciplines. And while some responses must be at national or international level (say, development of new crop technologies), other responses need to be very local (say, adoption of new crops or water saving techniques). A key issue as the international community gears up to address climate change more systematically is therefore to identify the most effective instruments to support adaptation and deploy those at the right level. Arguably, community-based adaptation could become the most important pillar of the adaptation response. And social protection could contribute to this, as well as to national-level responses.

After focusing more on mitigation (emissions reductions) for a number of years, the world community is now considering adaptation responses more seriously but already there is cause for concern in the way some responses are structured and financed.
Adaptation strategies in some countries appear top-down and sectoral, missing the opportunity

for strengthening local institutions and exploiting complementarities with informal risk management arrangements. For example, many National Adaptation Plans of Action (NAPA), essentially portfolios of adaptation projects prioritized by governments for donor funding, seem to have missed the opportunity to propose adaptation projects for community or local level public, private, or civic institutions. According to Agrawal (2008), only 20 percent of projects described in the NAPA documents focus on local institutions' role in adaptation and even fewer identify local institutions as agents or partners in facilitating adaptation. As more external finance for adaptation becomes available, it will be important to identify a robust mechanism for channelling support to local initiatives.

But what would be the key elements of a social policy response to climate change in Africa and how should policies be designed? Apart from the area of weather-based derivatives and insurance, where pilot experience is building (see Box 2), researchers and practitioners are only beginning to think about this (IDS, 2007; Yamin, Rahman, and Huq, 2005). This paper proposes three main areas for further testing:

- Use social funds as a way to scale up external support for community-based adaptation. Social funds and community-driven development projects (CDDs) support small projects ranging from infrastructure, social services, micro enterprise development, and eco-system management which have been identified by communities and presented to the Social Fund for financing. Social funds and CDDs allow poor people and communities to become actively involved in their own development. Existing social funds could scale up their work in, for example, ecosystem management and restoration, water supply and sanitation, community forestry, coastal zone management, disaster preparedness, and post-disaster assistance. Through social funds and CDDs, the international community could channel external finance to small-scale community-based adaptation projects in a large number of communities, even in countries with weak capacity. There might also be scope for community-based investments in avoided deforestation to attract new sources of carbon finance (see below).

- Improve social safety nets for coping with natural disasters and climatic shocks by building country capacity for effective delivery of post-disaster and counter-cyclical cash transfers. Cash transfers, both conditional and unconditional, workfare programs, and disaster insurance are some of the available instruments for household support. Cash and in-kind transfers based on objective and measurable trigger events are already used to help affected households cope with disaster related losses, especially after major disasters. Despite inconsistencies in the way they have been applied and their lack of built-in ex-ante guarantee, these instruments have met with success and helped affected communities cope and recover (Box 1). Bangladesh, for example, has sharply reduced the mortality from natural disasters and improved disaster recovery over the last three decades by taking an integrated approach to disaster risk management. Social protection has contributed to this, for example with elevated, flood-proof roads constructed as part of public workfare projects. The country has also built capacity for rapid transfers in kind or cash to people affected by natural disasters. More countries could build program capacity to respond to covariate shocks, both slow and rapid onset. The key is to have programs in place, before the onset of natural disasters, with flexible targeting, flexible financing, and flexible implementation arrangements (Alderman and Haque, 2006; de Janvry, et al, 2006). This will allow countries to provide relief and rehabilitation assistance, at short notice, to those affected by a variety of adverse events, whenever and wherever they may occur.

- Facilitate the necessary changes in livelihoods via skills development, micro finance, and assisted migration. As the productivity of many natural resource based livelihoods declines, the transition into new sectors and urban areas may need support. While this requires a multi-sector approach, social protection can contribute through training and skills development, micro finance initiatives, and more orderly migration and access to safe and easy remittances.

## Box 1: Safety Nets for Natural Disasters and Food Crisis

Effective safety net responses are crucial for avoiding post-disaster famine and in assisting affected households and communities cope and recover from disaster. While many African countries have made significant progress on disaster risk reduction strategies and organizations, it has been hard to translate this momentum into sustainable programs that reduce long-term vulnerabilities (Bhavani, Vordzorgbe, Owor, and Bousquet, 2008). In many countries, the short and medium-term support to households affected by disasters remains ad hoc, slow, and donor driven. The international community is making efforts to improve disaster response. This includes attempts by the World Bank and others to streamline post-disaster income support through improved response capacity of national safety net agencies.

Experience from around South Asia and elsewhere suggests that post-disaster cash support has performed well with positive impacts on short-term food security and long-term recovery. Post-disaster income support is best provided as cash directly to affected households, complements well other relief and reconstruction efforts, and is in high demand by governments and affected populations. To perform even better in future disasters, donors could build up their own capacity and that of implementing agencies to deliver timely and high-quality cash support (Heltberg, 2007; Vakis, 2006).
Safety nets programs could become more risk responsive and more generous (Heltberg, 2007).

Safety net design could consider uninsured risk more explicitly by targeting the transitory poor hit by shocks, permitting vulnerable households to engage in riskier higher-return activities. This would require, among other things, a flexible targeting mechanism with criteria different from those of the chronic poor as well as flexible financing and implementation arrangements (de Janvry et al, 2006; Alderman and Haque, 2006). These ideas are being put to the test in operational contexts. In Nicaragua, for example, the World Bank and bilateral donors support an innovative pilot program that combines conditional cash transfers with additional transfers aimed at increasing the income generating capacity of poor rural households exposed to weather risk.

The 2008 food crisis has once again highlighted the need for safety nets to help countries respond to shocks. Cash transfer programs are far more efficient and effective at buffering affected households from rising food prices than are some other interventions under consideration such as food, fuel, and fertilizer subsidies. However, good programs cannot be set up overnight; the urgency of responding to the food crisis has in some cases led to less than optimal responses when countries did not have well-targeted safety nets in place. This highlights the need to create programs with flexible targeting and implementation arrangements that can be used to respond to unforeseen crises, whether manmade or natural.

In addition to the three main proposals above, more could be done to explore synergies between social protection and health, insurance, and the private sector for better (climate) risk management:

Improve access by the poor to health services, especially preventive health care. This is a 'no-regrets' intervention to reduce vulnerability in current and future climate. Health risks already cause a large part of the vulnerability burden and are expected to grow with the predicted increase in heat waves, the spread of vector-borne diseases caused by higher temperatures, and rising malnutrition. Social protection could help through targeted supply and demand-side incentives for greater coverage of health care.

Expand promising pilots with insurance and other conditional financial instruments. Emerging lessons with weather-based index insurance at household, local, or national level show scope for insuring against low-frequency and high-cost events. While index insurance helps overcome the usual moral hazard and adverse selection issues, it still presents technical challenges (for example, data availability) and may not be easily affordable or in high demand in many countries (Box 2). The use of life insurance against idiosyncratic risk is also an area of growing interest and is often marketed by microfinance institutions, partly as way to insure their outstanding loans.

It will be important to continue with experimentation and learning to make sure social protection instruments are well-designed and that lessons of their impact on vulnerability are documented and disseminated. This will help position social protection for the growth in concessional funding earmarked for climate change. In addition to the above, an interesting area for further innovation is through deepened penetration of microfinance (loans, savings options, remittances) and cell phone banking. In Bangladesh, for example, NGOs and banks have expanded the coverage of micro finance services on market terms to millions of poor people. Although this is not a safety net in any conventional sense of that term, it helps the near-poor grow their incomes and stabilize consumption.

### Box 2: Insuring against adverse weather

Weather-based index insurance can sometimes substitute for traditional crop insurance. Weather-based index insurance uses objectively defined trigger events (e.g., rainfall, soil moisture) in an area to set contingent damage payments according to an index. Contracts and indemnity payments are the same for all buyers per unit of insurance; there is no use of field- or household-specific damage and loss data. This model discourages moral hazard and cheating, avoids adverse selection problems, and lowers transaction costs. It also makes the insurance instrument accessible to the broader rural population (Skees, et al., 2002). However, index insurance weakens the correlation between losses and payouts. This is known as 'basis risk'—an insured party may suffer a loss yet not receive a payout.

Alderman and Haque (2007) survey the experiences to date with index and weather-based insurance in developing countries. Weather insurance through index-based insurance for farmers and for local and national governments is finding growing use but is not a panacea: it may not be appropriate for slow-onset climate impacts, preventing losses is sometimes more cost effective than loss-based insurance, and many African countries lack insurance markets and may not find insurance easily affordable. It may also not be desirable for some developing countries to take out insurance if indemnities are likely to crowd out concessional emergency funding. This being said, there are interesting innovations for weather risk management that combine insurance and safety net or social insurance approaches, with ongoing programs or pilots in Mexico, Ethiopia, Mongolia, and elsewhere. These programs and pilots use weather indices as triggers for payouts to farmers and to mobilize safety net transfers.

Weather-based insurance cannot stand alone. Many humanitarian crises are caused by factors other than climatic variability (e.g., conflict, poor governance, lack of infrastructure, political and macroeconomic crises, etc.). Safety net and emergency responses thus should not be tied exclusively to index instruments.

## Funding, Governance, and Research on Adaptation

Increasing amounts of funding will be available for climate change responses and could help finance social policy and social protection interventions in Africa. As part of the UNFCCC, the developed countries committed to "innovative means of funding to assist developing country Parties that are particularly vulnerable to the adverse impacts of climate change in meeting the cost of adaptation". In all likelihood, concessional donor funds earmarked for adaptation will grow rapidly and significantly. Stern (2008) proposes social protection as a priority area for this funding. Carbon finance—both under the Kyoto Protocol and under voluntary offsets—is another source of funding. So far, carbon finance has often bypassed Africa, in part because the largest emission reduction projects were found elsewhere. But the carbon market is growing and expanding into avoided deforestation and programmatic approaches with promise for Africa. These approaches aim to remedy some of the drawbacks of project-based carbon finance, for example by bundling smaller projects. Africa could potentially reap significant benefits through carbon finance markets—especially in avoided deforestation—if efficient "bundlers" of small-scale emissions reductions can be found. Various community-based organizations could help "bundle" and market small-scale emissions reductions, proving a potential new role, and financing, for community-based organizations.

Governance challenges need to be overcome for effective adaptation. The key challenge is that the most vulnerable households are in communities and countries that have the weakest institutional capacity and the fewest resources to respond. Addressing this challenge will require responsive and accountable government institutions to ensure the risks facing poor people are acknowledged and addressed effectively. Interventions are unlikely to meet with success and attract sustained donor funding unless government institutions can demonstrate accountability and responsiveness. International institutions will therefore have to find ways to provide not only resources but also incentives and information for adaptive actions that are responsive to the poor. Support via social funds and community-driven development projects could be one such approach. Another approach would be to identify barriers to adaptation rooted in counterproductive policies and regulations—such as lacking or insecure property rights that demotivate farm investments—and seek to address those. For this, it could be useful to develop better diagnostic tools to pinpoint the barriers to adaptation and to lend "voice" to the poor.

The professional communities working on social protection, natural disasters, and adaptation to climate change share a concern for helping poor people manage risks. These three disciplines each take integrated, multi-sector approaches to risk management with a shared goal to make societies, communities, and individuals more resilient and less vulnerable (Siegel, 2005; Yamin, Rahman, and Huq, 2005). Yet there is not always enough cross-fertilization among these professional communities and in fact a good deal of confusion over the definition of key terms such as risk and vulnerability: what the social protection literature refers to as (social) risk management is called hazard management by the disaster community and adaptation in the context of climate change. Yet it is exactly the same. There could also be more collaboration on improving humanitarian practices of income support by increasing the capacity for post-disaster cash transfers (Heltberg, 2007).

There is a need for more research on social aspects of climate change and on social protection interventions to reduce household vulnerability to risks associated with climate change. We need to seek consensus on basic terms and relationships between risk, vulnerability, coping and adaptation, and find out what interventions work. As mentioned, it is important to document how well-designed social protection instruments can promote adaptation and to make sure social protection qualifies for adaptation funding. I would also propose long-term monitoring of household and community responses to risks and shocks, including climate risks and climate changes, alongside weather monitoring. Such long-term socio-economic monitoring would be of interest to policymakers, researchers, and specialists working on social protection, disaster, and adaptation.

## Conclusions

In conclusion, more needs to be done to adapt to climate change in Africa and social protection, with its established frameworks for vulnerability reduction, can promote adaptation to climate change that is geared towards the needs of the poor. Some of the instruments to consider are social funds for community-based adaptation, safety nets designed flexibly to respond to climatic shocks and natural disasters, and skills development, micro finance, and assisted migration for changing livelihoods.

Expect no miracle over night. Coverage of social protection by government and market instruments remains very low in Africa and not always focused on the poorest.
The reasons for this are rooted in fiscal and implementation constraints, and in political economy. There is little evidence to believe these reasons have changed fundamentally. Nevertheless, by thinking outside the box there are opportunities for social protection to engage and improve risk management using innovative approaches. The new wave of financing being made available for climate change represents an opportunity for scaling up social protection instruments. Collaboration between the professional communities working on social protection, climate change, and disaster risk management is needed to ensure effective assistance to help African households manage climate risks, old and new.

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# part 4:

# SOCIAL PROTECTION, GROWTH AND ASSETS

# PART 4: Social Protection, Growth and Assets

## 4.1 Work and Welfare in South Africa: The Relationship between Social Grants and Labour Market Activity

**Dr Rebecca Surender[106] , Professor Michael Noble[107] , Phakama Ntshongwana[108] , Gemma Wright[109]**

### Abstract

*Despite the absence of direct unemployment assistance in South Africa, there is growing media and political concern that the existing social grant system might nevertheless act as a disincentive to the unemployed in seeking work and create a culture of 'dependency and entitlement'. The debate is driven in part by anxieties about the rapid increase in up-take of social grants during the past few years. In the context of these debates, this study explores the relationship between grant receipt and paid employment in South Africa and examines whether there is evidence of a 'culture of dependency', the nature and strength of labour market attachment among grant recipients and the opportunities and barriers to employment they face.*

*The study combines both quantitative and qualitative data sources. It surveys the views of a cross section of South African citizens and compares the attitudes of those in and outside the formal labour market. An in depth qualitative component explores several of these issues from the viewpoint of grant recipients themselves.*

*Findings: both those in and out of work placed a high value on paid employment and all groups agreed that work promotes dignity. Joblessness had not become 'normalised' and all groups of the unemployed were extremely motivated to get work including women, 'lone mothers' and 'disability' claimants. Grant recipients did not subscribe to a distinctive culture but to mainstream values, beliefs and aspirations.*

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*Calculations about 'trade-offs' were also not of central importance in explaining people's chances of finding work. Other explanatory variables stood out in accounting for peoples labour market chances: the absence of qualifications, skills and training; access to a level of finance that facilitates job search, and to informal networks that provide information. There was popular support across all groups for extending social assistance for the unemployed; the majority of respondents were in favour of such a policy, even if it entailed higher taxes.*

*Conclusions: These findings appear to counter recent concerns about potential unintended effects of the current grant system. The most important factors in reducing people's chances of finding employment were perceived to be linked to the structural conditions of the labour market and the wider economy rather than the motivational characteristics of the unemployed and the arrangements of the grant system.*

*Key words: South Africa, social grants, labour market, dependency culture, barriers to employm*ent.

## Introduction

There is little doubt that the language of policy debate in South Africa is changing as the country proceeds through its second decade of democracy. Whereas the first decade embodied the discourse of poverty alleviation and redistribution, the second is dominated by concerns about rising expenditure, 'handouts' and 'dependency'. Despite pressure from its constitutional commitment to ensure income security, the government is now said to be spending too much on social assistance and there are calls from within and outside its ranks to resist an expansion of 'welfare' (South Africa, 2006; ANC, 2007; Netshitenzhe, 2002). There are several reasons for the mounting concern but chief among them are the combined pressures of mass unemployment together with rising expenditure on social assistance.

In September 2006, unemployment in South Africa using the official definition, stood at 25.5%. If we include 'discouraged workers' (those who want work but are not actively looking for it) the figure is estimated to be somewhere between 36% and 41% (Stats SA 2007) and means that South Africa 'boasts' one of the highest unemployment rates in the world. Despite this high structural unemployment, there is little provision available through the social security system in the form of cash transfers. The social insurance pillar of the system is at present very restricted, providing only limited cover through the Unemployment Insurance Fund (UIF) to fewer than 10% of workers. The social assistance pillar, though more extensive, is available mainly for those low-income individuals who are exempt from the labour market due to age (Older Person's Grant and Child Support Grant) or disability (Disability Grant). There are currently no dedicated grants for able-bodied people of working age who are unemployed.

Despite the absence of direct unemployment assistance, there is growing media and political concern that the existing social grant system might nevertheless act as a disincentive to the unemployed in seeking work and create a culture of 'dependency and entitlement' (DSD, 2006; 2007; Daniels, 2006). The debate is driven by anxieties about the rapid increase in up-take of social grants during the past few years, in particular the Child Support Grant (CSG) and the Disability Grant (DG) and the ensuing increase in government spending. By mid 2006, about 11 million grants were being paid each month (to a quarter of the population of 45 million) and expenditure on social assistance represented 3.5% of GDP. No other developing country redistributes as large a share of its GDP through social assistance programmes (Seekings, 2007; Lund, 2001). This reality together with a growing body of evidence which shows that such grants have become generalised poverty grants used for the support of entire households rather than dedicated individuals (Simchowitz, 2004; Surender et al, 2007) has sparked debate and dispute (Daniels, 2006; Martin, 2005).

Initiated in 1998, the CSG is means tested and is available to the primary caregiver of eligible children under the age of 14 years. Recipients must have incomes of less than R800 or R1100 a month depending on their residency. The CSG is currently worth R200 per child per month and is now claimed on behalf of over 7.7 million children (DSD, 2007b). The DG is also means tested and is available to any adult who as a result of a mental or physical disability is incapable of entering the labour market. The temporary DG (currently set at R870 per recipient per month) is paid to adults whose disability is expected to last for a period of between 6 – 12 months, while the permanent DG is paid to adults whose condition is expected to continue for a period of greater than 12 months. The number of DGs rose from about 600,000 in 2000 to over 1.3 million in 2004 (DSD, 2007b).

While many have viewed the increase in take up of grants as evidence of the government's serious commitment to poverty alleviation and a reflection of an improved and successful social security administration (Meth, 2004; Whitworth & Noble, 2008) others have voiced concerns about the financial sustainability of the current system and some unintended effects or perverse incentives, including that cash transfers are misused by recipients and may undermine local self help. Increasingly prominent is media and political anxiety that social grants might act as a disincentive to the unemployed in seeking and obtaining work and create a culture of dependency (South Africa, 2006; ANC, 2007).

## International evidence about dependency

Debates about whether the provision of material support to the unemployed undermines their work motivation are of course not unique to South Africa and have permeated all systems of social security - in particular systems reliant on means testing. In a European context, the idea that reliance on state social assistance discourages entry into the labour market can be traced back to at least the Elizabethan poor Law in England in 1605, and possibly to the laws enacted in the 14th Century following the Black Death.

Contemporary debates more typically take their departure from the 'underclass thesis' made prominent by Charles Murray and others during the 1980s (Murray, 1984; 1996; Mead, 1992). In simplified terms this argues that amongst the population of the poor there is a significant group whose situation is driven by their own behavioural failings, in particular that they have little or no attachment to the labour market. Paid work is not valued and individuals are content in the long term to derive their income from state transfers. A 'culture of dependency' emerges and this is transmitted inter-generationally to children who see few role models who are gainfully working and observe a contented reliance on state transfers. Central to this thesis is the criticism that social security facilitates passivity and dependence among the poor; welfare helps to perpetuate poverty rather than alleviate it.

The northern hemisphere now possesses a well documented literature on this subject. Several studies of welfare dynamics in the USA and the UK (Jencks 1992; Bane and Ellwood, 1994; Noble et al, 1998; Burchardt et al, 2002; Evans et al, 2003) find that the majority of income support recipients exit these states relatively quickly. Others have similarly argued that if unemployment benefits have an effect, the effect is limited since most benefits tend to be restricted both financially and in terms of the conditions imposed on receipt (Atkinson and Morgensen, 1993). Since systems are designed to minimise their relative attractiveness, if there is a theoretical potential to 'tip the balance' in favour of non-work, it is rarely if at all, realized in practice (Spicker, 2006). Bryson (2003) suggests that on the contrary, because benefits facilitate job search, they reduce benefit duration, while Handler (2003) argues that sanctions within welfare to work policies achieve little in terms of activating the most disadvantaged and often act to further exclude them.

However, although attitudes to work are central to the proposition that welfare payment weakens work commitment, they are rarely studied directly. Rather most evidence has focused on analysing the strength of the relationship between the replacement ratio (the level of benefits in relation to earnings) and the duration of employment. The available research which has focused more on the attitudes and aspirations of the long-term unemployed, in the main has tended to provide little or no evidence to support the general argument that welfare provision weakens people's underlying commitment to having a job (Evans et al, 2003; Noble et al, 2007). Gallie and Paugam's (2000) comparative study of EU countries found that the unemployed in each of the 15 European states attached greater importance to having a job than those who were actually in paid work. The level of benefit was of little relevance, and in fact those countries, which had the most generous welfare arrangements, were among those where the unemployed demonstrated the highest levels of employment attachment.

## The evidence from South Africa

Most of the available literature and research on these issues relates to the industrialized world where poverty and unemployment is more limited and the social security system more expansive than in South Africa. How relevant and generaliseable the findings are for the South African case is therefore still to be determined. The small body of research which examines these issues in a South African context, while broadly confirming the importance of social grants for poverty reduction (Case and Deaton, 1998; Case et al, 2003) has turned up mixed results regarding possible perverse labour market incentives. Some have argued that social grants have had perverse effects, for example, causing a reduction in remittances from children living away from home (Jensen, 2003). A few have argued that cash transfers resulted in a sharp drop in labour participation in recipient households (Bertrand et al. 2003; Dinkleman, 2004) leading them to argue that the "state needs to carefully consider the incentives it provides under its various welfare programmes" (Ranchod 2006).

Others have challenged these findings and their meaning. Like Bertand et al, Klasen and Woolard (2005) and Muller (2007) find that pension income is associated with lower labour force participation rates but argue that the effect is due to the distortion of household formation processes not a culture of dependency (i.e. those without work and any means of support gravitate towards relatives who have some social assistance). While most empirical work in this area relate mainly to the OAP, Williams (2007) recent study on the CSG finds that increased probability of receiving a Child Support Grant is associated with increased broad labour force participation, and no identifiable effect on narrow labour force participation or employment.

The channels through which social grants might lead to improved labour market outcomes have been identified in other studies. Social grants may enable poor individuals to make high-return investments that cash constraints would otherwise prohibit, such as alleviating constraints to job searches (Samson, 2002; Kingdon and Knight 2000; Shoër and Leibbrandt 2006); financing migration (Posel et al 2006); managing negative shocks (Booysen 2004); funding small enterprise creation (Lund 2002); and improving productivity through better health, nutrition, and training (Samson et al 2002). One possible confounding factor is that having access to social grants may allow individuals to be more selective about accepting jobs. While this might in the short run show up as a decrease in employment rates, it may actually be economically beneficial; if individuals simply take the first job that comes along out of desperation, higher productivity 'worker-firm matches' may be precluded (Wittenberg 2002, p.1166).

In the context of these debates, this study explores the relationship between grant receipt and paid employment in South Africa and examines whether there is evidence of a 'culture of dependency', the nature and strength of labour market attachment among grant recipients and the opportunities and barriers to employment they face. The research is important for several reasons. Little is known about the factors which affect the motivation or decision-making processes of those on the margins of the labour market or how the worlds of welfare and work interact within the South African context. Moreover, the evidence base that does exist relates mostly to the Old Age Grant and relatively little is known about the employment effects of the CSG and DG despite the fact that these are growing at the fastest rates. Lastly, although attitudes to work are central to any discussion about the work motivation of the unemployed, they are rarely studied directly. This research seeks to address these gaps and somewhat unusually, combines both quantitative and qualitative data sources. The study surveys the views of a cross section of South African citizens about the labour market, the social grants system and the relationship between social grants and paid work and compares the attitudes and views of those in and outside the formal labour market. An in depth qualitative component also explores several of these issues from the viewpoint of grant recipients themselves, directly examining their attitudes, values and experiences.

## Methodology

The study comprised two elements of data collection; a qualitative component, and a cross sectional survey. Qualitative fieldwork took place during a six-month period between June – December 2006 and consisted of 39 focus group interviews with a total of 386 individuals. Two (of South Africa's nine) Provinces, the Eastern and Western Cape, were selected as sites for interview because they provided a combination of relevant characteristics: rural/urban mix, high/low employment rate and access to employment training programmes. Additionally, they provided the opportunity to explore the issue of economic migration in some detail as there is significant population movement between the two Provinces.

Nineteen group interviews were held in the Western Cape area with CSG and DG recipients and 20 in the Eastern Cape Province. In both Provinces, group size ranged from between 8 and 12 and included female and male recipients of both types of grants. Given the limited scale of the study, the qualitative work focuses only on the Black African population since this group form the majority of South Africa's population and the majority of grant recipients. The Child Support Grant and the Disability Grant were selected because they are the main grants available to those of working age, and also because they have each been the subject of similar recent debates about perverse incentives.

Study participants were recruited through grant recipient lists held by local grant administration offices and via schools for disabled youth or community organisations. Though this part of the study did not aim to be a representative sample, the sample was balanced for gender, age and grant type as much as possible by inviting equal numbers of each of these constituencies to participate. All interviewees were of working age (16- 65) and currently formally unemployed though some were in work/training projects and a small minority undertook small 'microbusiness' activities such as selling fruit or sweets. The main disabilities of DG recipients were stroke, HIV/AIDS, epilepsy, arthritis, heart conditions and those caused by car or other accidents. The majority of interviewees had reached Standards 8 – 10 of schooling. Almost all respondents in both Provinces had direct experience of migration – either from rural to urban areas within the Eastern Cape or across Provinces from The Eastern Cape to the Western Cape.

Interviews were taped, translated and transcribed. The process of coding and analysing the interview data conformed to standard rules for focus group and qualitative analysis as did the process of arriving at the reliability and verification of conclusions. All individuals have been anonymised.

## The Questionnaire

The survey analysis is based on data from a module which was included in the Human Sciences Research Council's 2006 South African Social Attitudes Survey (SASAS 2006). The questions in the module were in part informed by the earlier qualitative study. The analysis in this paper is largely bivariate. Differences in attitudes between population groups, those defining themselves as 'poor' 'just getting by' and 'non poor', and between the unemployed and the wider population were all explored. Only differences that were significant ($p < 0.05$) are reported.

In order to distinguish the 'poor' from the 'non poor', an investigation was undertaken into the banded household income variable in the data. Unfortunately nearly 25% of respondents either refused to answer the question or reported that they didn't know or were uncertain of the household income. This meant that it was not possible to produce a reliable poverty indicator using equivalised household income. There is, however a question which asks the respondent: 'Would you say that you and your family are… (1) Wealthy (2) Very comfortable (3) Reasonably comfortable (4) Just getting along (5) Poor or (6) Very poor.' For analysis purposes, categories (1), (2) and (3) were collapsed into 'non poor'; category (4) was left as is; and categories (5) and (6) were collapsed into 'poor'.

Our category of 'workless' includes both the 'official unemployed' and 'discouraged workers' and the economically inactive who are of working age (i.e. 18-59 inclusive for women and 18- 64 inclusive for men). In some analyses the unemployed (using the expanded definition) is used as an analytical category. When examining attitudes to social grants and their relationship to work, additional analysis was conducted to look at differences in attitude between those respondents in households in receipt of grants and other households. Where the differences are statistically significant they are reported.

Since part of the aim of this analysis is to begin to assess whether the 'poor' or the 'workless' have values which are significantly different from the 'non poor'/'those in work' and in particular to explore whether these values show that the 'poor'/'workless' exhibit a detachment from the labour market and display characteristics of a dependency culture, most of the analysis is undertaken using these variables.

## Results

### The importance of work

In order to explore issues surrounding the dependency culture thesis in a South African context the study began by considering the extent to which paid work is valued across South African Society.

We examined the extent to which paid work was perceived to bestow dignity. In response to the statement 'A person has to have a job to have dignity', the majority (67%) either agreed strongly (26.5%) or agreed (40.6%). Of the 22% who disagreed, there were no significant differences by population group. We might have expected those without jobs to have held differing views, either out of defensiveness or because they had adapted to their circumstances. However, we did not find that the workless1 had significantly different views than the employed. All those not in paid work were asked to comment on the proposition that 'I feel alright about being out of work because so many other people are out of work too' and despite some differences between population groups, the vast majority (86%) did not feel adjusted to the position of being without a job.

Those in work were asked to comment on statements relating to their view of work. A very high percentage of employed people (78.4%) felt it was important to 'hang on to a job even if you do not really like it'. They were also given a series of statements to consider, all relating to the role of employment as an agent of social integration:

*'I work because working is the normal thing to do'*
*'I work because it gives me a sense of belonging to the community'*
*'I work because in my job I meet people and don't feel so isolated'*

On all these issues, there was agreement about the notion that work promotes integration and overcomes isolation. Seventy percent agreed (or agreed strongly) that they regarded working as the normal thing to do, 65.6% saw it as giving a sense of belonging to the community and nearly 64% saw its role as overcoming social isolation. In terms of type of earnings from a job, the overwhelming expectation was that pay would cover basic essentials – 95% of those working for pay said they worked in order that they could pay for basic essentials such as food, rent and children's education.  However, there was no aversion to taking a low wage job as a first step up the ladder, with 82% agreeing/strongly agreeing with the statementl: 'It's worth my accepting a job with a low wage now if I can improve my position in the long run'.

Overall, the message that most strongly emerged from interview respondents was that there were no jobs and almost all respondents in both provinces had been unemployed for several years. All expressed a desperate desire and need for work.

“There are no jobs. You can have R200 in hand, you go up and down using it for transport looking for work until the money’s finished. Still no job. You sacrifice buying even food in the house, save the R200 to look for work. There are not jobs, no domestic work, no factory work” (Female, CSG, Mdantsane).

There was little to distinguish gender groups or those receiving either grant. Despite childcare commitments, women respondents were as eager for employment opportunities as men.

*“I am not working, my mother is not working and my sister is not working. We try by all means to get jobs but it is difficult. I would leave my child with my mother and go to work but there is no work”* (Female, CSG, Crossroads).

Although not required to be looking for work, many of those in receipt of the DG nevertheless insisted that they would prefer to work than receive a grant. Interviewees argued that though their health needs dictated that they needed more flexibility and assistance from employers, they still had many useful skills and would welcome more opportunities.

*“They must also create jobs for the disabled people. I would love to get another job… I would do many tasks such as make toys…but I cannot work in the farms, I am disabled, I would fall.”* (Female, DG, Makhaza).

In general it was clear that lack of work dominated all interviewees lives in a very negative and disheartening manner; morale was acutely low, and there was little optimism about the future.

*“We don’t know what to do, but we know we will do anything if they give us a chance…we are all starving here and we are desperate…”* (Male, DG, Mncotsho).

## Job Seeking and Barriers to Employment

Overall, 81% of unemployed survey respondents stated that they were looking for work. Both interview discussion and questionnaire data suggested that many work-seeking strategies such as standing at road junctions, going door to door or placing advertisements in local papers were ineffective. Several interviewees raised the role of employment agencies and described how most employers (when not hiring through informal networks) tended to hire only those referred from private agencies. This was voiced as a barrier rather than an aid to our respondents who could not afford the fees.

*“Another thing that works against us are the agencies…if you are not from an agency they will never employ you. The agency wants you to pay R300 before they can do anything for you – where are you going to get that amount when you are not working. And even the salary you get – it is shared with the agency”* (Male CSG, Newlands).

The largest percentage (over 50%) used social networks to find work. When discussed in more depth in the focus groups however, this issue became expressed in largely negative terms; broadly framed as nepotism and seen as a barrier to employment. In virtually every focus group, the argument was made that an individual could only get a job through family or social contacts and networks. Accounts moved between resigned despondency and active frustration, but the message was always the same; it was impossible to access work without ‘insider’ help.

*"If they do not know you, you don't get a job…When there are jobs available, the factory managers ask their own staff to bring people – though there are people standing at the gate. They would pass all of you and take people who are known by those people who are already working there… Most of the time you don't even hear of a vacancy. There's a lot of nepotism."* (Male, CSG, Makhaza).

## Migration

Perhaps the principal work seeking strategy employed by respondents was 'economic migration'. Among the unemployed population, over 81% of the Black African population would be very or quite willing to move to find work. A smaller percentage of other population groups (between 52% and 54%) would be prepared to do so.

Among the 17% of survey respondents who had actually moved to another province or municipality within the last 5 years, 61% moved to find work. A much higher incidence of migration prevailed amongst interview respondents. In both the Eastern and Western Cape provinces, respondents had migrated from rural Eastern Cape regions. Reasons for migration varied, though the search for employment was again the predominant motivation.

*"I am from East London – I have been here for more than seven years now and I came to look for a job – I worked for three years but my work came to an end (Male CSG, Crossroads)". "Because there are no jobs in Tsomo, I felt I should come try this side"* (Male CSG, Mdantsane.)

There were also several examples of temporary migration. For example in order to avoid prohibitive daily transport costs, a number of female respondents left their families in the townships to reside at their place of domestic employment. Although this typically caused stress and anxieties within families, there was universal agreement that not having an income was even worse.

*"You are not going to tell your wife not to leave home to work in town, what are you all going to stay at home for? It's bad, people are scattered all over. It's painful to the family… sometimes problems come out when families are not together…but we must endure this to at least support our families"* (Male CSG, Mdantsane).

In terms of whether migrants were successful in finding work and their expectations were met, outcomes were on the whole disappointing. Many respondents felt disappointed that despite the huge effort of migration, only menial work or 'piece jobs' were obtained in most instances.

*"It made sense before, but now there are no jobs anywhere…it is the same here as back there"* (Male, CSG, Old Crossroads)

*"I came to Cape Town to work in the farms in Stellenbosch. Sometimes the work was temporary, but sometimes you would be lucky and work for the same farm for a longer time* (Male CSG, Makhaza).

## Barriers to employment

The overwhelming majority of survey respondents in paid work expressed an intention to immediately look for work if they lost their job (90%). However the unemployed were pessimistic about the outlook with 61% thinking that there was no real chance of them getting a job in the area. We therefore examined in greater detail the barriers the workless experience in moving into work.

For those seeking work the largest perceived obstacle to employment was that there were no or too few jobs available. However respondents also identified a number of additional barriers that compounded the situation. A fifth of survey respondents (20.7%) gave ‘not enough qualifications’ and 12.4% gave ‘not enough relevant experience’ as reasons for not getting a job. The data also show that there was a great willingness to train to get the necessary skills and this was particularly evident within the Black African community (85%).

Interview discussion about the question of skills and training as a barrier to employment however was more ambivalent. While most agreed that more training would always be helpful and welcome, for many, it was not a panacea. Most training agencies were privately run and unaffordable for most, but moreover there were lots of anecdotes that even those with training and certificates of one kind or another were unemployed along with everyone else.

*“After you complete the training with a certificate in your hand – they will ask you if you have experience… sometimes they want three years experience…we are now sitting with our certificates”* (Female, CSG, Old Crossroads).

*“I trained for three months and got the basic certificate in woodwork, but I still have not found a job. The government is doing its best to train people but the problem is getting a job after that”* (Male, DG Khaylesthia).

In both the survey and focus groups the cost of transport was cited as a significant barrier both to job searches and actual employment. Respondents appeared cut off and isolated from local job markets. Living in townships or settlements outside the main centres of work, they argued that the cost of taxis or buses made it extremely hard to go in search of work. Even if a job was secured, a large percentage of one’s salary would be spent on transport.

*“We have to use public transport which costs money and leaving children behind – so it is difficult for us to hear if there is a factory offering jobs in Parrow”* (Female, CSG, Crossroads).

*“The taxi fare is R20 every day…you would end up working only for the taxi fare”* (Female, CSG, Mncotsho Village ).

## The role of social grants

In order to discover perceptions and attitudes specifically about grants, the survey began by asking whether there was any support for extending the cover of the social assistance scheme. We found that there was indeed widespread popular backing for the idea that

*'People who can't get work deserve help in the form of social grants'* (74.4% of all respondents). Interestingly, a higher proportion of those in work (83.9%) agreed with the idea than those currently unemployed (78.9%).

In order to explore the issue in more detail, respondents were asked about the responsibility for supporting different categories of unemployed people: Where an employed person becomes sick; where an employed person is retrenched; where someone not working becoming sick; where someone has no recent employment. The government is seen as having major responsibility in each of these scenarios except retrenchment where the employer was seen as playing a major role. A large majority thought that the government had primary responsibility for those with no recent employment (62.4%) and for those not working who become sick (73.2%).

We asked all respondents about their view of whether claimants were 'deserving' in the sense that that most people receiving grants 'desperately need the help'. All groups (82.3%) overwhelmingly supported the statement.

There was also general agreement about the need for government to spend more money on existing social grants for the poor even if it means higher taxes. Although the 'non poor' group were slightly less willing to support this, nevertheless 59.4% agreed and nearly 63% of those currently in work supported the proposition. If we look at those whose households are currently receiving grants 71.5% agree or strongly agree with the proposition. When couched in support for particular grants, there is even more support for raising the level of grants. There are no significant differences in views about raising the Disability Grant and Old Age Grant between those who are working and those who are not. However, in the case of Child Support Grant, whereas the 71.3% of the overall population would raise the amount either a little or a lot, only 65.6% of those in work would do so.

## Relationship between work and grants

We asked those not working for pay whether they consider themselves better off claiming grants than working. This group overwhelmingly rejected the assertion that it is not worth them working – with 75.3% of the unemployed disagreeing with the proposition. The grant that has generated most controversy in terms of 'disincentivising' work, is the CSG. We accordingly asked respondents for their views about whether specifically 'the CSG is too high and discourages people from finding jobs'. There was little support for this notion with over 70% of all groups either disagreeing or strongly disagreeing with the proposition. Interestingly, the responses of those where CSG was received in the household were not significantly different from households where no CSG was in payment.

We also explored the issue of whether a lone parent (typically a mother) should seek paid work or stay at home to look after her children if they are under school age.' Although there is some variation between populations groups, the duty to work is supported by all including lone mothers themselves (64.4%). When discussed in more depth in focus group interviews, the perceptions about the CSG varied and the topic produced strong reactions from some. Criticism of young mothers and their alleged misuse of the grant were often expressed, mostly by male and older respondents. In particular, that mothers spent the money on liquor or on themselves or that they collected the grant for themselves but left their baby with the grandparents.

*"Yes we do hear these things. For example some of us young people spend this money on liquor. They don't buy anything for the child, all they do is to spend it on liquor… Some would disappear with their boyfriends leaving babies with their parents with nothing"* (Male, CSG, Newlands).

However despite some criticism surrounding the perceived mis-use of the CSG, there was complete consensus among all groups that the CSG did not act as a barrier to employment or encourage recipients to become 'dependent' on it. The overwhelming majority of interviewees thought that it was impossible for the CSG to engender a 'dependency culture' or serve as a deterrent to employment simply because of its small value in relation to a family's total needs.

*"There's no way you won't want to work in order to live on R190 a month. When you work, you earn more than that. Yes we are hungry, we are used to poverty, but there's no way you won't work only to depend on R190. By the time the R190 comes, your child needs a multitude of things from milk to shoes. You buy shoes and other small things, after that it's finished"* (Female CSG, Mdantsane).

In terms of the DG, as in the survey, there was strong support for this grant amongst interviewees. In the main, people felt that it was fair that someone who could not participate in the labour market due to disability or ill health should be supported by the State.

*"The government has done a good thing…disabled people were struggling before the grant. After getting the grant, there is a difference. A disabled person can become a decent person… eat, wash and even have insurance – all the things unable to do before. I can see the difference now"* (Female, CSG, Kyaletshia).

As with the CSG, very few respondents supported the notion that the DG encouraged individuals not to seek employment.

*"Some people say these hurtful things…it is also in the Daily Dispatch…but no one will sit down and not seek employment because they are getting a grant* ( Female, DG, Newlands).

Rather, many DG recipients were extremely eager to find work and felt frustrated about the double burden of being both disadvantaged in the labour market and being accused of being 'scroungers'. Several argued that the requirements and procedures were stringent and the grant could not be accessed unless a doctor deemed it was appropriate.

You don't choose to be on the DG. The doctor puts you on it. When the doctor feels that you have regained your strength, he tells you that you can now go back to work"
(Female, DG, Langa).

Finally, focus group respondents were asked to consider whether some form of income support should be made available for all who were unemployed, including those who were able bodied and without children. Most individuals supported the introduction of an unemployment benefit, arguing that it would be a lifeline to communities who are otherwise destitute.

*"I think that government should introduce a grant for people who don't have jobs so hunger amongst people would cease"* (Female, CSG, Langa).

*"We are desperate…we need it"* (Female, CSG, Mncotsho).

Rather than being a net drain, some argued that UB actually facilitated job-seeking activities by providing transport money or pump priming for small business initiatives. The strongest argument however for supporting the unemployed was that it would reduce crime. Almost every focus group raised this point.

*"I think that would be a right thing to do because the reason why we have so much crime is because people are not working – at least people will be able to buy food…people do bad things not that they want to buy drugs, but because they are starving"* (Male, DG, Makhaza).

Interviewees also argued that there were ethical reasons in addition to purely instrumental ones for introducing such a reform, namely that it was not individuals' fault that they were currently unemployed and the government therefore had some responsibility. Moreover it would allow people to preserve some dignity and self worth. Several argued that an extension of social grants would positively strengthen social solidarity within communities.

The current grant system it was argued, was divisive as only some of those in need, received support and this produced enmity and conflict within communities.

*"We don't get along with each other because of starvation. People are jealous of one another. If they see you with Shoprite groceries because you have got your CSG, people become very jealous…I think a grant for everyone is good because it brings back love to the people since everyone gets something"* (Female, CSG, Makhaza).

When presented with the argument that unemployment grants might undermine recipients work motivation, most respondents repeated many of the same arguments made earlier in relation to the CSG or DB, most commonly, that the level of the grant was never likely to be high enough for this to be serious threat.

*"No one will sit at home and just wait for the grant if there was the possibility of work!*
*The grant can never meet all your needs – it will just pay for food*"(Male, CSG, Duncan Village).

In addition, interviewees argued that work had a number of advantages over and above simple income, including social contacts, health, fitness, empowerment and self esteem and would therefore always be preferable to unemployment. Thus the majority of people would always prefer work for reasons other than purely financial ones.

*"Everyone would prefer to have a job – with a job you have hope and a vision…it is more than just food and clothing...with a job you can keep your dreams alive"* (Male, DG, Makhaza).

*"The disadvantage with this grant is that you are not doing anything – you are just sitting at home. But when you work you are able to stretch your mind and body… you learn a lot of skills and get experience'* (Male, DG, Khayletshia).

It is noteworthy however that as with questionnaire respondents, even amongst this group of unemployed and highly impoverished grant recipients, a significant minority voiced concerns about the provision of grants for the unemployed. Opposition to the idea centred on affordability and the creation of disincentives to work. Many argued that the burden placed on taxpayers would be unsustainable and unfair and questioned the economic feasibility of unemployment benefits in a context of mass unemployment and poverty.

“An unemployment grant for all of us would be impossible…the government can’t afford such a thing. I’d love to have such a grant but there are too many unemployed people” (Male CSG, Mdantsane).

However those who were sceptical about the extension of benefits to the unemployed agreed with other respondents that in the final analysis, it was jobs that people wanted; the solution lay in the creation of more jobs. Though most people saw grants as an essential support in the absence of employment, employment remained everyone’s’ preferred option.

“All these arguments about grants would cease if there was work…they exist because people are desperate and fighting amongst themselves… “If there can be jobs made available, nothing more we will ask for. We just want work. That is it” (Male, CSG, Crossroads.

## Discussion and Conclusion

Much of the debate in South Africa about poverty alleviation is framed within a discourse which sets social grants and paid employment in opposition to one another as possible solutions. The results from this study suggest that this is a false dichotomy. The key findings show that both those in and out of work placed a high value on paid employment and all groups agreed that work promotes dignity. Despite high and prolonged levels of structural unemployment, joblessness had not become ‘normalised’ and the unemployed were extremely motivated to get work. Evidence of labour market attachment was actively demonstrated in the wide scale levels of migration. Though it was disruptive and costly to families, economic migration was widespread and pervasive; most interviewees had either personally migrated or had a close family member who had done so. There was no discernable differentiation between population groups in terms of work motivation. Women and ‘lone mothers’ as well as those claiming disability benefit were as eager to find work as non-disabled men. Moreover the level of the replacement ration (benefit worth) did not seem to affect work ethic; there was no difference in motivation between those on the lower or higher level Disability Grant.

It thus seems that grant recipients did not subscribe to a distinctive dependency culture but to mainstream values, beliefs and aspirations, and that their attitudes were not an important factor in accounting for their unemployment or grant status. Almost all would prefer to have a job rather than remain unemployed irrespective of whether the government introduced an unemployment grant and the amount of such a grant. People were willing to take a low paid job if it allowed them to enter the labour market and was a stepping stone to something better. Not only would employment offer better financial rewards and security, it was also viewed as an important source of personal satisfaction and social integration. Rather, the most important explanation for unemployment in both the survey and the qualitative study was straightforwardly the lack of available jobs.

Moreover, it appears that financial incentives and calculations about 'trade-offs' were also not of central importance in explaining people's chances of finding work. In contrast a number of other explanatory variables stood out in accounting for peoples labour market chances. These include the absence of qualifications, skills and training; access to a level of finance that facilitates job search, and to informal networks that provide information. Having a household or family member in employment seemed to be particularly crucial in providing contacts and links to work openings. In a context of mass unemployment and job scarcity, the importance of social networks, social capital and nepotism in employment outcomes is increasingly evident in other research (Surender et al, 2008; Cichello, 2006; du Toit, 2005, Francis, 2006). This body of evidence raises considerable doubt about the importance that is frequently attached to the influence of the benefit system in affecting work motivation.

It was apparent that debates and perceptions about the 'mis-use of grants circulating in the media and wider society were evident among grant recipients themselves. However it was equally striking that by 'mis-use' – respondents referred not to fraud or false claims but that the grant money was spent by some on 'inappropriate' things, mostly alcohol. Despite some criticisms of how the CSG grant was being used there was strong agreement that neither the CSG nor DG encouraged dependency or acted as a barrier to work. Although often conflated in media reports, the two issues were completely separate and unrelated in the views of study participants.

Perhaps most strikingly, there was popular support across all groups for extending social assistance for the unemployed, indeed for some questions a higher proportion of those in work than the unemployed were sympathetic to the idea. The majority of all respondents were in favour of such a policy, even if it entailed higher taxes and all groups overwhelmingly believed that claimants deserved and desperately needed the support.  These findings are contrary to the presupposition that attitudes towards policies of redistribution in post Apartheid South Africa might be more significantly differentiated along racial lines. However they concur somewhat with other research which also showed that white respondents proved to be more generous than African or Coloured respondent in terms of the absolute sums they suggested should be paid by the government as social assistance to the unemployed (Seekings and Nattrass, 2005). The authors posit various explanations such as richer respondents could afford to be more generous (in absolute if not relative terms), guilt, and the belief that redistribution might prevent social and civil conflict (Seekings, 2007). Other evidence suggests that economic insecurity erodes principles of equity and solidarity and in many cases it is the most insecure groups who favour discriminatory practices against themselves (ILO, 2004). Whatever the reasons, it is clearly the case that the findings here appear to counter recent concerns about potential unintended effects of the current grant system. The most important factors in reducing people's chances of finding employment were perceived to be linked to the structural conditions of the labour market and the wider economy rather than the motivational characteristics of the unemployed and the arrangements of the grant system.

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# 4.2 Building Synergies between Social Protection and Smallholder Policies

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## Abstract

*After a lengthy period of relative neglect, agriculture is back on the policy agenda of many African governments and international agencies. Smallholder farming is recognised by the Commission for Africa, NEPAD and others as central to rural livelihoods and therefore indispensable to food security and poverty reduction and the achievement of the Millennium Development Goals (MDGs) in Africa. At the same time, however, the multiple risks and vulnerabilities that smallholders face are increasingly well understood, and new policy frameworks are emerging that distinguish between different types and sources of risk (for example, idiosyncratic and covariant risk affecting agricultural production, markets and health) and between different response options (investment in crop or livestock protection, irrigation, market stabilisation and access, cash transfers, and so on). Reducing risk in smallholder farming requires agricultural development policies, and policies that create a conducive enabling environment for agriculture, while managing risk in smallholder farming requires social protection policies that can also contribute to reducing risk.*

*The paper analyses how social protection and agricultural policies interact, creating either synergies or conflicts between them. We explore both current and potential synergies and conflicts between 'welfare-promoting' and 'growth-promoting' forms of social protection and agricultural development. To the extent that social protection measures help poor rural people expand their assets, use them more efficiently and adopt higher return activities, there should be strong synergies with agricultural development. Reverse synergies can also arise, if agricultural policies help farmers improve their livelihoods and reduce their vulnerability. But conflicts can occur if policy objectives are inconsistent with each other, and these are also examined in this paper.*

*We draw on numerous examples from across the globe, but with specific emphasis from the African continent to highlight examples of a wide range of issues, including, liquidity constraints, scale and threshold effects, timing, seasonality and policy complementarities. We conclude by drawing out lessons for how the agricultural policies and social protection instruments can be designed and implemented to exploit synergies.*

[110] This paper draws on findings presented in a report prepared for FAO: S. Devereux, A. Dorward, B. Guenther, R. Al-Hassan, C. Poulton and R. Sabates-Wheeler.2008. Linking Social Protection and Support to Small Farmer Development. Brighton: IDS Sussex and London: School of Oriental and African Studies, University of London.

# Introduction

## Mapping Interactions between Social Protection Policy and Agricultural Policy

New thinking is needed about potential synergies between social protection and agricultural development policies. The social protection policy agenda expanded as a distinct policy focus at the same time and as a result of structural adjustment and market liberalisation policies that restricted the scope of state intervention in the economy, particularly in agriculture. New social protection policies were needed partly because of the loss of some aspects of social protection provided by agricultural intervention policies (such as input and output interventions to stabilise and subsidise prices to promote both national food self-sufficiency and cheap food). Paradoxically, therefore, some aspects of social protection policies had been integrated within growth policies in state led agricultural development, but these were then separated into distinct policy spheres during structural adjustment and liberalisation. There are now moves to integrate them again, but under the banner of 'social protection' – reflecting the blurring of boundaries between 'protection' and 'promotion' policies that is responsible for much conceptual confusion, as noted above. Is there now an opportunity to reconsider lessons from these different growth and social protection policy approaches, and to move 'Beyond Liberalisation' to 'Developmental Coordination' (Dorward et al., 2005), in both agricultural growth and social protection policies? If so, what would this involve and how could it be achieved?

In the search for new thinking about agricultural development and social protection policy synergies, it is important to learn from past successes and failures, taking account of the different contexts faced by poor rural economies today. A critical issue here is the need to recognise the changing challenges, opportunities and roles of both agriculture and social protection as rural economies develop: lessons from past successes in countries that have successfully transformed their agricultural sectors may be more relevant than simplistic attempts to transfer current policies whose success may be context dependent (and not readily transferable). Critical issues here include the state of market development, and current and potential smallholder access to and engagement with different input, service and output markets and market opportunities.

Synergies and conflicts between agricultural and social protection programmes arise at different scales. Synergies can arise at the macro level if, for example, effective investments in agricultural development reduce budgetary requirements for social protection programmes and/or, by promoting growth and increasing resources available over time for financing social protection. Synergies can arise at the micro level where, for example, social protection policies reduce seasonal cash flow bottlenecks, help poor rural people expand their assets, improve food security, nutritional status and labour productivity, use assets more efficiently and adopt higher return activities than they would otherwise, or where agricultural policies help people improve their livelihoods and assets for self or mutual insurance.

The relationship between social protection and agricultural growth is thus complex and multi layered. Take the example of school feeding schemes. School feeding transfers food to the poor (welfarist), encourages investment in human capital through education (building resilience), and to the extent that the transfer is stable and durable, provides an insurance function against consumption shocks (risk insurance). It also provides a kind of 'old age insurance' for parents, in the sense that there is evidence that families that have at least one child who has completed primary school are much less prone to food insecurity. Most importantly for our purposes, if the necessary food commodities are purchased locally, school feeding schemes provide market outlets and production incentives to smallholders in the area.

There are, however, also potential conflicts at these levels. For example at the macro level, agricultural and social protection policies are likely to compete for limited financial resources and influence, especially if they are seen as different spheres of policy and are implemented by different agencies. Returning to the example of school feeding, local sourcing of food might be preferable in theory, but too expensive and cost inefficient in practice. At the micro level, some forms of social protection may undermine incentives for investment in particular agricultural activities (for example, food aid may depress food market development and production), and some agricultural policies may increase the vulnerability of particular people (for example, by increasing food prices). Similarly, participation in labour-based social protection programmes may conflict with on farm labour demands. Different synergies and conflicts may co-exist at both the macro and micro levels, and may differ between programmes, even between households within the same programme.

In addition to the direct multiple impacts of social protection measures, transfers affect peoples' behaviour in indirect ways that may be unintended and unanticipated by those who designed the instrument. Thus some conditional transfers, where receipt depends upon recipient behaviour (such as attending school to benefit from school feeding) or upon recipient characteristics (such as falling within a target group for unconditional cash transfers), may change the behaviour of potential recipients to improve their eligibility. These behavioural changes may have positive or negative impacts on other aspects of people's livelihoods (for example school attendance has educational benefits but may withdraw labour from other activities, and school meals might simply substitute for meals at home, reducing their net impact on child nutrition). Similarly the receipt of welfare transfers may lead to a wide range of different impacts on productivity – in addition to insurance and resilience building effects they may (a) prevent the loss of productive assets, (b) allow otherwise unproductive people to enter the productive economy, (c) undermine or enhance incentives to undertake particular productive activities and/or (d) through consumption or production linkages and multipliers affect (positively or negatively) growth and welfare of others (by affecting prices or other aspects of local or wider economic and social relations).

Moreover, we can identify particular types of relationship between social protection instruments and growth, involving threshold and scale size of individual transfers and the proportion of the population that are in receipt of these effects concerned with both transfers. The existence of micro level poverty traps means that transfers that take people across an asset threshold may have much greater growth effects than transfers which do not. We therefore cannot expect simple linear relationships between the size of transfers and their productivity impacts – these impacts depend upon the distance that different recipients are from the threshold, and will vary between recipients in any situation, and between situations. Transfers that bring people into the productive sector may also encounter thresholds, or at least strong discontinuities. Growth impacts of social protection interventions may also be strongly context dependent because of the need to address multiple limiting constraints to growth.

Synergies and conflicts arise because of various design choices and implementation modalities, including: instrument selection, timing (e.g. seasonality), scale and threshold effects, policy sequencing, predictability, targeting (including gender), the political economy of policy processes and linkages with informal social protection.  These will be discussed in turn below.

## Instrument Complementarities and Trade Offs

Social protection interventions play a crucial role in protecting vulnerable livelihoods, but can also have beneficial effects on agricultural production. This section explores three emerging synergies by discussing how various instruments can alleviate liquidity constraints for smallholders, create demand for farm products, and create multiplier effects throughout the local economy. Other synergies can also be assumed that are not discussed in detail here, for instance, social transfers could immediately improve the family's food security and nutritional status, thus improving labour availability and productivity at farm level.

## Alleviating Liquidity Constraints

One of the major barriers to agriculture production is lack of access to seasonal liquidity to invest in agriculture inputs (Von Pischke et al. 1983; Kydd and Dorward, 2001; Ravallion, 2003). The 2008 World Development Report on agriculture argues that the costs of financial constraints for smallholders are huge, in terms of both forgone opportunities and exposure to risk (World Bank, 2007). The report provides evidence from Honduras, Nicaragua and Peru, where 40% of all agricultural producers are credit constrained. In Africa, the demise of single channel marketing boards, as a result of structural adjustment policies, has left a gap in the provision of agricultural finance (Winter Nelson and Temu, 2005). Producers who lack credit are only able to purchase a fraction of inputs compared to their unconstrained counterparts. This translates into lower net incomes and lower returns to labour and capital (World Bank, 2007).

Evidence from recent conditional and unconditional cash transfer programmes reveals that they not only prevent damaging coping strategies (e.g. asset sales, indebtedness, removing children from school) but can also relax liquidity constraints for smallholder farmers and allow them to accumulate productive assets (Coady, 2004). Evidence on the use of cash transfers to purchase agricultural inputs comes from non emergency contexts as well as emergency situations (Harvey, 2007). Martinez (2004) argues that cash transfers can unleash untapped productive and income generating potential, by boosting household investments in farming as well as non farm micro enterprises. In Lesotho, Old Age Pension recipients also use some of their cash transfers as capital for income generating activities, such as rearing chicken and petty trading activities (Devereux et al, 2005). Participants in a pilot cash transfer programme in Kalomo District, Zambia have invested almost 30 per cent of the cash received on purchasing seed for planting and goats for breeding (GTZ, 2005). It is important to put these synergistic impacts into context, however. Small proportions of small transfers received by some poor households may be invested in fertiliser and seeds, but this in no way substitutes for the function played by the old marketing boards, in terms of large-scale provision of access to (often subsidised) inputs.

The most rigorous evidence on investment use of social transfers comes from large conditional cash transfer programmes in Latin America. Following implementation of the North America Free Trade Agreement (NAFTA), the Mexican government implemented Procampo in 1994, providing 15 years of support to farmers to compensate them for potential losses during the period of transition to the free market. The level of transfers varies across the programme's 3 million recipients, depending on total hectarage under key crops. Sadoulet et al. (2001) finds that Procampo generated a multiplier effect in the range of 1.5 to 2.6 pesos, being higher for farmers with larger landholdings. Farmers used the transfers to purchase agriculture inputs which allowed them to overcome a lack of access to credit. A recent analysis by Winters and Davis (2007) finds that this impact is also strongly influenced by access to irrigation and technical assistance.

Another cash transfer programme in Mexico, Oportunidades (formerly Progresa), provides seasonal transfers to poor households conditional on health check-ups and school attendance for children. Gertler et al. (2005) finds that in addition to spending the cash on direct consumption, Progresa participants invested part of the transfer income on investment in land and livestock, and were more likely to acquire or upgrade these key productive assets than control populations. Progresa participants also invested cash transfers in other income generating activities. These increased investments resulted in a 24 per cent increase in consumption after six years, even following the termination of the programme (Gertler et al. 2005). Winters and Davis (2007) find similar results for Oportunidades. Both small and large farms increased their ownership of draft and production animals, while larger farms increased the number of hectares under cultivation.

Taken together the analysis shows that Oportunidades appears to have had a substantial influence on investment in the productive activities of beneficiaries. They entered in animal production, invested in draft animals, initiated land use, and expanded the number of agricultural products produced and consumed, but only moderately appear to intensify production (Winters and Davis, 2007: 22).

Some intriguing contradictory evidence comes from a recent evaluation of Nicaragua's Red de Proteccion Social, which found limited evidence of investment of transfers in productive activities, including agriculture, even though agriculture plays a much larger role in rural livelihoods in Nicaragua than it does in Mexico (Maluccio, 2007). The explanation seems to lie in a combination of several factors: the transfer level in Nicaragua was lower and the recipients were poorer, while there was a strong emphasis in the Nicaragua programme on using transfers to boost household food consumption. The conclusion seems to be that programme design and implementation matters in terms of the investment impact of cash transfer programmes; just because a transfer is in cash does not necessarily mean it will get invested (Carletto, Davis and Winters, 2008).

An important general question, raised by this review of experiences, is whether the investment use of cash transfers is merely a fortuitous secondary effect of programmes that aim primarily to boost access to food in poor families, or whether these synergies should be actively encouraged in programme design and implementation. Interestingly, many cash transfer programmes in Latin America are increasingly recognising and explicitly promoting these linkages. In Ecuador, a conditional cash transfer programme called Bono de Desarrollo Humano has been linked with a new programme called Credito de Desarrollo Humano, whereby the cash transfer serves as collateral for the credit. In Paraguay, each family receiving conditional cash transfers from the Tekoporã programme is assisted by a 'guide' who discusses, among other things, household livelihood strategies, including production strategies. In Brazil, Bolsa Familia is working with the $4 billion PRONAF programme (credit to family farmers), whereby the programmes become linked for the poorest small farmer families (Davis, 2007).

## Multiplier Effects through Locally Sourced Produce

While cash transfers can have direct positive impacts on agricultural production due to investment in inputs, food transfers can impact on agriculture either positively or negatively, in terms of food prices, production incentives, and spill over effects on non recipients. A key issue is whether food distributed is sourced locally (which is likely to create positive ripple effects throughout the local economy) or imported (which could impact negatively on agricultural production and trade). The belief that food aid causes disincentive effects on agriculture has been challenged by Barrett (2006), who cautions that there is little empirical evidence for this. A study by Abdulai et al. (2004) finds that while simple test statistics or regressions suggest that disincentive effects of food aid on household behaviour can be large and statistically significant, these adverse effects disappear when household characteristics are taken into account. This study also concludes that food aid increases labour supply to agriculture, wage work and business activities.

Barrett (2006) notes that food aid imports can cause harmful market effects for farmers, due to falling prices and commercial displacement. On the other hand, non food aid recipients who are net food purchasers can be harmed if food aid is procured locally, driving food prices up. Coulter et al. (2007) finds that in the case of Ethiopia and Uganda, local procurement of food aid has led to larger price instability than tied food aid. In Ethiopia, though, locally procured food aid has also led to the development of export markets and food processing enterprises. Barrett and Maxwell (2005) conclude that well targeted and well timed food aid has minimal negative price effects, because it reaches households who are already priced out of the market. However, since food aid can affect local production, labour markets and consumption patterns, they recommend that food aid should be locally sourced whenever possible. Local sourcing should also attempt to develop the overall grain market as opposed to developing exclusive relationships with specific producer organisations (Coulter et al. 2007). If local sourcing is not possible or is unaffordable, attempts should be made to source locally preferred food from elsewhere within the region instead.

School feeding schemes or food-for-education (FFE) have similar impacts on agriculture as food aid. Local purchases of food for school meals can stimulate production by augmenting demand, not only for staple crops but also for vegetables, meat, eggs and dairy products. Ahmed and Sharma (2004) argue that this impact can be maximised through the simultaneous provisioning of both school feeding and take home rations. One success story comes from Guatemala, where the sourcing of food for school feeding has shifted from industrial suppliers to local producers. Parents of school children supply the food and participate in the preparation of school meals, thereby earning additional income. In Bangladesh, biscuits provided on the school feeding programme offer a new market opportunity for local wheat farmers (Caldes and Ahmed, 2004). During Indonesia's economic crisis in the 1990s, the government initiated a country wide school feeding scheme, which stipulated that the local staple should not be included in school meals, to avoid meal substitution at home, and that only locally grown commodities should be used. Meals were prepared by local women, organised through local women's associations. A survey found that 72 per cent of farmers interviewed said that the school feeding scheme had given them more opportunities to sell produce from their fields and vegetable gardens (Studert et al. 2004).

An important but unresolved question is whether local sourcing is more or less expensive than shipping freely donated food aid. Local purchases could significantly raise rather than reduce operating costs for humanitarian interventions, school feeding and other food-based transfer programmes. Calculations of relative cost-effectiveness will depend upon local circumstances (e.g. whether there is a national food surplus or deficit), transport costs, import/export parity prices, how local purchases are managed (e.g. if private sector actors are involved), and whether the second round benefits are factored in (e.g. whether agricultural production and rural incomes are stimulated by this increased demand for local produce). WFP's new 'purchase for progress' (P4P) initiative should generate clearer answers to these questions.

Just as food for social protection programmes can be sourced locally, so can agricultural inputs. Critics of input distribution programmes argue that they misdiagnose the inaccessibility of inputs as unavailability, noting that farmers are usually able to source seeds even after severe droughts. While free input distribution has recently been popular among donors and has effectively boosted agricultural production and household food security in the short term, critics argue that these interventions undermine local seed markets and are inappropriate to local farming systems, since tenders tend to be awarded to commercial seed and fertiliser companies which do not adequately consider the local context and often source their seeds from neighbouring countries (Barahona and Cromwell, 2005). As an alternative to free seed distribution, Orindi and Ochieng (2005) argue that seed voucher and fair schemes which strengthen local economies through the sale of local seeds are substantially more cost effective and provide opportunities for information sharing among farmers. One project in Kenya distributed vouchers to 35,000 farmers, entitling them to buy seeds at locally organised seed fairs where farmers and local traders were encouraged to sell seeds.

## Multiplier Effects through Cash Transfers

While local sourcing of food can generate demand for local production, cash transfers are likely to have more positive secondary and multiplier effects than food aid, because cash is spent on purchasing goods and services which in turn creates employment and income for the providers of these goods and services. These multipliers apply equally to transfers given to economically inactive groups (e.g. social pensions or child support grants) as to transfers given to small farmers, though the synergies with agriculture are likely to be higher if the recipients are farmers, who will spend some of this incremental income on farming. The magnitude and distributional impacts of economic multipliers depend on a number of factors, including the openness and structure of the local economy, its linkages with urban centres and other large markets (Taylor and Yunez-Naude, 2002), as well as the expenditure patterns of different groups receiving cash transfers (in terms of their expenditures on tradable and non-tradable goods and services). Although the macro economic benefits claimed for cash transfers are based on limited empirical findings, and the evidence to date is ambivalent (Devereux and Coll-Black, 2007), there is sound evidence from Africa and Latin America for localised multiplier effects of social transfers.

Barrientos and Sabates-Wheeler (2006) find that the benefits of Progresa/Oportunidades spilled over to non eligible households, resulting in positive consumption effects in both included and ineligible households in programme areas. Moreover, ineligible households in programme areas had higher probabilities of livestock and land ownership than ineligible households in areas where Progresa was absent. Another study, of a cash transfer programme in Malawi, found a significant regional multiplier effect, estimated at 2.11 (Davies, 2007). Local commerce and village traders were significant winners, with many cash transfer recipients purchasing goods from these groups. Smallholder farmers gained more than larger farmers from the programme, because they were able to supply traders to meet the increased demand.

In Ethiopia, local traders indicated that they were indirect beneficiaries of the Productive Safety Net Programme, as cash transfers stimulated demand for their goods (Devereux et al. 2006b). One maize trader indicated that PSNP beneficiaries represented 10 15 per cent of his clientele. Gebre Selassie and Beshah (2003) also documented increased numbers of buyers and sellers of basic commodities in an Ethiopian cash-for-work programme. However, there is some concern about the potential negative impacts of cash transfers on local markets. Though traders are generally supportive of the PSNP, they acknowledged that it has had an inflationary effect on essential commodities (Guenther, 2007). This outcome is predictable, given the weakness of markets in rural Ethiopia, but might be only a transitional problem as traders adjust volumes in response to the purchasing power of PSNP participants.

## Timing and Seasonality

Although the detrimental effects of seasonality on smallholder poverty and vulnerability are well known (Chambers et al. 1981; Dercon and Krishnan, 2000), the implications of seasonality are inadequately reflected in agricultural development policies. Seasonal variability of grain prices in uni-modal rainfall systems where markets are weak results in skewed access to locally produced food, with implications for hunger and malnutrition. Grain prices are typically lowest post harvest when demand is lowest and begin to rise during the rainy season, peaking just before the next harvest, resulting in reduced food consumption (Devereux, 2007). Restricted access to food and increased malnutrition during the rainy season also correlate with increased vulnerability to diseases such as malaria (Chambers et al. 1981). Seasonal variability in rural well being implies that interventions designed to support production and consumption must also be carefully timed, to address specific problems at the optimal time (e.g. ensuring that farm inputs are available at planting time, and that access to food is enhanced during the 'lean season') and to minimise the risk of conflicts (e.g. not implementing public works during peak times for on farm labour needs).

Household vulnerability to seasonal variations in agricultural production, food and asset prices, labour demand and health status require timely and appropriate social protection interventions to mitigate such stresses. In regards to agricultural production seasonality, Devereux (2007) highlights the importance of facilitating access to inputs for smallholders who face seasonal cash constraints. While fertiliser subsidies or free inputs distribution are controversial due to their adverse market and distributional effects (World Bank, 2007), they have successfully boosted food crop production. This is true in Malawi which has implemented the universal 'Starter Pack' programme, the 'Targeted Input Programme' and targeted input subsidies since the mid 1990s, with positive impacts on food production, household and national food security (Levy, 2005).

With respect to commodity price seasonality, fluctuations in food and asset prices undermine household food security by raising the cost of accessing food while reducing the market value of assets sold at 'distress prices' to buy food. Uncertainty in commodity markets makes it difficult for farmers to allocate productive resources efficiently. This may cause producers, consumers and traders to engage in risk-reducing strategies such as diversification into lower value but more stable products, not using purchased inputs, and not trading in remote locations (World Bank, 2005). Prior to structural adjustment, African governments typically intervened in grain markets in an attempt to ensure price stability throughout the year for both consumers and producers, through parastatals such as the Food Distribution Corporation in Ghana and mechanisms such as the Strategic Grain Reserve in Malawi (Devereux, 2007). Institutions such as the World Bank continue to advocate against 'interventionist' measures in favour of market-based solutions (World Bank 2005; 2007). Nonetheless, large countries like China, India and Brazil still intervene in grain markets to ensure price stabilisation for the benefit of small farmers. In Africa, there are alternatives to parastatal interventions that arguably should be explored and supported, such as community-managed grain banks (which are common in West Africa) or activities undertaken by farmers' organisations.

While market-based tools such as futures markets are able to insulate producers from short-term price volatility, they are typically not accessible in low-income countries. Commodity exchanges and futures markets have been established in China, India, South Africa and Thailand. However, the establishment of such instruments are dependent on good financial and legal institutions (World Bank, 2007). The World Bank argues that governments should facilitate the private sector's adoption of measures such as warehouse receipts and the purchasing of futures and option; however, such market instruments are themselves dependent on integrated markets and may not be accessible to small-scale producers.

Seasonal price volatility also has implications for the design of social protection programmes, particularly in cash transfers. In contexts where food prices are rising, either seasonally or during food crises, the purchasing power of a fixed cash transfer can quickly be eroded, undermining household access to food. Two recent interventions in Malawi responded innovatively to this challenge. The 'Food and Cash Transfer' (FACT) and 'Dowa Emergency Cash Transfer' (DECT) projects delivered cash transfers to drought-affected smallholders that were adjusted every month in line with changes in the local prices of food staples. By ensuring that households maintained access to a constant quantity of food, even when prices doubled, both projects succeeded in smoothing consumption during the food crisis as well as protecting households from damaging coping strategies (Devereux et al. 2006a). Another cash transfer programme implemented in Malawi and Zambia at the same time was less effective in smoothing household consumption, because the transfers were not adjusted for price inflation so their value in food terms fell steadily from month to month (Harvey and Savage, 2006).

In terms of labour market seasonality, well timed public works projects can partly address the seasonal under employment that is typical of rain fed agricultural systems. As an 'employment-based safety net', food or cash-for-work offers smallholders a supplementary source of food or income for consumption smoothing purposes when they fail to achieve production self sufficiency. The best known employment-based safety net is Maharashtra's Employment Guarantee Scheme (MEGS), which was recently expanded to all of rural India, under the National Rural Employment Guarantee Act of 2005. The Act entitles every rural household to 100 days of employment at the local average agricultural wage. Apart from smoothing consumption in farming households during hungry seasons or bad years, the assets constructed by the public works activities are intended to boost agricultural production by enhancing market access and soil fertility. One risk with public works is that participation may force smallholders to divert their labour away from vital own farm activities such as weeding, especially if employment is offered during periods of high agricultural activity – which is also the 'hungry season'. This creates a trade-off between social protection for immediate consumption needs and longer term returns to agriculture (McCord, 2005).

## Thresholds and Scale Effects

Vulnerability in smallholder households often arises from the existence of various 'thresholds' in rural livelihoods. Thresholds imply non linear effects, such that livelihoods are particularly sensitive or vulnerable to changes over particular ranges of certain variables. Three 'thresholds' illuminate possible synergies and conflicts between agricultural and social protection policies. Asset thresholds (Carter and Barrett, 2007) arise where certain combinations or numbers of assets are needed to engage in certain livelihood activities (e.g. 2 oxen are needed for ploughing), or to support particular levels of welfare. Households without these minimum assets face 'poverty traps'. Price thresholds occur either where certain activities become worthwhile (or unprofitable) above (or below) a particular price, or across import (or export) parity such that prices become highly variable above (or below) the parity price but are relatively constant below (or above) parity price. Market thresholds describe situations where increasing market players and volumes lead to falling transaction risks (of commitment failure and opportunism) and falling transaction costs, resulting in thresholds below (above) which investment is not (is) profitable, leading to low level, under investment traps. This is a vicious circle involving low levels of economic activity with few market players and low market volumes, high transport and communication costs, high transaction risks and costs, weak contractual enforcement institutions, high physical and market risks, and supply chain investment disincentives and failures (Dorward et al. 2005; Dorward and Kydd, 2005). All of these constraints on rural livelihoods reinforce the argument made earlier in this paper, that there is a logical convergence between agricultural policy and social protection policy – interventions in assets, prices or markets could benefit both agricultural production and household food security.

A further source of rural vulnerability, which is also associated with price and market thresholds, results from multipliers (or externalities) and scale effects. When large numbers of people act in similar ways, this affects the environments in which they operate. This is true for example of the natural environment, where large numbers of people harvesting natural resources may lead to their degradation, and it is true of markets, where large numbers of people buying (or selling) products or services may lead to price rises (or falls).

Concern with moving poor and vulnerable people across asset thresholds has recently received much attention within the social protection literature and in several social protection programmes. Asset transfers are a feature of two large scale programmes in Bangladesh: ‘Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor’ (CFPR/TUP), and the ‘Chars Livelihood Programme’. The thinking is that productive assets can generate future streams of income, so that asset transfers to asset poor households could reduce poverty more sustainably than food or cash transfers. BRAC’s ‘Challenging the Frontiers of Poverty Reduction’ programme recognises the limitations of market-based mechanisms, such as micro credit, in reaching the chronic poor, and instead offers assets (livestock, leased land, tools, seeds) to rural women for use in income-generating activities, including agriculture (vegetable gardening or nursery cultivation). The programme also provides a ‘subsistence allowance’ for 18 months and access to health and legal services. The cash transfer was intended to cover part of the household’s subsistence food needs until the asset transfer started to generate regular streams of income. The project completion report concluded that the asset transfers had resulted in rapid and significant improvements in the livelihoods of extremely poor households, who now enjoyed more diversified and stable incomes (DFID Bangladesh, 2006). The ‘Chars Livelihood Programme’ includes a cash transfer to chronically poor farmers for the purchase of productive assets. A recent study reveals that cattle purchases have generated a 30 per cent return, contributing to income diversification (Marks, 2007). The ‘Reducing Vulnerability to Climate Change’ (RVCC) project also transferred assets to vulnerable Bangladeshi farmers, encouraging the uptake of livelihood activities such as rearing ducks to enhance income and build resilience in the face of climate change (Mallik, 2005).

These examples appear to demonstrate that asset accumulation through targeted asset transfer programmes can enhance the productive capacity of farmers who are otherwise constrained from engaging in market-based initiatives. Indeed, the popularity of asset transfers seems to be rising, perhaps because they are seen as providing more ‘productive’ support than ‘welfarist’ transfers. But some concerns have also been raised. One question is whether giving assets to poor people is more effective than transferring the cash equivalent and allowing recipients to make their own spending choices. A second concern is that transferring large numbers of (the same) assets risks 'flooding' local economies, which could undermine local markets for these assets and/or their products. (An example from Ethiopia is provided later in this paper, where so many households were given the same 'livelihood package' that local demand was saturated and prices collapsed.)

An obvious solution is to provide a more diverse menu of assets or packages to choose from, but governments or donors may have limited options, and extension officers might not be trained to deliver advice on a wide array of livelihood activities. A related 'lesson learned' is that asset transfers need to be accompanied by adequate capacity building. In 'farmer field school' projects, for example, each group of 20–25 farmers receives an initial grant of $400–500 to implement activities that correspond to their own identified priorities. As their capacity builds and the money grows, the group uses this fund in subsequent years to diversify into other production, processing or marketing opportunities. This is a gradual and cumulative – but potentially highly effective – process of organisational capacity building and empowerment (van den Berg and Jiggins, 2007).

In Africa, asset transfers have been dominated by livestock re stocking after droughts, mainly in pastoralist areas, although the Small Livestock Project in Zimbabwe, under which DFID funded NGOs transfer goats, sheep, pigs or poultry to vulnerable rural households (especially those affected by HIV and AIDS) has shown that this can be implemented as a non emergency social protection measure (Dzingirai, 2007). On the other hand, the PSNP in Ethiopia is innovative in that it combines cash or food transfers over an extended period of time with 'livelihood packages' that include assets needed to generate sustainable and resilient livelihoods for vulnerable households. Other programmes such as LEAP in Ghana are grounded on similar principles.

The recent focus on household asset thresholds has deflected attention away from the critical complementarities (and possible conflicts) between household-level productivity improvements and market effects, including price thresholds. Development coordination (Dorward and Kydd, 2004) requires that threshold effects are not analysed in isolation from each other. Consider a 'livelihood package' targeted at poor farmers. This package may bring them above a specified asset threshold, but local markets may be so thin and imperfect that any productivity gains are not translated into higher incomes because of adverse scale effects (i.e. prices collapse because the market is flooded). A related point is the scale of the programme – the size of the livelihood package and of the target group. Even if local markets function well and are able to absorb increases in production, if the livelihood package does not bring enough households above a critical threshold there will be negligible multiplier effects and farmers may be unable to take advantage of potential economies of scale.

Dorward and Kydd (2005) provide evidence of trade-offs between asset and market thresholds in their examination of the potential for targeted or universal input transfers to support longer term pro poor growth in Malawi. Evaluations of the universal Starter Pack concur that it increased maize yields and harvests (Levy, 2005) and produced real income gains for poor smallholders. The size of these gains depends on changes in food prices and wages – higher maize production tends to lower maize prices and tends to raise rural wages – which are determined partly by the incremental production attributed to the Starter Packs. Dorward (2006) concludes that a targeted input transfer would lead to lower benefits for poor smallholders than a universal input transfer, since limited coverage would restrict the changes in rural wages and maize prices. Unfortunately, in both cases – universal and targeted input transfers – the relatively small real income gains do not provide enough of a stimulus to drive forward a process of growth. Even worse, by depressing maize prices, input transfers might undermine incentives for other smallholders to produce maize for the market. Paradoxically, therefore, input transfers "may undermine the important growth contributions of less poor households that engage in more intensive labour-demanding maize production" (Dorward, 2006: 274). In other words, scale effects matter not only in terms of market effects, but incentives might be different between the poorest and less poor households, with ambiguous implications for economic growth and poverty reduction.

## Policy Complementarities and Sequencing

Dorward and Kydd (2005) argue that input, output and financial markets are very thin for goods and services in many smallholder areas in Malawi. This is caused by lack of a well-developed and diversified monetary economy, the crisis in commercial agriculture, limited migrant labour opportunities and alternative avenues for diversification, weak services and communications infrastructure, and low levels of education, literacy and farmers' organisation. Moreover, trading costs are high, information services are costly and there is a high risk of transaction failures for buyers and sellers. To cover these imperfections and risks, prices go high, which depresses demand. The effect of these conditions as well as the risks associated with variable prices and yields (particularly of maize) is to trap different players in the supply chains into low-level equilibrium activities and perpetuate widespread market failure. "Specific supply chains needed for rural people to intensify farm production or to start adequately capitalized non-farm enterprises tend to be absent or very weak" (Dorward and Kydd, 2005: 262).

Dorward et al. (2006) note that where markets are thin in poor rural economies, market-based approaches to food security will not work – as demonstrated by Malawi's 2001/02 food crisis. In such contexts, they argue for a sequenced approach to food security and rural poverty reduction:

1) Ensuring immediate food security requires policies that will work in the absence of effective markets, implying a dominant role for social safety nets (where the choice between cash and food transfers must be based on sound market analysis) and less focus on economic growth;

2) In the medium-term there is a need to develop effective markets and rural infrastructure, while maintaining social protection measures that are sensitive to local market conditions;

3) In the longer term, once markets and traders are well established and rural infrastructure is in place, then market-based policies can be increasingly relied upon to promote food security and rural economic growth.

The crucial point to note is that sets of policies that complement each other in achieving short and long term objectives must be selected and adjusted over time as circumstances change. In other words, policy synergies between welfare improvements and pro poor agricultural growth must be exploited sensitively depending on prevailing conditions and evolving priorities at the time. Furthermore, policy instruments need to complement each other at different stages of market development. Sometimes instruments will need to be largely non-market based, but at other times the appropriate instruments should be predominantly market based (see Table 3).

**Table 3 Policy Requirements for Short and Long Term Achievements of Food Security, Poverty Reduction and Rural Economic Growth**

| Policy Goals | Requirements for Short/ Medium Term Achievement (Policy purpose) | Requirements for Medium/ Long Term Achievement (Policy purpose) |
|---|---|---|
| *Food security:* Secure and affordable access to food. | Increased food production, self sufficiency (especially for small farmers) with food delivery and/or productivity enhancing safety nets and humanitarian response. | Increased household and national food market access (low and stable cost, secure, timely) through wider entitlements with (mainly) market based safety nets and humanitarian response. |
| *Poverty reduction:* Real incomes of the poor increase and are more secure, through low food costs, higher returns to labour, and safety nets. | Productive safety nets for poor farmers (such as input subsidies) to increase/secure real incomes and develop/ protect assets. | Increased agricultural production and diversified rural livelihoods; broad-based economic growth with opportunities and wages for unskilled rural labour, low food prices, safety net and humanitarian response as above. |
| *Rural economic growth:* Increased levels of local economic activity, with stable income opportunities supporting poverty reduction and food security. | Achievement in the short / medium term is not possible. | Macro economic stability and low interest rates, growth in agricultural and non agricultural sectors, tightening labour markets and raising real incomes with stable/affordable food prices, Development of market economy. Initial growth must be achieved without depending on (non-existent) markets or firms. |

*Source: Modified from Dorward and Kydd (2003)*

## Predictability and Risk-taking

Nowhere are the synergies between social protection and agricultural policies more powerful than in the area of risk reduction. Social protection – specifically social insurance – plays a major role in reducing livelihood risk, which is a fundamental cause of rural poverty and vulnerability. Social protection interventions in the agriculture sector must recognise that uninsured exposure to risk traps smallholders in low risk and low productivity farming. Dercon (2002) argues that asset and income levels determine risk preferences, with the poor adopting low risk activities whereas the wealthy can afford to adopt riskier portfolios of activities and assets that generate higher returns. It follows that predictable and regular social protection mechanisms (e.g. cash transfers, seasonal public works and insurance schemes) can influence productivity by stimulating risk-taking behaviour (Holzmann and Jorgensen, 1999; Devereux, 2002a). Gertler et al. (2005) argue that if transfers are predictable and are perceived as a secure source of income, risk averse households will be more willing to increase investment in productive activities, even in the presence of risk, because predictable cash transfers provide a form of 'safety net' insurance against future shocks.

The 'Employment Guarantee Scheme' provides low waged unskilled manual labour for anyone in rural Maharashtra state (India) who requests for it. The guarantee of paid work serves as an insurance function, releasing scarce resources that were previously used as precautionary savings to more productive purposes. Farmers in Maharashtra plant higher-yielding (rather than drought-tolerant) crop varieties than farmers in neighbouring states (Ravallion, 2003). However, Dorward et al. (2006) caution that there is still little understanding concerning the magnitude of such insurance effects on risk-taking behaviour. Evidence from Mexico indicates that cash transfers on the Procampo programme were not sufficient to induce changes in cropping patterns among smallholder participants. Devereux (2002b) argues that most social protection measures do not induce risk taking behavioural change, because they are neither 'guaranteed' nor predictable. This also undermines the sustainability of productive impacts achieved through social protection, which could be greatly enhanced through relatively minor changes in design and implementation.

Insurance mechanisms also have the positive effects of ensuring predictability and encouraging risk taking. Most smallholders do not have access to crop insurance, which means that livelihood shocks (e.g. weather-induced harvest failure) lead inevitably to loss of productive assets, which could be prevented if accessible insurance markets or social insurance mechanisms were in place. Crop insurance for smallholders has failed for a number of reasons: high transaction costs, moral hazard, adverse selection, covariate risk and delayed payouts (Alderman and Haque, 2007; Hellmuth et al. 2007; Hess and Syroka, 2005), all of which make private crop insurance economically unviable for insurers and inaccessible or unresponsive to client needs (IISD, 2006).

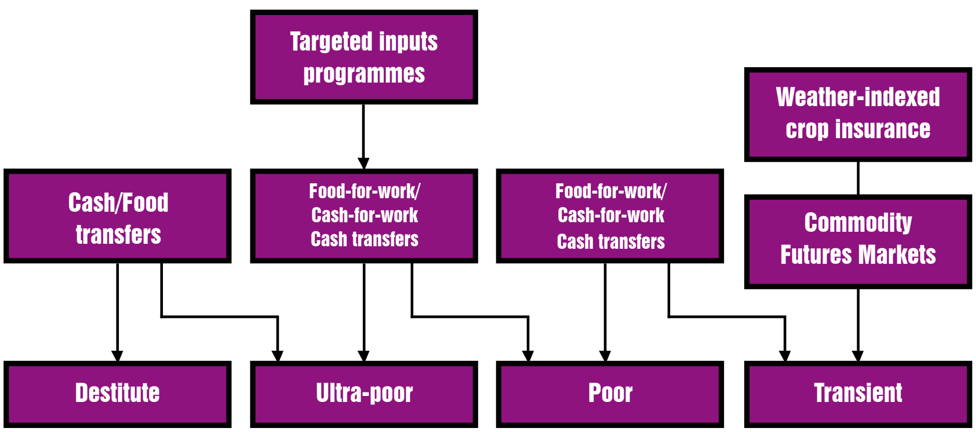
Recently, there has been a move away from insuring against poor crop yields on individual farms toward insuring against bad weather in the locality. A 'weather-indexed' approach writes the insurance contract not against harvest failure but against a local index – say, rainfall shortage or days of frost – that is correlated with harvest outcomes. Farmers collect insurance compensation if the index reaches a 'trigger' level, regardless of actual crop losses. Since variables like rainfall and temperature are exogenous to policy holders, problems such as moral hazard and adverse selection are avoided. Index-based insurance products reduce transaction costs by eliminating the need for individual farm-level adjustments, so that they can also provide more timely payouts. Indexed-based weather insurance can play both a protective and productive function. Because payments are disbursed rapidly, farmers are able to smooth their consumption following a poor harvest, while avoiding costly coping strategies such as selling productive assets. Since insured households and farms are more creditworthy, investment in productive assets and higher yielding crops is also promoted (Mechler et al. 2006). Pilot weather-indexed insurance schemes are now underway in Argentina, Mexico, Nicaragua, Peru, Ethiopia, Malawi, Morocco, India and Ukraine. The main constraint is their cost – on a commercial basis, premiums are too high for smallholders and typically need to be subsidised by governments or development agencies.

## Targeting and Gender Issues

There is an ongoing debate about whether social protection interventions that target the 'poorest of the poor' should be expected to generate productive impacts on agriculture and the wider rural economy, or conversely, whether social protection that aims to impact positively on agriculture should be targeted at the poorest, or at the slightly less poor. Cash transfer projects that target the poorest 10 per cent in rural communities (e.g. in Kalomo District, Zambia and Mchinji District, Malawi) report only marginal and indirect effects on agriculture, because people in this decile rarely engage in agricultural production – they have either no land or too little labour (being orphaned, elderly or disabled). Because they are (i) easily identifiable as extremely poor, and (ii) dependent on others for support, targeting this group is usually uncontroversial or even popular, since it alleviates a heavy burden of care from the community. Cash transfers tend to be mainly consumed by this group, and there is little evidence of investment in agriculture. Any cash that can be saved is more likely to be used to buy a chicken or a goat than fertiliser or seed.

***Cash transfers targeted at the poorest might have an indirect impact on agriculture, if it increases demand for locally produced food. This impact is likely to be negligible for pilot projects that reach only a few thousand households, but bigger programmes, such as Bolsa Familia which reaches 25 per cent of the national population, might have significant impacts on demand, thereby stimulating an equivalent supply response, but these effects have not been rigorously evaluated. Holmes et al. (2007) argue that social protection programming should be designed and targeted according to different categories of households and the different sources of risk that they face. For instance, destitute people who are unable to work or farm will not benefit from public works or input subsidies, while smallholders who face occasional livelihood shocks could benefit from social insurance or private insurance mechanisms such as weather-indexed crop insurance or price hedging through commodity futures markets (see***

**Figure 1: Targeting Social Protection Interventions by Household Categories**




*Source: Adapted from Slater, 2007*

On the other hand, public works have been criticised for imposing onerous work requirements on poor people, and it could be argued that the 'poor' and 'transient poor' groups in figure 1 should receive (unconditional or conditional) cash transfers instead. Some of these transfers might well invest in agriculture or non farm income-generating activities. The case for conditionality (rather than a work requirement) is that this links the provision of transfers to access to essential services that are beneficial in terms of both general well being (especially health) and enhanced productivity (education and health). Therefore, cash transfers have productive potential if targeted at economically active people (such as small farmers). Conditionalities that contribute to human capital formation could also magnify this productive impact, even offering a potential pathway out of poverty.

Social protection programmes have intended and unintended gender implications that are often ambiguous. For example, conditional cash transfer programmes, which are based on the concept of ‘co responsibility’, have been accused of imposing heavy demands on mothers who are more likely than fathers to assume responsibility for meeting conditionalities such as ensuring that children attend school and clinics (Molyneux, 2006, 2007). Apart from reinforcing ‘traditional’ gender roles, these conditions can displace women’s labour from farming or income-generating activities. One evaluation of Oportunidades found that the increased workload of women was compounded by the fact that their children’s contribution to domestic tasks decreased as a result of school attendance (Adato et al. 2000). Similarly, Devereux (1999, 2002b) argues that efforts to target women in public works projects by setting gender quotas can lead to ‘perverse effects’, if women who are already ‘time poor’ and over burdened are obliged to increase their workload to access social transfers. In Ethiopia’s Productive Safety Net Programme, female public works participants complained of difficulties in managing their domestic and childcare responsibilities as well as the public works, and were forced to work extremely long days (Sharp et al. 2006).

There is less disagreement on the benefits of targeting women with transfers rather than men, given the evidence from many countries that men have a higher propensity to spend incremental income on themselves, while women have a higher propensity to allocate incremental food or cash to their families, especially their children (Haddad et al., 1997). Argueo et al. (2006) find that the unconditional Child Support Grant in South Africa, which is usually given to mothers, leads to significantly greater children’s height. Similarly, Duflo (2000) found that old age pensions in South Africa given to grandmothers had disproportionately benefited girls under their care. Further, concerns that transferring cash, food or assets directly to women could increase domestic violence against them have proved to be unfounded. On the other hand, if the objective of a programme is to raise household productivity and incomes, the case for targeting individuals who own and work with productive assets is stronger. For instance, if women have no access to land and men are responsible for ploughing, a programme that transfers draught oxen for ploughing to farmers might be more logically targeted at men than women, in order to maximise synergies between social protection and agricultural productivity.

## The Political Economy of National and International Relations

All policy choices come with opportunity costs – the cost of funding one social protection measure (e.g. safety nets) limits resources for other interventions in agriculture (e.g. irrigation). Many of these trade offs are political: decisions such as the particular instrument chosen, levels of funding allocated and whether interventions are targeted or universal, will all be influenced by domestic politics and global donor priorities, which are not linear processes but complex and constantly evolving (Dorward et al. 2006). The political economy of food security is particularly complicated, since food security sits at the intersection of agricultural development and social protection policy. As an example of the politicisation and interconnectedness of agricultural and social protection policies, consider the global food aid system, where international donors deliver social assistance in the form of food produced with heavy subsidies by their own farmers. At the same time, food security is a major domestic political issue within low income countries, where the opportunities that food handouts provide for politicised targeting are counter balanced by fears of dependency, from household to national levels. If social protection and agricultural policies are manipulated for political purposes, domestically or globally, they can become regressive rather than progressive, leading to the exclusion and marginalisation of certain groups, and reinforcing established power hierarchies to the detriment of the poor and vulnerable (Cromwell and Chintedza, 2005).

On the other hand, one positive political trend relates to the extension of rights-based approaches to development, notably the 'voluntary guidelines' on the right to food, which many governments have now signed (FAO, 2004). Nonetheless, significant political barriers remain to expanding social protection in sub Saharan Africa. One factor is elite perceptions of poverty and the poor: governments are hesitant to implement 'welfare' type measures which they perceive as creating dependency amongst the poor (Ng'ethe et al. 2004; Sabates-Wheeler et al. 2007). In Kenya, Ng'ethe et al. (2004) note that the social protection agenda is hampered by political elites who regard the poor as undeserving. Similarly in Zambia, the discourse around social protection distinguishes between the 'deserving' and 'undeserving' poor, with policy being biased towards 'vulnerable but viable' households who are not the poorest of the poor but instead are clustered close to the poverty line (Barrientos et al. 2005).

These attitudes of local elites are coupled with the concept of 'co responsibility' which emerged as a key feature of the 'New Poverty Agenda' in international donor circles. Co responsibility or co management attempts to prevent a 'dependency culture' by requiring programme beneficiaries to take on some responsibility to 'help themselves' (by providing labour on public works schemes and social funds, sending their children to school or clinic on conditional cash transfer schemes, and so on) (Cornwall, 2003). This approach is consistent with pressure on donors to demonstrate economic efficiency and cost-recovery. The popularity of 'conditional cash transfers' in many countries can also be partly explained in terms of governments needing to justify social protection expenditures to local elites and middle classes who believe that such measures simply increase dependency on 'handouts' (Dorward et al, 2006).

In the planning stage for Ethiopia's Productive Safety Net Programme (PSNP), some donors, notably USAID and the World Bank, argued that cash or food transfers should not be conditional only on public works employment but that beneficiaries should also be obliged to meet certain health and education requirements for their children. These conditionalities were eventually dismissed due to inadequate public service provision and government capacity for monitoring. Nonetheless, the government of Ethiopia insisted on participation in public works for people able to work, and the government is also determined that programme participants will 'graduate' from the PSNP after less than five years. Both conditions are intended to prevent dependency (Sabates-Wheeler et al. 2007). Concerns about breeding 'dependency', coupled with an elite perception of poor people as 'undeserving', explains the reluctance of many major donors and national governments to embrace a rights-based approach to social protection.

Conflicts between donors and domestic political agendas are also evident in the case of Malawi's fertiliser subsidy programme (discussed in more detail below). Donors have resisted blanket fertiliser subsidies in Malawi since economic liberalisation was imposed in the early 1990s. On the other hand, DFID supported a targeted distribution of free inputs until 2004. During the 2004 election campaign, all leading candidates promised some support to the smallholder sector, with a consensus emerging around fertiliser subsidies for maize and tobacco producers. After the election, the government hesitated to implement a universal subsidy, choosing instead to enlarge the targeted input distribution programme. This hesitation was due to fears that a universal programme could jeopardise Malawi's eligibility for debt relief, with donors warning that the country's ability to reach the completion point would be compromised. The 2004/05 food crisis intensified the fertiliser debate, and in June 2005, despite donor resistance led by IMF and USAID, the president announced the introduction of a targeted fertiliser subsidy programme, with a budget entirely financed by the Malawian government. Following a successful first year in 2005/06, donors began to engage more constructively in this debate, recognising that the government had a democratic mandate for the programme (Chinsinga, 2007a).

The PSNP in Ethiopia and the fertiliser subsidy programme in Malawi both demonstrate that donors need to recognise the local political economy of agriculture policy and adopt a pragmatic approach, especially when governments have a mandate to deliver on election promises on an issue as politically sensitive as household food security. Agricultural and social protection policies and programmes must be designed to allow for political realities as well as technocratic factors, which also implies that they need to be politically as well as financially viable in the long term (Dorward et al. 2006). As Ravallion (2003) argues, not only are redistribution policies necessary for both growth and equity reasons, but they are most efficient if they are sustained over time.

## Conflicts and Synergies with Informal Social Protection

Some researchers have suggested that public transfers may simply 'crowd out' private transfers between community members (Cox and Jimenez, 1995; Coady, 2004; Dercon, et al. 2006), and that such 'informal' social protection measures are collapsing under increasing stress (Devereux, 2006b; Ellis, 2006). This argument is particularly salient for agriculture growth, given that informal community-level mechanisms have been found to significantly influence access to assets and household resilience in the face of shocks (Mogues, 2006; Frankenberger et al. 2007).

Available evidence from cash transfer programmes challenges the 'crowding out' hypothesis. Tereul and Davis (2000) found that cash transfers from Progresa had no negative impact on the incidence or level of monetary or non monetary private transfers between Mexican households. Conversely, some evidence suggests that cash transfers may facilitate growth or strengthen informal social protection measures. In Zambia, Schubert (2004) found that cash transfers enabled participants to engage in local rotating savings clubs, known as 'Chilimba', by forming groups and paying a portion of their cash transfers into the fund each month. In Ethiopia, the Productive Safety Net Programme has fostered the regeneration of a rotating savings scheme known as 'ikub'. Participants in the PSNP cash-for-work programme have accumulated sizeable sums in 'ikib', which they have used to purchase livestock and agricultural inputs (Guenther, 2007). So it seems plausible that cash transfers that increase income in poor households may rejuvenate informal social protection mechanisms, rather than displacing them.

## Lessons and Ways Forward

There has recently been a striking convergence in policy debates between agricultural and social protection policies, especially in Africa, which can be explained by several interconnected factors, including:

The global resurgence of policy interests in poverty and hunger reduction, driven by the MDGs;
The recognition that African poverty remains predominantly rural, where livelihoods continue to be dominated by smallholder agriculture;
The neglect of agriculture by national policy-makers and international donors since the 1980s;
The emergence of social protection as a more ambitious policy agenda than 'social safety nets' for mitigating and reducing livelihood risks.

This convergence between 'social' and 'economic' policies for poor farmers was anticipated by earlier debates in the 1990s around 'linking relief and development' and 'productivity-enhancing safety nets', but has been sharpened by the 'colonisation' by social protection of many traditional agricultural policy instruments, including innovative approaches to crop insurance, agricultural input subsidies and even grain futures markets. The conventional view – that agricultural policies promote growth in yields and incomes, while social protection stabilises yields and consumption (when production fails) – has been challenged by evidence that both objectives can be achieved, over specific populations, in a single instrument. The evidence base for these positive synergies is growing rapidly.

Our first general conclusion cannot be emphasised strongly enough. The appropriate mix of policies and instruments needed to achieve both 'livelihood protection' and 'livelihood promotion' objectives in poor smallholder communities differs between countries and regions at different stages of development (i.e. with different levels of economic activity, infrastructure and market development). This means that lessons from areas with different characteristics should be applied with great caution to other areas with different conditions – there are no 'blueprints' that are easily transferable across different countries and contexts. For example, it cannot be assumed that market based solutions that work well in countries which have already experienced some rural growth and agricultural transformation will drive growth and transformation in countries that are still dominated by low input and low output semi subsistence agriculture.

To take a specific (and currently popular) social protection instrument, conditional cash transfers that link social assistance with social services have been very effective in parts of Latin America, but cannot be applied in many African countries where education and health services are much weaker and are often inaccessible to many of the poorest and most vulnerable rural families, who need social assistance most. Similarly, the effects of unconditional cash transfers or different kinds of insurance (and the demand for insurance against different kinds of risks) change with economic and institutional growth, and vary between different economies and cultures. Current preoccupations with promoting 'policy transfers' between Latin America, South Asia and Africa risk overlooking cultural variations and the importance of deriving context-specific solutions. This is a weakness of the World Development Report on agriculture (World Bank, 2007) – it sets out a generic 'stages of growth' typology, but assumes that market-based solutions that work well in what Dorward and Kydd (2004) label 'stage 2 3' transitions will help other countries make the prior 'stage 1 2' transition. This is not necessarily so, especially given the very different market contexts in which the poor are engaged in these different 'stages' of agricultural development.

Three further lessons follow from this argument. The first is that successful rural development requires complex transitions not only in policy objectives but in the nature of instruments, notably in a switch from non market to market-based instruments. A particular challenge here is that in the early stages of agricultural development non market mechanisms must be deployed in ways that ‘crowd in’ rather than ‘crowd out’ market development – conflicts must be avoided between social protection and agricultural objectives. But policy makers must also be alert to changing circumstances, and should respond flexibly by adapting policy mixes that are well adapted to these changing circumstances. For instance, food aid might be an essential social protection instrument at one point in time, but can become a drag on the attainment of other longer term objectives if it becomes institutionalised (this might have happened in Ethiopia), and should be phased out in favour of other instruments as soon as this becomes apparent (Ethiopia is belatedly attempting to do this).

The second (apparently contradictory) point is that everyone who engages in agriculture-based livelihoods, including not just small farmers but traders, transporters and rural service providers, desperately needs continuity and stability in the policies that affect their efforts to make a living. Farmers in Ethiopia who are unsure whether the government will confiscate and redistribute their land (again) at any time are unlikely to invest in productivity-enhancing inputs and equipment (so policy uncertainty inhibits productivity gains). Traders in Malawi who don’t know whether fertiliser will be subsidised from one season to the next have little incentive to set up import contracts or invest in storage capacity (so policy uncertainty undermines market development). Conversely, all available evidence confirms that regular and predictable social transfers (e.g. social pensions in southern Africa) are not only consumed but invested in farming, non farm enterprises and asset purchases (so predictability and continuity drives investment and asset accumulation).

This argument for consistency is not inconsistent with the argument for adaptability and flexibility. Policy should evolve as economies and societies change, but policy changes should be clearly and transparently articulated in terms of the longer term vision that Government is pursuing. ‘The aim should be a policy set which provides consistency and complementarity of policies across different policy goals and time periods’ (Dorward and Kydd, 2004: 263). In the short term, policy reversals from year to year – especially, in this context, government or parastatal interventions in agricultural input and output markets – are only confusing and signal indecisiveness (or unhelpful donor interference) and not flexibility.

The third argument follows from the previous two, and relates to analytical and implementation capacity. The complexity of agricultural transitions, the ever-increasing range of available policy instruments and the imperative to provide an enabling environment for producers, traders and consumers all imply a need for substantial and sustained capacity building at national and local levels. Policy-makers, analysts, bureaucrats and operational staff all need to acquire the relevant information and analytical skills in order to: (1) assess what mix of interventions is required at any given time; (2) select the most appropriate instruments; (3) design and deliver agricultural and social protection programmes effectively; and (4) adapt and switch these interventions as circumstances change, but without undermining the confidence of farmers and market actors.

Finally, we note six lessons for organisations engaged in promoting agricultural development and food security and maximising synergies between social protection and smallholder policies, for which the evidence presented in this review is fairly conclusive.

Social protection can promote food security and agricultural production directly, for instance if cash transfers are invested in agricultural inputs such as fertilisers, thereby alleviating the seasonal liquidity constraints that poor smallholders everywhere face. On the other hand, variations in programme design and implementation (e.g. imposing conditionalities on how transfers can be used or not providing transfers to the holders of productive assets) can limit or negate these potential synergies.

Food based social transfers can promote rather than inhibit agricultural growth, provided that food is sourced locally and impacts on production and markets are closely monitored. However, local purchase of food might be prohibitively expensive; more analytical work is needed on the relative costs and benefits of imported versus locally sourced food aid.

Maximising synergies requires that social transfers are guaranteed, predictable and regular so as to perform an effective insurance function and encourage moderate risk-taking by uninsured smallholders in high risk agro ecologies. Conversely, seasonality in agriculture requires transfers (such as fertiliser) to be carefully timed. This has implications for capacity building: Ministry of Agriculture staff need to learn about social protection, while social protection experts need to learn about the particular complexity of agriculture and the seasonality of rural livelihoods.

Asset transfers and ensuring access to agricultural inputs are essential components of any comprehensive plan to assist smallholders cross 'asset thresholds' and escape from 'low input, low output' poverty traps. However, the specific components of the strategy must be context-specific, based on an understanding of the fundamental constraints to productivity gains. Malawian agriculture, for instance, clearly needs to focus on achieving a major push in productivity, probably by assuring access to inputs. In highland Ethiopia, the natural resource base is so stressed that there might be merit in the Government's view that (sensitively facilitated) resettlement to new land is the only viable option for 'crossing the threshold'.
Agricultural and social protection policies must be acutely sensitive to the fundamental dilemma about appropriate food prices: low prices are good for poor consumers, but high prices are needed to stimulate investment in agriculture and raise smallholder incomes. Policy-makers and analysts need to be trained to differentiate between 'normal' price seasonality and abnormal price spirals indicative of market failure, and interventions need to correct for market failures without undermining incentives in the local food system.

A number of innovative agricultural policies that are being promoted under the 'new social protection agenda' (weather indexed insurance, commodities exchanges, futures markets), have the potential to deliver 'livelihood protection' and 'livelihood promotion' in a single instrument. Although significant synergies between social protection and agricultural policy objectives can be achieved through these mechanisms, familiar problems remain to be resolved – the need for coordination rather than territoriality between different ministries and interest groups; the imperative for harmonisation rather than contradictions across policies; and the pooling of funds rather than diversion of resources to favoured projects or special programmes. The enormous opportunities for 'win-win' synergies, as demonstrated in this paper, will surely generate the necessary incentives to overcome these challenges.

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# 4.3 Determinants of the Use of Financial Services in Rural Ghana – Implications for Social Protection[111]

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## Abstract

*This paper analyses the determinants of the use of formal savings, formal loans, and formal insurances in two rural communities in Central Ghana. Based on household survey data, it is found that education, asset endowment, type of economic activity and financial literacy are the most important factors in explaining the use of at least one of these services compared with the use of none of them. This indicates that it is the better off who make use of financial services, which can in turn contribute to securing better social protection. In the short term, specific social protection policies are needed for the less affluent; while improving access to financial services should form part of comprehensive social protection policies in the medium term.*

Keywords: *Financial services, social protection, rural financial market, Ghana*

## Introduction

Financial markets in developing countries are often incomplete or absent. In most countries, less than 50 per cent of the population have an account with a financial institution while in many other countries less than 20 per cent do (Honohan 2006). Besides, these percentages are likely to be even lower in rural areas. Hence, the majority of people, and particularly low-income earners, do not have access to loans, savings products and insurances offered by formal institutions, such as banks or insurance companies. Microfinance institutions, which specifically provide financial services for low-income earners have generally not succeeded in reaching more than a minor share of the population either, especially in rural areas. It has been stated that, "many (but not all) developing countries lack a single functioning RFI (Rural Financial Institution) operating at a widespread or national scale" (Zeller and Sharma 2002: 19). People thus rely to a large extent on informal financial services, which are often unsatisfactory as they carry extraordinarily high interest rates in the case of loans, are not sufficiently secure in the case of savings, or are inadequate to smooth consumption perfectly in the case of insurances. Access to formal financial services in turn can increase households' ability to accumulate assets and upgrade their income generating activities as well as promote their capability to adequately deal with risks (Dercon et al. 2008, World Bank, 2008). The finance trinity consisting of loans, savings mechanisms and insurance products should not be underestimated as a way to expand social protection to lower parts of the income distribution. Loans facilitate asset building, thereby stabilising and increasing people's incomes. They can also act as insurance substitutes ex post to shocks. Savings are a form of self-

[111] This paper draws heavily on another paper with the title "Financial Literacy and the Use of Financial Services in Rural Ghana" that the author wrote with Lena Giesbert and Mirko Bendig.

insurance, as they provide a buffer in terms of hardship. Insurance constitutes an ex ante risk mitigation strategy and helps people uphold their consumption levels to a certain extent when incomes drop. All three components of the finance trinity potentially reduce vulnerability and may hence be elements of social protection.

Given extensive supply-side constraints, much of the literature concentrates on how to increase access to financial services to the bulk of the population in developing countries (Gallardo et al. 2006, Ledgerwood and White 2006). The demand side also receives substantial attention. Most studies analyse the demand for loans and neglect the demand for savings and insurances (Zeller and Sharma 2002, Stanton 2002, Ngyen et al. 2002, Bokosi 2004). This goes hand in hand with the past concentration on (micro)credit in policy-making and academic circles; though there is a recent transition towards a more holistic concept of (micro)finance in developing countries (Armendáriz and Murdoch 2005). "Whereas savings were called the forgotten half of finance during the 1980s [...] one may consider insurance as the forgotten third of finance during the 1990s" (Zeller and Sharma 2002:39). In this paper, we jointly analyse the determinants of demand for loans, savings and insurances in rural Ghana and draw conclusions for social protection. The analysis is based on a survey that we conducted among 351 households in two villages (Brakwa and Benin) in Asikuma/Odoben/Brakwa District (Central Region) in February 2008.

The paper is structured as follows. Following this introduction, we present the structure of and the main actors in the rural financial market in Ghana. In section 3, we conduct the empirical analysis. We specify the estimation equation, identify the variables and present the estimation results. In section 4, we outline implications for social protection.

## The Rural Financial Market in Ghana

Even though the Ghanaian financial market is an emerging market with significant growth in market actors, assets, products and especially deposits in the banking sector, only about 5-6 per cent of the population have access to the commercial banking sector (Basu et al. 2004, GSS 2007). This low percentage is quite striking, as it implies that the largest share of the population stays "unbanked", because the commercial banking sector is only rarely or not represented at all in rural areas. Yet, more commercial banks are joining the market (Lafourcade et al. 2005) and access may improve with increasing competition.

The rural financial market is dominated by three types of institutions: (1) formal institutions, such as rural and community banks (RCBs) and savings and loans companies; (2) semiformal institutions, such as non-governmental organizations (NGOs) and credit unions; and (3) informal institutions, such as Susu collectors (Steel and Andah 2003, Andah 2005, Bank of Ghana 2007). These institutions, especially the formal ones, are not exclusively targeted to low-income earners. Their business is highly microfinance-orientated, as it offers a wide range of microfinance products to cover its target group, which is mainly low-income folks. The rural financial market has a strong savings orientation, as the number of borrowers is less than 20 per cent of the number of savers[112]. Furthermore, licensed institutions such as RCBs play a much greater role relative to NGOs compared with many other African countries (Basu et al. 2004, GHAMFIN 2004).

[112]Besides this information on the percentage distribution there are no figures available for the total number of borrowers and savers in rural areas only. Yet, regarding the whole Microfinance market in Ghana figures from 2004 show a similar distribution with a number of 451,042 borrowers vis-à-vis a number of 2,418,253 savers (GHAMFIN 2004).

The above mentioned RCBs, which are unit banks owned by members of the community, stand out as the largest player in terms of geographical coverage, depth of outreach and number of products in the rural financial market (Basu et al. 2004, Andah 2005). RCBs are usually quite small, especially in terms of the number of outstanding loans, but with 115 institutions operating at the end of 2001, the total number of recorded depositors was 1.2 million and the number of borrowers 150,000. Total loans advanced to clients by all RCBs were Ghana Cedi 71.63 million in 2005 compared with 115.10 million in 2006, indicating an increase of 35.4 per cent (Bank of Ghana 2007). Originally, RCBs made standard commercial loans to individuals or groups, often related to agriculture, but later on they adjusted the terms of loans including short-term duration periods, requiring weekly repayments, and retaining a compulsory up-front savings of 20 per cent of the loan amount as a security (Steel and Andah 2003, Basu et al. 2004).

The informal financial sector has been very important in Ghana, especially in rural areas, and covers a range of activities known as Susu, including individual savings collectors, rotating savings and credit associations, and savings and credit "clubs" run by an operator. There were over 4,000 collectors nationwide, collecting the equivalent of an average of US$ 15 a month from approximately 200,000 clients in 2003 (Steel and Andah 2003, Andah 2005). Some RCBs have tried to develop linkages with Susu collectors to expand their services, as they have, in some cases, adopted the savings mobilisation methods developed by the informal financial sector (Steel and Andah 2003). Furthermore, RCBs have also become bankers to some informal financial actors. Growing linkages between RCBs, NGOs, and Susu collectors are an important precondition and foundation for greater outreach to rural poor clients, with RCBs providing a decentralised network of licensed financial institutions in rural areas and the others providing the grassroots orientation that permits reaching relatively poor, remote clients with small transactions (Steel and Andah 2003, Basu et al. 2004).

As regards insurance, the performance of the insurance market in the period 2001 to 2005 was characterised by a general increase of premium income of both life and non-life insurances (GSS 2007). Nevertheless, the Ghanaian insurance market is still small and underdeveloped, as the largest share of the population lacks access to commercial insurance products, especially in rural areas. However, the Gemini Life Insurance Company (GLICO) based in Accra offers a voluntary microinsurance product called Anidaso Policy (Anidaso = "hope after grievance") targeted at low-income people both in urban and in rural areas. At present, for the sales and distribution of the policy, GLICO cooperates with 26 rural banks all over the country (including the region where the household survey underlying the below analysis was conducted). The policy offers term life assurance of up to age 60, accident benefits (income protection insurance with total/partial temporary/permanent disability benefit lumped together), and in-hospitalisation benefits (calculated per each day spent in the hospital). Contributions towards purchase of annuity upon maturity of policy (which serves as a savings scheme) can be added on a voluntary basis.

## Determinants of the Demand for Financial Services

### Specification of the estimation[113]

The literature provides a large body of studies exploring the demand for financial services among low-income households in developing countries. However, most of these studies focus on the demand for credit, savings or insurance. The joint analysis of the demand for several financial services has been rarely undertaken or is confined to the parallel analysis of credit and savings demand in separate models. In contrast to this, we attempt to investigate the determinants of the demand for credit, savings and insurance conjointly. We therefore apply a multinomial logit model. The estimation equation is as follows:

$\ln[\Pr[Yi = j]/(1- \Pr[Yi = j])] = \beta 0 + \beta 1HHDEM + \beta 2EDU + \beta 3WEALTH + \beta 4ACT + \beta 5REMIT + \beta 6RISK + \beta 7LOC + \beta 8FL + \beta 9v$, with the term $\Pr [Yi = j]/(1- \Pr[Yi = j])$ denoting the odds ratio. This equation allows for the interpretation of the logit weights for variables in the same way as in linear regression. The dependent variable is the financial service choice. On the right hand side of the equation are the predictor variables where HHDEM denotes a set of demographic household variables, EDU education characteristics of the household members, WEALTH physical assets owned by the household, and ACT economic activities in which the household is engaged. REMIT indicates that a household receives remittances, RISK includes variables representing a household's exposure to risk, LOC is a local dummy variable, and FL denotes the level of financial literacy in the household. V is the error term.

## Identification of Variables

### Dependent Variable: Use of Financial Services

An unordered categorical variable is used as the dependent variable labelled as "use of formal financial services". The variable reflects the choice of formal financial products (including no use of formal financial services, use of savings products, use of loans, use of insurance, and use of all three products). Savings, loans and insurances comprise all relevant financial services offered by the local RCB, commercial banks, and private insurance providers (including the Anidaso policy offered by GLICO). It is important to note that taking up a loan or contracting insurance in the survey area always requires a current or savings account. As current accounts are often used for saving purposes as well, we can say that users of credit and insurance are generally users of formal savings options, too. Use of no formal financial services includes both use of services from informal institutions, such as self-help groups and informal credit schemes/groups (e.g. Susu) and use of neither formal nor informal financial services.

### Household Demographic Variables

We assume that there is a strong relationship regarding certain demographic characteristics of the household and the probability of using formal financial services. The size of households is assumed to positively influence the likelihood of the use of savings products, credit and insurance relative to non-use of formal services. This is because larger households have simply more household members who potentially save or use credit for business or other investment matters. Regarding the use of

[113]The literature on the demand for credits, savings, and, to a lesser extent, insurances guided the specification of the estimation function.

insurance, a higher number of household members increases the level of responsibility and therefore offers incentives for better risk protection. The same relationship is presumed with regard to age of the household head. We control for possibly decreasing marginal effects of age by including age squared. In line with other studies showing the common violation of the predictions of the life cycle hypothesis in the context of developing countries, we do not expect a positive relationship between age and the use of savings products but only between age and the use of credits as well as insurance. Further, we control for female headship in order to take gender issues into account. The likelihood to use savings, credit or insurance is assumed to be lower in female-headed households relative to the reference category, as female headed households are often poorer than their male headed counterparts.

### Education Characteristics

In this analysis we use the education level of the household head measured by a dummy variable reflecting higher education. This variable takes on the value of 1 if the head has completed the senior high school of the new Ghanaian school system, completed the secondary school of the old Ghanaian school system, or entered vocational training or tertiary education, and the value of 0 otherwise. Our assumption is that a low level of education will reduce the likelihood of using any of the three analysed financial services, and especially the use of insurance, as people are less able to understand the concept behind and technical procedures attached to them. In addition, low education levels are often correlated to less productive jobs and lower incomes, which in turn, can be expected to reduce access to credit (because of lacking collateral) and the likelihood of having extra money to save or spend for insurance.

### Wealth

So as to measure the effect of wealth, an asset index was constructed by using factor analysis on physical assets containing consumer durables (including vehicles, communication and other electronic appliances), tangible assets (including buildings and land), and dwelling characteristics (including use of electricity as the main lighting source, building materials and toilet facilities of higher quality). Holding all other factors constant, a higher asset endowment of the household is expected to have a positive effect on the use of financial services (which is supposed to be especially strong regarding the use of insurance). Households with lower levels of wealth will be less likely to take up a savings account, a loan or an insurance contract, as financial barriers are relatively higher.

### Activities

Household heads who are either an employer themselves or are formally employed in the private sector or by the government are more likely to use formal financial services than heads who are self-employed (either in farming or non-farming). The respective occupation dummy takes a value of 1, if the household head is either an employee or an employer, and the value of 0 otherwise. We further test for the role of farming activities by using a dummy variable taking the value of 1, if the household is engaged in farming, and the value of 0 otherwise. In line with the occupation dummy variable, it is assumed that farming households are less likely to use formal financial services.

### Remittances

Remittances sent by migrants are theoretically expected to negatively affect the choice of formal financial services alternatives. This is because remittances may well be considered as substitutes for financial services, as they provide households with cash money and often represent a relatively steady additional income source on which households can rely on instead of using formal banking services. Regarding formal savings products, though, it is just as well possible that remittances enhance their use, as they provide households with more extra money to save. In our model we use a dummy variable, which takes on the value of 1, if a household receives remittances.

### Risk Exposure

It is hypothesised that households who are more exposed to risks are more likely to contract insurance as the experience of shocks provides incentives to better protect oneself from future shocks relative to the reference category[114]. Further, the likelihood of taking up a loan increases, as households are forced to make up for income losses due to a shock. We therefore included three dummy variables on risk exposure in our analysis. The first takes the value of 1 if a household experienced a death of a member during the last five years which resulted in severe consequences, meaning that the household needed more than one month to economically recover from the shock, and 0 otherwise. The second takes on the value of 1 if a household experienced severe illness during the last five years, and 0 otherwise. And the third takes the value of 1, if a household experienced any other severe shock during the last five years, and 0 otherwise[115].

### Bank Proximity

In line with most of the studies on the demand of credit and savings deposits, we assume that a household's proximity to a respective financial institution is crucial for its use of formal financial services, as it strongly determines transaction costs. We therefore included a dummy variable in the analysis, taking account of a household's location in either Benin village or Brakwa village. The rural bank offering credit, savings products and the Anidaso policy is situated in Brakwa.

### Financial Literacy Score

An increasing level of financial literacy, understood here as the level of knowledge on financial matters, skills helping to make informed and reasonable financial decisions and confidence in making use of formal financial products, is expected to increase the likelihood of using any of the three analysed financial services. Additionally, we expect financial literacy to be especially important for the use of insurance, as households may have more experience with savings products and loans through the use of informal financial services. Our questionnaire covered seven questions related to households' financial literacy. Three of these questions were more concerned with households' general economic and financial information, testing their knowledge on the inflation rate in Ghana, the liquidity of certain assets, and prevalence of overspending in their personal cases. The other four questions were aimed at more product-related financial knowledge, covering households' opinion about the safety of money in a savings account, their understanding of the concept behind insurance, the reasons for buying insurance and which risks were possible to insure under an insurance scheme. An overall financial literacy score was calculated with the responses to these seven questions using a simple scoring method. Replies were grouped into correct and incorrect answers, and two points were awarded for

[114] This would reflect the common hypothesis of adverse selection discussed in the debate on insurance demand in developed countries.

[115] We can not take account of risk aversion in our analysis, as suggested by the literature on insurance demand, since experimental methods used to measure personal risk aversion were not included in our survey and related standardized questions in our survey questionnaire did not reflect this attribute in a satisfactory way.

each correct answer and minus two points for each incorrect answer. The sum of these scorings gave an overall financial literacy score for each individual.

## Estimation Results

From among the 351 households in our survey sample, almost half did not use any formal financial services (Table 1). Around 50 households used savings, insurance, and all three financial services, respectively, and less than 40 households used loans. In terms of the total population in the survey area, these numbers translate into 63 per cent of households using no financial service, 18 per cent using savings, 12 per cent using loans, 4 per cent using insurance, and another 4 per cent using all three services. This shows that a large proportion, almost two thirds, of the population in the surveyed communities remains unbanked.

### Table 1: Use of Formal Financial Services

| | Number of households in the sample | Estimated number of households in the survey region | Estimated proportion in the survey region |
|---|---|---|---|
| No financial services | 166 | 1283 | 63.0 |
| Savings only | 49 | 358 | 17.6 |
| Loans only | 36 | 236 | 11.6 |
| Insurance only | 52 | 75 | 3.7 |
| Savings, loans, and insurance | 48 | 84 | 4.1 |
| Total | 351 | 2036 | 100 |

*Source: Authors' calculation.*

Note: Households in the sample are weighted according to their sampling probabilities, which explain the discrepancy between the proportion of households in the different categories in the sample and the estimated proportion in the survey region.

The analysis of what explains the use of different financial services reveals that 13 of the 14 explanatory variables are statistically significant for at least one of the categories and at the ten percent confidence level (Table 2). In line with our expectation, an increase in the household size makes it more likely to use formal loans, formal savings and all three formal services, but contrary to our assumption, it makes it less likely to use formal insurances compared with the base category. However, the coefficients for the loans and insurances categories are not significantly different from 0. Female-headed households are less likely to use any formal financial service. This indicates that female-headed households are generally less able to make use of financial products, as they are probably poorer and therefore have less money to save and less collateral to use when applying for a loan than their male-headed counterparts. Furthermore, they might hesitate more strongly to go into debt, even if they were able to obtain a loan. However, if using any financial services, this tends to be rather an insurance product, which might be the result of relatively strong incentives among female heads to protect their family members, as they have mostly been abandoned by or have lost their husband, who could have guaranteed a secure livelihood.

Yet, statistical significance is given only in the case of savings, loans, and marginally insurance.

In accordance with our assumptions, an increase in the age of the household head makes it significantly more likely to use formal loans, insurances and all three financial products compared with the base category. However, the magnitude of these effects is comparably low, and there appears to be decreasing marginal effects pointing to life-cycle effects. As expected, increasing age does not have a significant effect on choosing savings relative to choosing no service.

Education was assumed to be a significant factor in determining households' choice to use financial services. The results support this assumption, as households with a highly educated head are more likely to use financial services than not to use them. The strongest effects can be seen for the use of insurances, followed by savings, loans and all three services. All coefficients have a positive value, but only the coefficients for the savings, loan and insurance categories are statistically significant. Further, the education variable is the one having the largest effect in the overall model.

The positive and highly significant estimated coefficients for the asset index confirm the above assumption. An increase in asset endowment (as an indicator of a household's wealth position) makes it more likely to use formal financial services relative to not using any. Households with a high value of the asset index are most likely to use all three services, followed by insurances, loans and savings products.

Further, if the household is involved in farm activities, the results support our expectation that the household is less likely to use loans, savings, insurances and all three of the services than not to use any of these. The magnitude of the effect is highest for insurances relative to the base category, followed by all three services, savings, and loans. Yet, only the coefficient for the use of insurances is statistically significant. In opposition to that, if the household head is an employee or employer, it is more probable that the household uses financial services than not. In comparison with the base category, the probability is highest for all three services, followed by savings, loans and insurances. The relationship is not statistically significant for the insurance category. This underlines our assumption that to work as an employee, namely for a private company or the government, or to be an employer is related to more regular and higher income, which allows for a greater demand for financial services.

Inconsistent with a prior considerations, it is more likely that the household uses savings and loans, if the household receives remittances, whereas it is less likely that the household uses insurances and all three services relative to the base category. Obviously, remittances do not function as an overall substitute for formal financial services. While remittances may act as collateral in the case of loan use, remittances might simply increase households' financial resources to save in a formal manner. Hence, remittances may only function as a substitute for insurances. Yet, this result is only significant for the use of formal savings and loans and only at the 10 per cent level.

### Table 2. Multinomial Logit Analysis for the Use of Formal Financial Services

| Independent variables | Dependent variable (Use of formal financial services) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Savings** | | **Loans** | | **Insurance** | | **All three** | |
| | Coef. | Odds ratio | Coef. | Odds ratio | Coef. | Odds ratio | Coef. | Odds ratio |
| Household Size | **0.162**<br>(2.00)** | 1.175 | **0.100**<br>(1.19) | 1.105 | **-0.090**<br>(-0.78) | 0.914 | **0.194**<br>(2.15)** | 1.214 |
| Female Head | **-1.139**<br>(-2.69)*** | 0.320 | **-1.262**<br>(-2.48)*** | 0.283 | **-1.004**<br>(-1.70)* | 0.366 | **-0.369**<br>(-0.60) | 0.691 |
| Age of Head | **-0.018**<br>(-0.24) | 0.982 | **0.183**<br>(2.00)** | 1.200 | **0.289**<br>(2.65)*** | 1.336 | **0.355**<br>(2.97)*** | 0.426 |
| Age of Head 2 | **0.0004**<br>(0.51) | 1.0003 | **-0.002**<br>(-1.86)* | 0.998 | **-0.003**<br>(-2.57)*** | 0.997 | **-0.003**<br>(-2.58)*** | 0.997 |
| Head with Higher Education | **1.528**<br>(2.59)*** | 4.610 | **1.353**<br>(1.89)* | 3.867 | **1.822**<br>(2.11)** | 6.184 | **1.047**<br>(1.29) | 2.849 |
| Asset Index | **0.716**<br>(2.94)*** | 2.046 | **1.188**<br>(4.18)*** | 3.282 | **1.307**<br>(4.33)*** | 3.693 | **1.748**<br>(5.80)*** | 5.744 |
| Farm Activity | **-0.796**<br>(-1.46) | 0.451 | **-0.352**<br>(-0.59) | 0.703 | **-1.198**<br>(-2.24)** | 0.302 | **-0.985**<br>(-1.19) | 0.374 |
| Head is Employer / Employee | **1.501**<br>(2.49)*** | 4.487 | **1.204**<br>(1.68)* | 3.333 | **0.801**<br>(1.08) | 2.228 | **1.815**<br>(2.34)** | 6.138 |
| Remittances | **0.829**<br>(1.84)* | 2.291 | **0.881**<br>(1.79)* | 2.414 | **-0.138**<br>(-0.21) | 0.871 | **-0.504**<br>(-0.79) | 0.604 |
| Experience of Serious Death | **0.370**<br>(0.83) | 1.448 | **0.732**<br>(1.41) | 2.079 | **0.289**<br>(0.58) | 1.335 | **-0.468**<br>(-0.81) | 0.626 |
| Experience of Serious Illness | **0.375**<br>(0.90) | 1.454 | **0.862**<br>(1.68)* | 2.368 | **0.825**<br>(1.54) | 2.282 | **1.291**<br>(2.07)** | 3.638 |
| Experience of Serious Other risk | **-0.507**<br>(-0.59) | 0.602 | **1.629**<br>(2.37)** | 5.102 | **-0.005**<br>(-0.01) | 0.995 | **0.949**<br>(1.06) | 2.584 |
| Brakwa | **-0.203**<br>(-0.37) | 0.816 | **0.170**<br>(0.29) | 1.186 | **-1.746**<br>(-3.22)*** | 0.174 | **-0.261**<br>(-0.47) | 0.771 |
| Financial Literacy Score | **0.064**<br>(1.00) | 1.066 | **0.121**<br>(2.16)** | 1.128 | **0.194**<br>(2.70)*** | 1.214 | **0.208**<br>(2.40)** | 1.231 |
| Cons. | **-1.667**<br>(-0.92) | | **-7.902**<br>(-3.43)*** | | **-8.018**<br>(-3.18)*** | | **-13.119**<br>(-4.23)*** | |
| N | 351 | | 351 | | 351 | | 351 | |

*Source: Authors' calculation*

Note: The dependent variable is the use of formal financial services with the five categories "no service", "savings", "loans", "insurance" and "all three". "No service" is the base category. Values in the first column for each category are coefficient estimates (t-values in brackets) and values in the second column are the odds ratios. The asterisks indicate level of significance: ***significant at 1 per cent, ** significant at 5 per cent, * significant at 10 per cent.

Of the three risk related variables reflecting the experience of an (economically) severe shock (death, illness or other risks), only the experience of serious illness and other shocks has a statistically significant and positive effect on the use of some types of formal financial service compared to the use of none. In accordance with our expectations the experience of serious illness of a household member in the last five years increases the likelihood of using all three services in the first place, followed by loans. We can assume, that the participating households use financial services as a risk management strategy by taking loans as an ex post reaction to risk, while insurances (being part of all three services) as a way of ex ante mitigating risks. The experience of any other serious shock beside illness or death of a household member has a significant positive effect only on the use of loans relative to the use of no services. This supports our assumption, that loans function as an ex post strategy to deal with the consequences of shocks. Apparently, the results in respect of the risk related variables concur only partly with our hypothesised positive influence of shock experience on the use of insurance.

The location dummy for whether a household is located in Brakwa (vis-à-vis Benin) shows a significant and negative coefficient for the use of insurance, while results are insignificant for the rest of the alternatives. Contrary to our assumptions this indicates that the likelihood of households using insurance compared to no use of financial services is lower in Brakwa as compared to Benin, although households in Benin are more distant from financial institutions offering the respective services. One possible explanation is that the Personal Insurance Advisor in the Brakwa rural bank, who is responsible for the sale and distribution of the Anidaso micro insurance product in this area, lives and is part of the social community in Benin. We assume that trust in the insurance product is enhanced through this personal contact, resulting in a higher likelihood of households using insurance if they live in Benin village.

Results confirm that relative to the base category of not using any formal services, households with a relatively higher level of financial literacy are most likely to use all three financial services and insurances, followed by loans and savings. All coefficients, except the one for the use of savings, are significantly different from zero. As the magnitude of the effect is significantly higher in the category of insurances and all three services compared with the categories of savings and loans, this outcome indicates that the probability to use insurance is particularly influenced by a household's level of financial literacy. The lower impact of financial literacy on the use of savings and loans could imply that people are likely to have a higher experience with the use of such types of financial services through the informal financial sector.

## Implications for Social Protection

With this paper, we intend to add value to the discussion about the use of formal financial services in rural areas of developing countries. Specifically, we consider all three components of the so called finance trinity, i.e. savings, loans, and insurances, and not just one of them as often done in the literature. Based on household survey data, which we collected in two villages in the Central Region of Ghana, we identify the determinants of demand for savings, loans, and insurances. Our findings show a strong effect for the level of education of the household head, the asset endowment of a household, the level of financial literacy and whether or not a household's head is formally employed on the use of financial services. Households with a higher level of asset endowments, a higher level of financial literacy, and a better educated and employed head are more likely to use at least one type of formal financial service than not using any. This indicates that better-off households, which are those with more physical and human assets, are privileged in terms of receiving social protection through access to financial services. In terms of designing comprehensive and inclusive social protection schemes, this has two implications. In the short term, there is the need for specific social protection policies for less affluent people, as they do not have equal access to formal financial services and the benefits they bring with them. In the medium to long term, social protection schemes should take extending access to financial services into account, as access to savings, loans and insurances is crucial for risk management, asset building, and wealth creation. This is not to mean that the use of financial services will suffice for achieving the objective of securing social protection for the entire population; but it should be among other respective policies.

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# 4.4 Working Out of Poverty - Job Creation and Poverty Reduction in Africa

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## Introduction

Africa is on the move again; after a decade of falling per capita income, 16 low-income countries in Sub-Saharan Africa have maintained an average economic growth rate of over 4.5 percent a year since the mid-1990s.

The number of wage and salary jobs over the last decade or more has been disappointing. Formal job creation has lagged behind growth—to the surprise of many, given the extensive reforms implemented. Even in countries which experienced both strong economic growth and rapid poverty reduction, job creation performance has lagged behind expectations. Analysis of the experience of these high growth countries suggests the following reasons:

- The labour force is growing very rapidly, especially in urban areas, and when compared to the existing stock of wage and salary jobs, and even in countries such as Uganda, who are hard hit by HIV/aids;
- Some countries have been able to expand private wage and salary jobs quickly, but this occurred while public sector restructuring was closing jobs, so net job creation was low;
- Investment in large scale labour-intensive manufacturing firms has been very weak despite good overall economic performance, owing in part to poor investment climates;
- Despite tremendous progress, Africa's education deficit still looms large relative to competitors. Investors report skill gaps are a major obstacle to investment and expansion.

Most poor households derive their income from labour, so job opportunities are key for reducing poverty. Most labor force entrants do not access the small number of new wage and salary jobs on offer—because they are not qualified and because there are not enough jobs for those who are. Women often can not access the jobs because they can't combine them with their burdensome household tasks – the wage and salary sector is overwhelmingly male. So men and women end up in casual labour, self-employment, or small family businesses. For many, these activities have sufficed to raise their income above the poverty line, but their productivity is low and they remain vulnerable. For African governments, a major goal is to achieve the kind of economic growth that can create new urban jobs at least as fast as the urban labour force is growing.

Government policy can improve the quality of growth by offering a better environment for firms, especially large labour-intensive ones; this could increase demand for labour, creating private wage and salary employment. In particular, export-oriented growth in industrial and service sectors has the potential to greatly expand formal employment. To create such jobs, African economies need to become more competitive in the global economy. Often, African labour markets are blamed for competitiveness problems, but our analysis found that labour markets in Africa are flexible, and wages and employment are responsive to market forces.

The most important issues for formal sector job creation are currently outside the narrow area of labour regulation, and are in the broader category of the investment climate. Many African countries have taken measures to improve this area, but more remains to be done areas such as improving economic infrastructure and financial services, and institutional and organisational improvements which reduce red tape and the risk of doing business in Africa.

However, labour market regulations may become important as other constraints are addressed. In the one country where this happened, Mozambique, the problem is being tackled through new legislation, which shows that this issue can be addressed when it is the binding constraint. Governments can also take measures to increase the quality of the labour supplied, by expanding effective policies and programmes to upgrade the education and health of workers, focusing on skill gaps critical to growth. Incentives to stay in school, combined with stricter enforcement of legislation to combat child labour, would provide youth with better opportunities for the future.

The demographic factors greatly increase the challenge of job creation in Africa. Even under the best of scenarios the expansion of wage and salary jobs will not absorb the majority of the future urban labour force. The good news is that in most countries the high growth of the non-farm informal sector—which appears to be at least partly a supply response to the weak demand from the medium and large enterprise sector and the poor prospects in agriculture—has been a major route out of poverty. Given the projected pace of urban labour market growth, this sector will continue to absorb a large share of the growing labour force over the next 10-20 years. Hence, government policy needs to focus on how to improve the productivity of the informal sector as well. How to do this effectively needs to be further analysed, including by ex post impact evaluations of programmes with this aim.

Looking forward, what are the lessons for countries wanting to realise the aspirations of their growing, mostly urban, non-agricultural labour forces?

- Recognise the dimensions of the problem caused by the projected rapid labour force growth. Improving access to reliable means of birth spacing and family planning is an urgent issue for growth and poverty reduction in many African countries, and will have positive benefits in the long term.

- Lower the costs of doing business and of creating jobs in urban areas for large, labour-intensive firms. Most empirical analysis suggests that the main obstacles are not labour market policies but other regulations; also, poor infrastructure raises the costs of food and transportation, pushing up African wages relative to competitors.

- Reduce the skill deficit across the board, not just for boys and not just for the wealthier populations in urban areas. Governments need to make sure that (i) public and private education systems turn out graduates that meet the skill needs of private sector firms and (ii) all children have access to a quality primary education, which clearly pays off through higher consumption and better health and nutrition outcomes.

- Ensure that informal sector, including the rural non-farm sector, remains a route out of poverty. Job creation and income growth in the formal and informal non-agricultural sectors need to be linked and thus support sustainable shared growth. Most studies find the links are on the consumption side because this small sector is dominated by the production and retail sale of consumption goods. Africa is rife with pilot and small-scale projects targeted at this sector. Analysis is needed to identify policies and programmes that have the potential to achieve this goal on a larger scale.

- Collect reliable data on labour activities, outcomes, and welfare at the household level, and on labour demand at the firm level. The current stock of data is inadequate for monitoring trends in these variables, and even worse for identifying the underlying dynamics and analysing the results of policies and programmes. At a minimum, African countries should be collecting integrated household survey data at regular intervals that cover both economic activities of household members and consumption —as a way of measuring earnings and poverty status. Firm surveys are needed to analyse changes in labour demand and wages in the formal sector.

M.L. Fox, M. Sekkel Gaal: Working Out of Poverty. Job Creation and the Quality of Growth in Africa, World Bank, 2008.

### Box 1: Most African countries did not realize high economic growth rates 1995–2006

| Uneven growth performance | | | | | | Special circumstances | | |
|---|---|---|---|---|---|---|---|---|
| **I. Countries able to achieve sustained growth (fast job creation)** | | **II. Countries able to achieve sustained but slow growth (minimal job creation)** | | **III. Countries not able to produce economic growth (no job creation)** | | **IV. Oil-exporting countries** | | **V. Conflict countries** |
| Mozambique | 8.4 | Namibia | 4.0 | Swaziland | 2.8 | Equatorial Guinea | 20.9 | Somalia |
| Rwanda | 7.5 | Zambia | 3.6 | Kenya | 2.8 | Angola | 7.9 | Liberia |
| Cape Verde | 6.5 | Guinea | 3.6 | Lesotho | 2.7 | Chad | 7.8 | Burundi |
| Uganda | 6.1 | Niger | 3.5 | Eritrea | 2.2 | Sudan | 6.4 | Côte d'Ivoire |
| Mali | 5.7 | Togo | 3.3 | Comoros | 2.0 | Nigeria | 4.0 | Congo, Dem. Rep. |
| Botswana | 5.7 | Madagascar | 3.3 | Seychelles | 2.0 | Congo Rep. | 3.5 | Sierra Leone |
| Ethiopia | 5.5 | Malawi | 3.2 | Central African Republic | 0.9 | Gabon | 1.7 | |
| Tanzania | 5.4 | South Africa | 3.1 | Guinea-Bissau | 0.6 | | | |
| Mauritius | 4.9 | São Tomé and Principe | 3.1 | Zimbabwe | 2.4 | | | |
| Mauritania | 4.9 | | | | | | | |
| Benin | 4.8 | | | | | | | |
| Ghana | 4.7 | | | | | | | |
| Senegal | 4.6 | | | | | | | |
| Burkina Faso | 4.6 | | | | | | | |
| Gambia, | 4.5 | | | | | | | |
| Cameroon | 4.5 | | | | | | | |

*Source: World Bank 2006h*

### Table 4: Growth of the labor force, wage and salary employment, and GDP per capita in selected African countries

| Average annual growth | | | | | |
|---|---|---|---|---|---|
| **Country** | **Years** | **GDP per capita (%)** | **Labor force (%)** | **Wage and salary employment (%)** | **Percentage of formal sector workers who are female[a]** |
| Burkina Faso | 1998–2003 | 1.9 | 1.8 | 3.6 | 24.2 |
| Cameroon | 1996–2001 | 2.6 | 2.1 | 8.7 | 23.0 |
| Ghana | 1991–1998 | 1.6 | 3.3 | 2.5 | 25.4 |
| Mozambique | 1996–2002 | 6.5 | 1.8 | 5.7 | 18.5 |
| Senegal | 1994–2001 | 2.0 | 2.8 | 4.9 | 36.6 |
| Uganda | 1992–2002 | 3.7 | 2.9 | 3.1 | 26.5 |

*Source: Authors' calculations using World Bank data.*
*Note: Data are for last year of each range.*

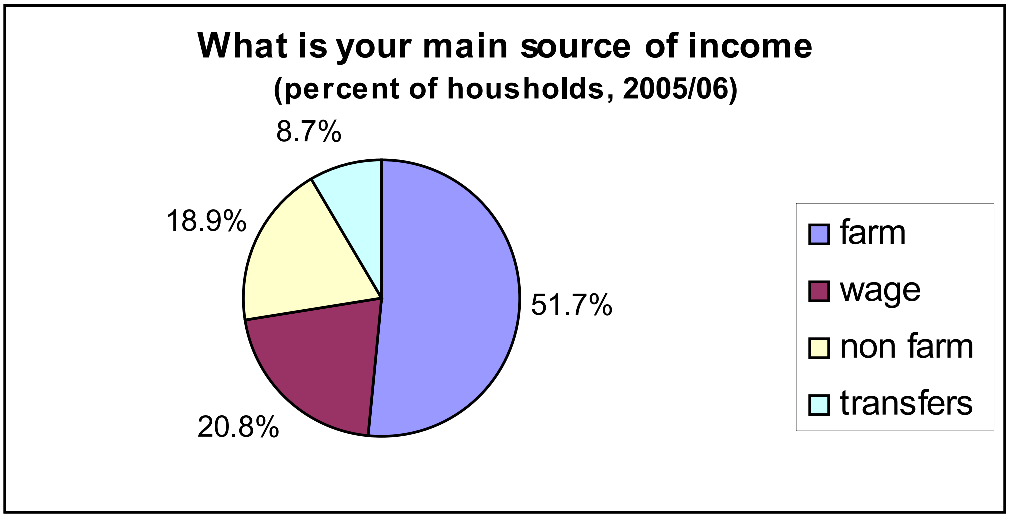
### Table 5: Informal sector share of labor force by area

| **Country** | **Informal sector share of total labor force(percent)** | | | |
|---|---|---|---|---|
| | Year | Urban | Rural | Total |
| Burkina Faso | 2003 | 42.7 | 3.7 | 9.6 |
| Cameroon | 2001 | 50.9 | 10.6 | 22.3 |
| Mozambique | 2002 | 28.1 | 3.5 | 11.1 |
| Senegal | 2001 | 69.4 | 11.3 | 30.0 |
| Uganda | 2002 | 54.1 | 18.7 | 24.0 |

*Source: Authors' calculations.*

### Table 6: Employment status by region, 2002/03 - 2005/06

| Wage earners | Rural | | | Urban | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2002/03 | 2005/06 | growth | 2002/03 | 2005/06 | growth | 2002/03 | 2005/06 | growth |
| private sector, ag. | 308,918 | 444,683 | 12.9% | 20,519 | 30,115 | 13.6% | 329,437 | 474,798 | 13.0% |
| private sector, non-ag. | 315,280 | 457,774 | 13.2% | 378,071 | 514,614 | 10.8% | 693,351 | 972,388 | 11.9% |
| public sector | 224,791 | 224,689 | 0.0% | 85,115 | 95,402 | 3.9% | 309,906 | 320,091 | 1.1% |
| Household enterprises ag. | 6,152,137 | 7,412,808 | 6.4% | 367,570 | 484,159 | 9.6% | 6,519,707 | 7,896,967 | 6.6% |
| non-ag. | 1,232,731 | 871,725 | -10.9% | 607,622 | 571,569 | -2.0% | 1,840,353 | 1,443,294 | -7.8% |
| TOTAL | 8,233,857 | 9,411,679 | 4.6% | 1,458,897 | 1,695,859 | 5.1% | 9,692,754 | 11,107,538 | 4.6% |




# part 5:

# POLITICS AND FINANCING SOCIAL PROTECTION IN AFRICA

# PART 5: Politics and Financing Social Protection in Africa

## 5.1 Affordability of Basic Social Security in Africa: Can African countries Afford Basic Social Security? Can they Afford not to Have It?

**ILO Social Security Department, Geneva**

### Abstract

*The paper shows that countries in Africa should and can have social security systems that provide a basic package of health services to everybody. They can also have basic cash benefits to the elderly, families with children and social assistance to a proportion of the working poor and/or unemployed. Even if a basic social protection package cannot be implemented at once, a sequential approach can generate immediate benefits in terms of poverty reduction, pro-poor growth and social development. A national forward-looking social protection strategy can help to sequence the implementation of various social programmes and policy instruments and ensure that these are integrated in broader development frameworks. As these countries achieve higher levels of economic development, their social security systems can also advance in parallel, extending the scope, level and quality of benefits and services provided.*

### The Case for a Basic Social Security[116]

We know that social security is declared as a human right and accepted as international labour standard.

We know from world-wide experience, both historic and current, that social security is a powerful tool not only to alleviate poverty but also to prevent poverty and reduce inequality.

[116] Based on ILO: 2008, pp. 1-3

We know social security generates growth. Social security transfers serve as cash injections to local economies and have a positive impact on their development. The guaranteed basic social security allows very poor men and women undertaking economic activities they would not undertake without such guarantee: any economic activity is associated with hazards which people without any security guarantees are unable to risk and thus stay locked in poverty traps as they struggle to survive.

The development experience of all developed market economies has proved that social security is an indispensable part of the institutional tissue of any efficient market economy. Social security systems have been part of the societal fabric supporting the national development process. Market economies with missing or weak institutions, including social security institutions, are unable to ensure sustainable economic growth and social development in the globalising world. We know that social security interventions enhance peace, stability and social cohesion by preventing and alleviating poverty and by making the outcomes of economic forces more equitable.

Thus, we know that ensuring access of all in need to basic social security provisions is a human right and a social, economic and political necessity for any country wishing to develop. It is an investment: in the long run the net fiscal costs of providing a basic set of social security benefits may even become zero or negative. This is because the costs may quickly be soon offset by positive economic (and fiscal) returns, enhanced productivity by a better educated, healthier and nourished workforce.

The obvious conclusion is that countries in Africa urgently need to develop and put in place basic social security provisions. Political will is needed to allocate necessary resources. The remaining questions to be answered are the following: How much would it cost? How does one find the necessary resources?
How much would it Cost?
The basic social security can be provided as a basic and modest set of guarantees implemented through social transfers in cash and in kind - for all citizens ensuring that ultimately:

- All residents have access to basic/essential health care benefits through pluralistic delivery mechanisms where the State accepts the general responsibility for ensuring adequacy of the delivery system and it's financing;

- All children enjoy income security at least at the poverty level through various family/child benefits aimed at facilitating access to nutrition, education and care;

- The poor and the unemployed in the active age group and able to work have access to targeted income support and labour market policies;

- All residents of old age or with disabilities enjoy income security at least at the poverty level through pensions for old age, disability and survivors.

The recent ILO study[117] presented here looks at costs of a basic social security package for low income countries, including selected countries in Africa, consisting of:

(1) universal access to essential health care services;

[117] ILO: 2008, op. cit., pp. 5-13

(2) basic child benefits paid to the first two children;

(3) basic social assistance providing 100 day employment guarantee to 10 per cent poorest household heads in the working age

(4) Universal basic old-age and disability pension.

## Essential Health Care

A basic social protection package has to include affordable access to essential health care. It is well known that ill health is a major poverty risk and that high health expenditure can be financially catastrophic for individuals and their families, driving them into severe poverty from which many cannot recover for many years. This is of acute relevance in countries with high prevalence of HIV/AIDS, but it should not be forgotten that the effects of less prominent diseases; such as malaria, are much more dramatic on morbidity and mortality in many countries.

The cost projections used in this paper reflect the calculations on a country specific cost base. This calculation takes into account the following individual parametres: medical staff ratio to population; wages of medical staff and overhead non-staff costs. It is assumed that 300 medical staff is available per 100,000 of the population. This corresponds to approximately the estimates of health personnel in Namibia in 1997[118] (which represents approximately 40 per cent of the level in the United Kingdom). The level of Namibia was chosen in since 1990 and the Namibian government has set-out a policy framework committing itself to provide access to health services to all Namibians by the year 2000 (Government of Namibia: 1998). Thus the staffing benchmarks achieved by Namibia should be indicative of regional possibilities and minimum requirements for universal basic health care provision. Where no separate data on wages in the health sector was available, it was assumed that health staff average wage equals teachers' average wage. The health staff wages were assumed at a minimum of three times GDP per capita indexed in line with per capita GDP growth. Other non-staff health costs are assumed to be 67 per cent of wage cost[119].

While the WHO (Commission on Macroeconomics and Health: 2001) has provided estimates of the per capita costs of scaling up selected priority health interventions in low-income countries to reach universal coverage for the population in need, these levels at US $34 per year on average in low-income countries by 2007, and US$38 in 2015 are very high compared to current levels of spending. Current health spending in many African countries remains well below this level at present. According to WHO statistics[120], per capita government expenditure on health at average exchange rate (US$) in 2004 oscillated between US$ 3 in Ethiopia and Guinea to US$ 16 in Senegal. The ILO model calculations for 2010 estimate required per capita health care costs to oscillate between US$ 4.72 per capita in Ethiopia and US$ 24.23 in Cameroon. Extending access to health care to larger parts of the population is however more than just a cost issue. One of the major difficulties in many countries is that qualified medical staff is not available to a sufficient degree so as to provide the necessary health care services.
Based on the cost assumptions made, the costs of a minimum package of essential health care would require in 2010 between 1.5 and 5.5 per cent of GDP (Table 1).

[118] World Health Organization Statistical Information System (WHOSIS).
[119] Estimated basing on Government of Ghana: 2007
[120] World Health Organization Statistical Information System (WHOSIS)

**Table 1: Costs for Essential Health Care as a Percentage of GDP for Selected Countries**

| Country | 2010 | 2020 | 2030 |
|---|---|---|---|
| Burkina Faso | 5.5% | 5.5% | 5.5% |
| Cameroon | 2.6% | 2.6% | 2.6% |
| Ethiopia | 3.6% | 3.6% | 3.6% |
| Guinea | 1.5% | 1.5% | 1.5% |
| Kenya | 3.0% | 3.0% | 3.0% |
| Senegal | 2.5% | 2.5% | 2.5% |
| United Rep. Tanzania | 2.4% | 2.4% | 2.4% |

*Source: based on ILO: 2008; op. cit*

## Basic Child Benefits

Benefits for families with children can have very strong anti-poverty impact, as shown by some existing cash child benefit programmes in a development context. Most of these programmes are found in Latin America and have been set up as conditional cash transfers. Many of these programmes have had a marked impact on poverty reduction as well as on school attendance.

The level of the child benefit is assumed very modestly to be equal 15 per cent of GDP per capita with a maximum of half of  1 US dollar (PPP) per day (increased with inflation) and paid to up to two children under the age of 14 per woman who has given birth. The rational behind this assumption is to tackle claims that universal child benefits would provide an incentive to increase fertility. The Demographic Health Survey for some of the countries of the study provided the proportion of children within the covered age group who would qualify for the benefit. For example for Cameroon 46.4 per cent of children in the age group 0-14 would qualify for the child benefit. The number of children qualifying for the benefit was projected in line with growth in number of women in fertile age.

The projected costs for a basic universal child benefit vary greatly between countries, yet there is a common trend in most countries towards lower costs in the long run – except Ethiopia and Tanzania (Table 2). For the year 2010, the cost estimations stay in a range between 1.5 (Guinea) and 3.6 (Tanzania) per cent of GDP.

**Table 2: Costs for Basic Universal Child Benefits as a Percentage of GDP for Selected Countries**

| Country | 2010 | 2020 | 2030 |
|---|---|---|---|
| Burkina Faso | 3.2% | 2.9% | 2.6% |
| Cameroon | 2.0% | 1.8% | 1.6% |
| Ethiopia | 3.3% | 3.5% | 3.6% |
| Guinea | 1.7% | 1.6% | 1.4% |
| Kenya | 3.4% | 3.5% | 3.3% |
| Senegal | 2.3% | 2.0% | 1.8% |
| United Rep. Tanzania | 3.6% | 3.8% | 4.1% |

*Source: Based on ILO: 2008. These figures include assumed administration costs of 15*

## Social Assistance / Employment Scheme

Providing income security to the vulnerable category of the working age persons who are either unable to find employment or are underemployed should also form part of a comprehensive basic social security. The recent programme launched in India with the Indian Guarantee of Employment Act which provides guaranteed 100 days of unskilled work per rural household to only adults or an unemployment allowance if no work can be offered, while not a permanent solution for beneficiaries should provide temporary income support to assist households.

The costing model incorporates income support for an assumed beneficiary group of 10 per cent of the working age population in each country which would benefit from the scheme and it would be only available to those in households not benefiting from any other form of cash transfer (i.e. child benefit, pensions).

It was assumed that the simulated employment scheme would provide a benefit set at 30 per cent of GDP per capita, with a maximum of 1 US dollar (PPP) per day (increased with inflation). The benefit would be paid for a total of 100 days in the year.

Based on these assumptions, the annual cost of providing this benefit is estimated between 0.3 and 0.8 per cent of yearly GDP in the countries considered in 2010 (Table 3). Projected costs for 2010 (including administrative costs associated with providing the benefit) remain well at or below 0.5 per cent of GDP in three of the seven countries, while Burkina Faso, Ethiopia, Kenya and Tanzania find themselves between 0.7 and 0.8 per cent of GDP.

**Table 3: Costs for Targeted Public Employment Scheme as a Percentage of GDP for Selected Countries**

| Country | 2010 | 2020 | 2030 |
|---|---|---|---|
| Burkina Faso | 0.7% | 0.6% | 0.6% |
| Cameroon | 0.5% | 0.4% | 0.4% |
| Ethiopia | 0.7% | 0.8% | 0.8% |
| Guinea | 0.4% | 0.3% | 0.3% |
| Kenya | 0.7% | 0.7% | 0.7% |
| Senegal | 0.5% | 0.5% | 0.4% |
| United Rep. Tanzania | 0.7% | 0.7% | 0.8% |

*Source: based on ILO: 2008. These figures include assumed administration costs of 15 per cent*

## Basic Old age and Disability Pensions

A number of middle and low-income countries have introduced non-contributory old age pensions for their elderly population. Countries with social pension schemes include Brazil, Botswana, India, Mauritius, Lesotho, Namibia, Nepal and South Africa. Some of the schemes cover only targeted groups of the population, others; for example, Mauritius or Namibia, have developed schemes widely applied to all elderly residents in their populations. Evidence shows that such social pensions have a remarkable impact on the living standards of elderly persons and their families, especially the children. It also shows that basic pensions are feasible and accessible for low-income countries.

The basic pension was assumed at the level of 30 per cent of GDP per capita in order to align the benefit level with national circumstances. This was ascertained by data which was available for Tanzania (NBS: 2002) which formed part of the study. In effect, in the case of Tanzania the 2000/01 Household Budget Survey was based on two poverty line thresholds (per adult equivalent for 28 days) for mainland Tanzania: the Food poverty line of Tanzanian Shilling 5295 (equivalent to approximately 0.43 US$ per day (Purchasing Power Parity PPP) and the Basic needs poverty line of Tanzanian Shilling 7253 (equivalent to approximately 0.59 US$ per day (PPP)[121]. In terms of GDP per capita these represented respectively 27.6 per cent and 37.8 per cent.

It was assumed that the simulated universal old age and disability pension would be set at 30 per cent of GDP per capita, with a maximum of 1 US dollar (PPP) per day (increased with inflation) and would be paid to all men and women aged 65 or older. It would also be given to persons with serious disabilities in working age (the eligibility ratio was assumed to be 1 per cent of the working-age population, which reflects a very conservative estimate of the rate of disability).

Based on these assumptions, the annual cost of providing universal basic old age and disability pensions is estimated in 2010 at between 0.6 and 1.5 per cent of yearly GDP in the countries considered (Table 4). Projected costs for 2010 remain at or below 1.0 per cent of GDP in Cameroon and Guinea, while

[121] The food poverty line was calculated as "the cost of meeting the minimum adult calorific requirement with a food consumption pattern typical of the poorest 50 per cent of the population" and the Basic poverty line takes into account also the costs for non-food items.

Burkina Faso, Ethiopia, Kenya, Senegal and Tanzania find themselves between 1.1 and 1.5 per cent of GDP.

**Table 4: Costs for Basic Universal Old age and Disability Pensions as a Percentage of GDP for Selected Countries**

| Country | 2010 | 2020 | 2030 |
|---|---|---|---|
| Burkina Faso | 1.2% | 0.9% | 0.9% |
| Cameroon | 0.9% | 0.8% | 0.7% |
| Ethiopia | 1.2% | 1.3% | 1.5% |
| Guinea | 0.7% | 0.7% | 0.7% |
| Kenya | 1.1% | 1.2% | 1.3% |
| Senegal | 1.2% | 1.1% | 1.0% |
| United Rep. Tanzania | 1.2% | 1.3% | 1.5% |

*Source: ILO: 2008.These figures include assumed administration costs of 15 per cent.*

### Overall Basic Social Security Package

Taken together, universal cash benefits and access to health care would provide a basic social security package that would meet the most basic needs of the population. In all of the countries considered, the initial annual cost of a basic social protection package is projected to be in the range of 4.3 to 10.6 per cent of GDP by 2010 (Table 5).

**Table 5: Costs for Basic Social Security Package as a Percentage of GDP for Selected Countries**

| Country | 2010 | 2020 | 2030 |
|---|---|---|---|
| Burkina Faso | 10.6% | 9.9% | 9.5% |
| Cameroon | 5.9% | 5.6% | 5.3% |
| Ethiopia | 8.9% | 9.2% | 9.6% |
| Guinea | 4.3% | 4.1% | 3.9% |
| Kenya | 8.2% | 8.4% | 8.3% |
| Senegal | 6.5% | 6.1% | 5.8% |
| United Rep. Tanzania | 8.0% | 8.4% | 8.8% |

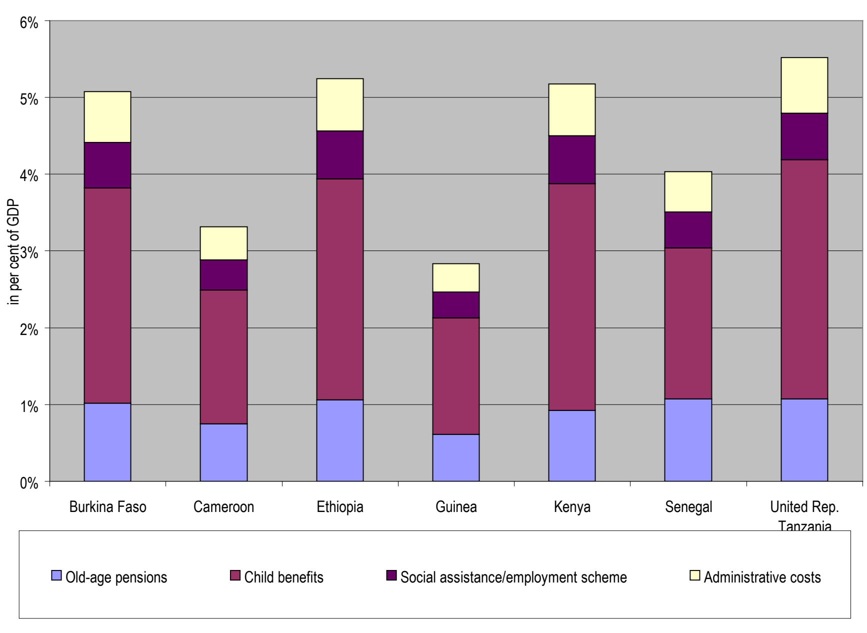
*Source: Based on ILO: 2008*

In the study, the cost of essential health care in most countries constitutes the largest cost component in the total package. In 2010, especially in the case of Burkina Faso, which stands out with by far the highest costs for basic social protection, health care is the main cost driver according to the underlying assumptions.

The non-health, cash benefit component of the package, would cost – depending on the country – between three and up to over six per cent of GDP (Figure 1). However, another ILO study (ILO: 2008a, p.164), conducted as a part of the social protection expenditure and performance review in Zambia, analysed the cost of similar package of hypothetical cash benefits (however, with a child benefit restricted only to the first child and thus much less costly) and showed it would cost in the longer run not more than 1.5 per cent of GDP (excluding administration costs). A similar exercise for Tanzania (ILO 2008b) cost the same package at not more than 1.8 per cent of GDP. In both cases, costs at a start-up would be in a range of 3-4 per cent of GDP because it was assumed that entitlements to child benefit would less restrictive at the beginning.

The projections show that fully introducing a complete package of basic social security benefits requires a level of resources that is higher than current spending in the majority of low-income countries (that rarely spend more than 3 per cent of GDP on health care and rarely more than 1 per cent of GDP on non-health social security measures). Therefore, a considerable joint domestic and international effort is needed to invest in basic social protection to bring about significant social development and a sharp reduction of poverty. Possible sources of financing of such an effort are discussed in the next section.

**Figure 1: Costs for Non-health Components of a Basic Social Security Package as a Percentage of GDP for Selected Countries in Africa, 2010**




*Source: Based on ILO (2008).*

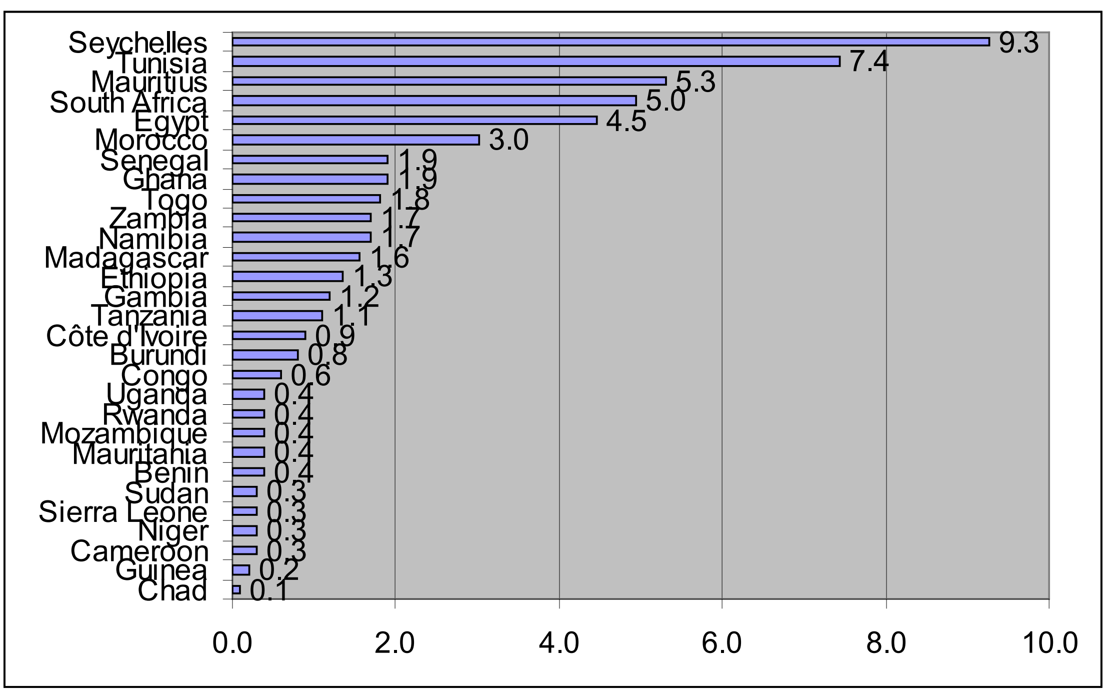
## How Does One Find Necessary Resources?

Lower income countries in Sub-Saharan Africa have a total government expenditure (including social security funds) in a range of 25-30 per cent of GDP. In many of these countries quite a significant part of this expenditure is financed through external grants (at the level of between four and five per cent of GDP). Most of them allocate, however, a very small percentage of available domestic and external resources to finance provision of social security – Figure 7 shows that in many countries governments allocate for pensions, other cash transfers and in kind social assistance less then one per cent of GDP, and in all countries except several (most of those several middle income rather than low-income) less than two per cent of GDP.

The problem is that, even if in some of these countries a higher portion of total available public resources is allocated to social security benefits, most of these benefits reach only a small part of the population; in most cases only government employees and those in the private sector who have regular contractual employment. Virtually none of this goes to the poor majority working in subsistence agriculture or the urban poor. In Zambia or Tanzania, for example, governments and donors allocate an equivalent of less than 0.2 per cent of GDP to all existing social assistance programmes.

Even within the existing resource envelope, there is potential fiscal space to provide the resources necessary to finance the build-up of basic social security systems reaching gradually all of those in need. But to achieve this, one would need to make shifts in current allocations of budgetary resources towards spending programmes which both in the short and in the long run alleviate and prevent poverty among majority of the population.

### Figure 2: Expenditure on Non-health Social Security as Percentage of GDP




*Source: ILO Social Security Inquiry and IMF Government Finance Statistics databases*

The above can be done by:

- Rationalising existing social programmes by making them less costly and/or more effective in achieving poverty reduction objectives (i.e: integration or coordination of existing social assistance or social insurance programmes to avoid overlap and waste, decreasing administration costs in existing contributory pension programmes, improving design and overall governance);

- Reassessment of all existing government spending programmes: to verify if the existing spending programmes are serving broader policy objectives of decreased poverty and inequality (i.e.: is there sufficient economic justification to existing fuel subsidies – "cash" transfers to the richer part of the society?) and eventually phasing out some of them to make room for the priority ones;

In most African countries there is potential to increase the available resource envelope. Sub-Saharan African countries increased on average domestic revenue from 15 per cent to 19 per cent of GDP between 1997 and 2006, mainly through improved effectiveness in tax collection. It is obvious that much more can be done. In the long run, the tax base will have to be significantly broadened and tax systems reviewed and modified to achieve not only maximum resources for poverty reduction but also to make the tax systems working in favour of social policy goals of less poverty and inequality.

## Conclusion

Even if a complete basic social security package cannot be implemented at once, a sequential approach can generate immediate benefits in terms of poverty reduction, pro-poor growth and social development. A national, well costed and forward-looking social security strategy can help to sequence the implementation of various social programmes and policy instruments and ensure that these are integrated in broader development frameworks. As countries achieve higher levels of economic development, their social security systems can also advance in parallel, extending the scope, level and quality of benefits and services provided.

A basic social security package is demonstrably affordable. But this is on condition that the package is implemented through the joint efforts of the low-income countries themselves to reallocate existing and raise new resources) and of the international donor community - which would have to refocus international grants on the supplementary direct financing of social protection benefits, on strengthening the administrative and delivery capacity of national social protection institutions in low-income countries and on providing the necessary technical advice and other support. A number of low-income countries in Africa and elsewhere have started to take these steps (recent developments are in countries like Tanzania, Zambia, Mozambique or Nepal, just to mention a few) and there are signs that the process will accelerate in the nearest future.

Keywords: social security, social protection, development, poverty, affordability, fiscal space, elderly, disability, pensions, social assistance, public works, child benefits, health care

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Links: http://www.ilo.org/public/english/protection/secsoc/.

# 5.2 Financing the extension of social protection in low income countries in Africa

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## Abstract

*The paper considers financing issues associated with the extension of social protection in low income countries in Africa. It argues that these issues need to be examined in the context of the dynamics of the financing mix for social protection. The paper discusses three main dimensions: the 'socialisation' of private social protection expenditures; raising public social protection expenditures; and the role of international aid and relative advantage of aid modalities.*

There is a growing consensus emerging among international organisations and national governments in developing countries that social protection provides an effective policy framework for addressing rising poverty and vulnerability in the global economy. Social protection can be defined as all interventions from public, private, voluntary organizations and informal networks, to support communities, households and individuals, in their efforts to prevent, manage, and overcome a defined set of risks and vulnerabilities. Social protection is an extension of anti-poverty policy. It is grounded in the view that vulnerability, understood as the limited capacity of some communities and households to protect themselves against contingencies threatening their living standards, is a primary factor explaining poverty. It is also a key factor explaining the low levels of human capital investment observed among households in poverty, which prevent them from taking advantage of economic opportunities.

In line with this emerging consensus, many national governments and international organisations are engaged in efforts to establish and strengthen social protection institutions and policies. In the context of middle income countries, these efforts involve the strengthening of existing institutions and policies and a renewed focus on poverty and vulnerability. This is very much in evidence among Latin American countries which have recently introduced income transfer programmes focused on strengthening consumption and human capital investment by the poor and poorest (Morley and Coady 2003; Barrientos and Holmes 2006). In low income countries, social protection institutions and policies are scarce, and the main emphasis is on establishing these anew. This applies especially to countries in Sub-Saharan Africa (Commission for Africa 2005).

In discussions on the kind of institutions and policies that could best address poverty and vulnerability, financing has emerged as a key constraint (Barrientos 2008). There has been an emphasis on short term additional sources of finance to support new social protection programmes, and especially on the role of international aid in bridging the financing gap. To put it crudely, the emphasis has been on

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finding 'new money' to support social protection initiatives (i.e. resource mobilisation). This brief paper emphasises a different approach in at least two respects. Firstly, it argues that the central issue is to set in place an effective and sustainable financing mix for social protection institutions and policies (ILO 2001; Holzmann, Sherbourne-Benz and Tesliuc 2003). There are many sources of financing for social protection, including aid from international donors, revenues of national governments, private, community, and NGO financing, and household saving and out of pocket expenditures. It is a feature of low income countries that the latter dominates. The main issue is the evolution of the financing mix, rather than 'new money'. Secondly, the paper argues that it is helpful to cast issues of financing in a broader context than the techniques and mechanics of revenue collection, important though these are. An optimal financing mix should do three jobs well: (i) generate the resources needed to establish and strengthen appropriate social protection systems; (ii) ensure the incentives generated by the financing modalities reinforce poverty and vulnerability reduction; and (iii) secure legitimacy for social protection institutions and policies.

The paper has four sections and a conclusion. The next section provides a brief discussion of the main elements of the financing mix, and their linkages. The following three sections focus on key components of this mix, private social protection expenditures, public social protection expenditures, and international aid respectively. The last section concludes.

## The Financing Mix for Social Protection

As indicated above, the sources of finance for social protection are many and the focus should be on the financing mix. The dynamics of this mix has a direct relationship to economic development. Unfortunately, data covering the financing mix of social protection is not available. Comparative data on the financing of health care provides us with an insight into the differences in the financing mix across regions and the dynamics associated with development. Summary information is presented in Table 1 below[123]. The figures in the Table show the differences in the financing mix across the different regions. The share of health expenditures financed by government revenues is dominant in the OECD region, but less so as we move to less developed regions. Another key difference is the large share of social insurance financing in the developed nations, especially when compared to lower income regions. Among less developed regions, out of pocket financing is substantial, and external sources of finance are important in SSA and Asia.

**Table 1: Health services financing mix across regions in 2002 (% of total health expenditure)**

| | Public | | | Private | | |
|---|---|---|---|---|---|---|
| | Revenue financed | Externally financed | Social insurance | Pre-paid plans | NGO/ Occupational | Out of pocket |
| OECD | 47.2 | 0 | 25.3 | 7.1 | 2.1 | 18.3 |
| Latin America and Caribbean | 38.8 | 3.9 | 13.8 | 6 | 2.8 | 34.7 |
| South Asia | 37.6 | 10.1 | 1.4 | 0 | 1.5 | 49.4 |
| Sub-Saharan Africa | 40.7 | 16.4 | 0.1 | 2.8 | 4.6 | 35.4 |

*Data Source: Own calculations using country data from The World Health Report 2002 (World Health Organisation 2003), classified according to regional classification from the World Bank website. Rows sum to 100% across.*

[123]Recent changes to the IMF's guidelines on the reporting of public expenditure on social protection will facilitate comparative analysis in the future, but estimates of out-of-pocket household expenditure on social protection are scarce.

The dynamics implicit in the figures in the Table apply fully to social protection. In OECD countries, social protection is primarily financed through tax revenues and social insurance contributions. Broadly, the task ahead for low income developing countries is to reduce the share of out of pocket financing and raise the share of government revenue financing and, perhaps in the short run, external financing too. The changes in the financing mix need to take place in the context of an increase in the overall volume of resources available for social protection. While setting out the task ahead appears to be relatively straightforward, outlining a road map is a difficult undertaking. A better understanding of the factors determining the dynamics of the social protection financing mix, including microeconomic and political economy perspectives, is essential to set current trends in an appropriate context. In what follows, key dimensions, constraints, and opportunities are briefly explored.

## Socialising Private Social Protection Expenditures?

How do households respond to contingencies which may threaten their living standards? Gill reviews and updates a simple model of households' demand for insurance developed originally by Ehrlich and Becker (Ehrlich and Becker 1972; Gill and Ilahi 2002), which helps pin point three main strategies. Households could take steps to reduce the likelihood that the contingencies may occur. For example, investment in health care checks, nutrition, and schooling will improve their human capital and reduce the likelihood of unemployment or low wages. Alternatively, households could focus on reducing the losses which may result in the event that the contingencies materialize. There are, broadly, two strategies which ameliorate these losses. Households may protect themselves by accumulating assets or entitlements which could compensate them in the event of losses. They could also save some of their income to survive periods of unemployment. A third strategy would be to join an insurance scheme covering households threatened by similar contingency, in which a small premium will ensure a measure of compensation for the associated losses, as in unemployment insurance schemes. The three main strategies are: self-protection, saving, and insurance.

The insights provided by the model into the way households respond to contingencies have important implications for the financing mix for social protection.

- Firstly, households are better off if they are able to use the full range of options: self-protection, saving and insurance. Extending the range of available social protection instruments meeting households demand should facilitate household financing as well as improve their protection.

- Secondly, insurance solutions are more effective for large-losses/low-frequency contingencies, while saving solutions are more effective for small-losses/high frequency contingencies. This implies that community or trade insurance schemes may have limited scope, and therefore constitute a limited source of financing for social protection. Micro-saving schemes, on the other hand, are a potentially important source of finance in low income countries. Unfortunately, in many developing countries micro-finance institutions make savings compulsory and discourage easy access to withdrawals. As a result, many of these schemes provide only limited social protection.

- Thirdly, trade-offs between the different strategies also have implications for the financing mix. Saving and insurance are substitutes, with the implication that improving the availability of insurance will reduce precautionary saving. Compulsory insurance may be sub-optimal if it 'crowds out' optimal levels of precautionary saving, and especially so if it packages in a mix of desirable and undesirable insurance. Self-protection, on the other hand, can be complementary to saving and insurance, with the implication that improving the provision of insurance, public or private, may not necessarily involve a reduction in households' self-protection efforts, a concern commonly expressed by policy makers.

There is much less clarity on the insights from political economy models for the financing of social protection. Public choice models suggest that self-interested tax payers would be more inclined to finance social protection if it benefits them directly (Gelbach and Pritchett 1995), or if the indirect benefits, say from a reduction in social unrest or crime, are large. However, these models would also be consistent with tax payers seeking to 'truncate' social protection institutions, as in Latin America, or invest in law and order instead. Public understanding and values, on the causes of poverty and vulnerability, and the effectiveness of potential remedies, are also important in generating support for financing social protection institutions and programmes. In the context of external financing for social protection, the latter are significant in persuading tax payers in different jurisdictions to finance social protection in developing countries. Political economy factors are important in explaining public financing of social protection. This goes some way to explaining regional and sub-regional differences in the evolution of social protection institutions. In Southern Africa, cash transfers are the main policy instrument, whereas other Sub-Saharan countries favour in-kind transfers.

A key dimension of the dynamics of the social protection mix is 'socialising' the adverse impact of risks affecting wellbeing. The micro approach described above suggests that expanding the provision of insurance and saving instruments, providing schemes are well designed and can encourage the socialisation of risks, without diminishing incentives to reduce the probability of hazards materialising.

Raising Public Expenditure on Social Protection

Are governments spending enough on social protection? We can address this question empirically by examining current government practice. Table 2 below shows public expenditure on social security across different regions of the world. The regional estimates suggest a number of stylised facts.

## Table 2: Expenditure on Social Security (as % of GDP), 1999

| Region | GNP per capita (1997 PPP) | Pensions | Health | Other[1] | Total |
|---|---|---|---|---|---|
| Africa | 1,868 | 1.4 | 1.7 | 1.2 | 4.3 |
| Asia | 4,713 | 3.0 | 2.7 | 0.7 | 6.4 |
| Latin America and the Caribbean | 6,695 | 2.1 | 2.8 | 3.9 | 8.8 |
| Europe | 13,040 | 12.1 | 6.3 | 6.4 | 24.8 |
| Oceania | 15,461 | 4.9 | 5.6 | 5.6 | 16.1 |
| North America | 28,346 | 7.1 | 7.5 | 2.0 | 16.6 |

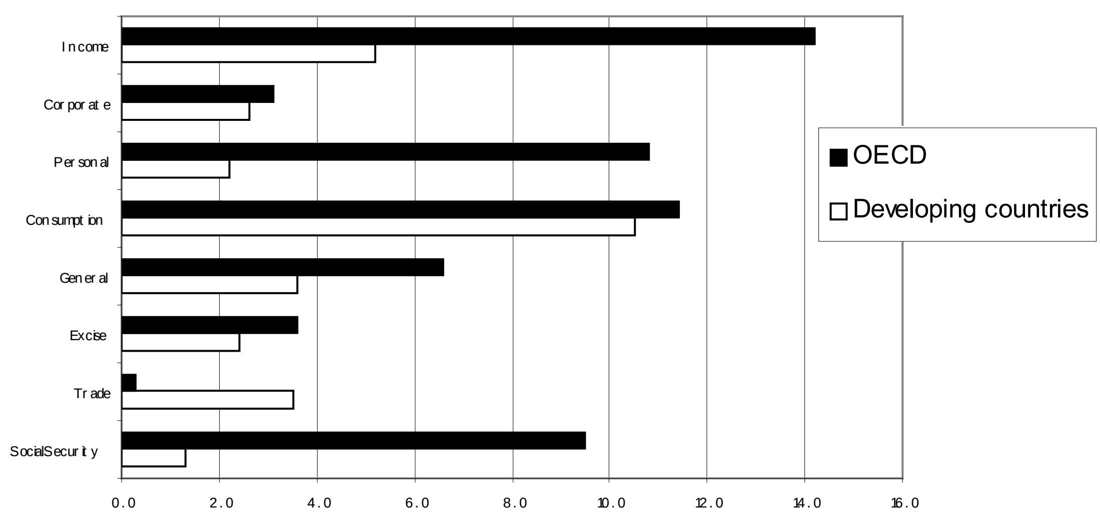
[1] Includes work injury, sickness, family, housing, and other social assistance benefits in cash and kind

*Source: World Labour Report 2000, ILO*

There is considerable global, regional, and intra-regional variation, but broadly, we can observe a positive association existing between the level of economic development and public expenditure on social protection. Political economy factors, the nature of the social contract, and path dependence are also important, as the contrast between Europe and North America demonstrates. The main challenge for low and middle income developing countries is to raise expenditure, while prioritising programmes focused on poverty and vulnerability reduction (Smith and Subbarao 2003). In low income countries, a focus on social assistance and basic health is important.

What are the options facing developing countries wishing to raise their social protection spending from domestic revenue? Growth can generate additional revenues. Without sustained growth additional expenditure on social protection would require either increased tax revenues or deficit financing. Finance Ministers are reluctant to borrow in order to finance social protection, and in most plausible scenarios they would be ill-advised to take this route. There are hard constraints on the capacity of developing countries to increase tax revenue collection. These constraints are associated with the structure of the economy (the rural subsistence economy and the informal sector are very difficult to tax), but also with administrative capacity and political economy factors. For the period 1995–97, tax revenue was 37.9 per cent of GDP among developed countries, but only 18.2 per cent in a sample of developing countries (Tanzi and Zee 2000). There are also differences in the composition of tax revenues. Developing countries rely to a larger extent on consumption and trade taxes, whereas developed countries are able to finance their social protection programmes with payroll taxes. See Figure 1 below for a comparison of the composition of tax revenue for developed and developing countries.

**Figure 1: Composition of tax revenue 1995–97 (% of GDP)**




*Source: Tanzi and Zee (2000)*

What are the costs of raising domestic revenue for social protection? The public finance literature suggests there are costs to a market economy of raising revenue through taxation. Payroll taxes may reduce the incentives for work for marginal workers, and taxes on non-labour income may reduce the incentives to save[124]. This implies that in order to finance US$1 for public expenditure, it may be necessary to raise US$1.25, say, in revenue. The marginal cost of social funds may be greater than the amount needed for expenditure[125]. At the same time, taxation may bring additional benefits to the economy, a social dividend, if for example carbon taxes reduce environmental damage in addition to raising revenue for public expenditure. There is an expectation that a social dividend might be available where taxes correct market imperfections. In this situation, the marginal cost of raising social funds may be less than the revenue collected. To the extent that social protection corrects market failures, in insurance, skills, and time preferences, it can be argued that the marginal cost of raising funds for social protection may be less than the actual spending. The perceived benefits from improved social protection, especially in the context of missing insurance markets, could generate conditions for a 'double dividend'[126]. Evaluating the returns of social protection programmes is important.

The potentially distortionary effects of taxation need not be exaggerated. Concerns over whether this will exacerbate market distortions in developing countries need to be balanced with the fact that the excess burden of taxation is lower there (because it is broadly proportional to the level of tax revenues as a proportion of GDP), and markedly lower for income taxes. Warlters and Auriol estimate marginal costs of social funds for African countries and estimate the average at 1.17, that is to have US$1 in revenue for spending necessitates collecting US$ 1.17 through taxes (Warlters and Auriol 2005). Even without a 'dividend' raising expenditure on social protection is justified if the rates of return are in excess of 17 per cent. They also find that, for African countries, greater efficiency in the collection of existing taxes should have priority over efforts to extend the tax base.

There is also the scope for shifting expenditure from other areas towards social protection, but there are also practical obstacles to this shift. The timeframe for shifts in public expenditure is usually a long one, making this at best a medium term objective. The political economy literature on public sector reform suggests shifting public expenditure will be more difficult the greater the number of losers, and the more upfront the losses are. Among developed countries, raising public expenditure on social protection has been achieved by shifting the composition of tax revenues towards income, especially payroll taxes (Barrientos 2007). Tax exemptions on foodstuff, school materials, agricultural tools, etc. are very common in developing countries. They tend to show large leakages to the non-poor while at the same time diminishing the tax base. In sum, the options for low and very low income countries wishing to expand social protection in the absence of sustained growth involve improving the efficiency of tax collection and shifting resources from less effective programmes - and external finance might be essential.

## International Aid and the Financing of Social Protection

As noted above, international aid has an important role in supporting low income countries in Africa in establishing social protection institutions. This role is critical in the early stages of social protection programmes, especially as the initial fixed costs associated with effective programmes are significant.

[124] In addition, there are costs associated with administration and enforcement of tax rules.
[125] The marginal cost of public funds is 'the multiplier to be applied to the direct resource cost in order to arrive at the socially relevant shadow price of resources to be used in the public sector' (Sadmo 1998).
[126] To the extent that increased taxation provides a corrective instrument for market imperfections that cause inefficiencies, the tax 'burden' could become a 'benefit', for example as a result of introducing a carbon tax (Atkinson 2003). The burning of hydrocarbon fuels is an important factor in global warming, and because the fuels contribute in proportion to their carbon content, a tax on their use in proportion to the amount of carbon burned would generate significant revenues, and a reduction in the use of environmentally harmful fuels (Clunie-Ross 1999).

Ensuring financial resources in the first few years facilitates the necessary political support by compensating losers of reforms. In the medium run, domestic finance is required for the sustainability, effectiveness, and legitimacy of these programmes.

Are different forms of aid support more or less appropriate for social protection? It will be useful to focus on three main aid modalities: structural adjustment finance, provided by the IMF and World Bank to support a programme of policy reforms; general budget support, provided through the government budget, either as general support or targeted on specific sectors; and programme or project aid, providing finance earmarked for expenditure in pursuit of specific programmes or projects managed either by government/government agencies, or donors. In terms of financing social protection, there are advantages and disadvantages with the different aid instruments. They are summarised in Table 3 below, which pays special attention to conditionalities and earmarking as potential avenues for securing resources for social protection.

### Table 3: Modalities of aid support and social protection

| Aid type | Social protection? | Conditionality? | Earmarking? |
|---|---|---|---|
| Structural adjustment | • Scope for supporting social protection is low<br>• Social protection introduced in the midst of a crisis is unlikely to be effective<br>• Polarization is highest during a crisis and unlikely to result in a new social contract | • Targets macro-variables<br>• Policies which may be effective in dealing with crises may not be those that best protect the poor and vulnerable, and conditionality may involve a trade-off<br>• Need to ensure adjustment lending does not increase vulnerability<br>• Macro and fiscal stabilization rules may contribute to reduce vulnerability after the crisis | • Not appropriate |
| Budget support | • Requires a vulnerability assessment<br>• Effective only if aid is a significant share of budget and there is agreement on policy priorities between donors and government<br>• Requires effective institutions for policy reform and coordination across ministries and provinces<br>• Requires civil society monitoring and participation | • Appropriate to ensuring financing is additional to current government budgetary support<br>• Appropriate to ensure coordinated policy priority<br>• Appropriate to ensuring the right instruments are targeted on vulnerable groups<br>But:<br>• Difficulty in identifying indicators; indicators deteriorate over time. No clear link between public expenditure and outcomes | • Effective only if fungibility of government spending is limited<br>• More effective in sectoral budget support, but at this level the boundaries with conditionality become blurred |
| Programme or project aid support | • Vulnerability Assessment a pre-requisite<br>• More ‘expensive’ in terms of political support and cooperation with stakeholders<br>• Scope for ‘co-funding’ with government and other donors<br>• Requires investing in technical capacity first<br>• Enables multi-country and regional scope<br>• Can have large demonstration effects | • Appropriate to the use of the funds | • Appropriate and effective<br>• Direct monitoring of disbursement and outcomes by donors |

*Sources: DFID (mimeo); Collier and Dollar (2002); Cordella and Dell’Ariccia (2003).*

The UK Government DFID, which has taken a particular interest in social protection, has stated its intention to rely to a larger extent on budget support in the context of its poverty reduction objectives (DFID 2004). The expectation is that budget support will provide a partnership-based, predictable, and transparent mechanism for establishing a more productive policy dialogue which supports institutional development, and especially government policy ownership and leadership, in the recipient countries. For out purposes, the issue is how best budget support can be used to strengthen social protection. The effectiveness of budget support aid is dependent on the quality of the partnership between donors and the national government. PRSPs and vulnerability assessments enable a process of learning and understanding within government and civil society, and provide the basis for achieving a common understanding on poverty reduction goals, objectives, and targets.

Strengthening institutional capacity through budget support has some advantages in the context of social protection. Social protection will be more effective if it integrates interventions across sectors, and coordinates the efforts of a range of providers within the public, voluntary, and private sectors. With budget support these linkages can be more easily identified and supported, especially compared with project aid. Budget support is also, on paper, more flexible in responding to changes in the pattern and significance of covariate risks, and disbursement is more flexible.

The term structure of social protection is an important issue. Social protection interventions are most effective in the medium and long term. This is in stark contrast to the short term horizon favoured by donors, and the term structure of aid support, leaving infrastructure projects aside. The optimal length of time of a social protection programme may extend beyond the maximum period to which a donor may be willing to commit. For longer-term programmes, establishing partnerships with government and other donors will be important. Donors may be in a position to finance in full the start of a programme, but rely on the commitment of the government to gradually take over the financing of the programme after it has been successfully established[127].

## Conclusions

To conclude, there is an emerging consensus that social protection provides a framework for addressing rising poverty and vulnerability. Financing an extension of social protection requires that attention is paid to the financing mix. Achieving an appropriate financing mix is essential to ensuring the resources required are available, but it is also important in strengthening the incentives for poverty and vulnerability reduction, and in reinforcing the legitimacy of social protection institutions and programmes.

The task for low income developing countries wishing to increase the resources available for social protection is to manage the dynamics of the financing mix towards achieving this end. In low income countries in particular, private social protection expenditures dominate the financing mix. It is crucial to facilitate the socialisation of risks. A basic model of household responses to risk suggests that improving the provision of effective insurance and saving instruments can deliver a reduction in out-of-pocket expenditures and a more effective management of the costs associated with hazards. Raising public social protection expenditures is urgent. Growth can help generate resources to raise these

[127]The term structure for this contract may be an issue. The Global Social Trust programme, for example, envisages the provision of start-up capital and know-how for open-ended projects, with a gradual withdrawal of the trust after 10 years. There is also a political economy dimension to this. Once a programme becomes established, and evaluations show effectiveness and impacts, it becomes easier to ensure its political sustainability.

expenditures. In the absence of sustained growth, financing social protection will require raising domestic revenues, through improving tax collection, or shifts in expenditure. It is important not to exaggerate the adverse impact of taxation. A study for African countries suggests that the marginal costs of social funds average 1.17. It is equally important to assess the rates of return of social protection.

International organisations have an important role to play in supporting the initial costs associated with the introduction of new large scale social protection programmes. Their preference for short-term, sectoral, and infrastructure project lending, and the ineffectiveness of conditionality in structural adjustment and budget support, are important restrictions in their ability to support the extension of social protection. External financing may provide the start-up funds needed, which are substantial. Ensuring that newly established programmes are effective and sustainable is essential. Persuading governments in low income countries to commit to absorbing the costs associated with social protection programme in the medium term will be made easier if it can be shown that the programme is effective and political support for it is forthcoming.

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# 5.3 The Imperative of Winning Political Support for Social Protection in Uganda

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## Abstract:

*Growing attention has of late been paid to Social Protection as an instrument of poverty risk aversion and poverty reduction in Uganda. The idea first gained prominence in the country after it was identified as the focus of the Social Development Investment Plan (SDIP) – 2003-2008, and was later integrated in the 5th Pillar of the Poverty Eradication Action Plan (PEAP), emerging as one of the key proposals for strengthening the social capital of the poor and enhancing social inclusion of vulnerable groups. Despite this clear statement and presumed good will, very little has been implemented on the ground and adoption and implementation of a more holistic social-protection programme is still far from sight. In the following paper we argue that the predominant reason for the failure to invest sufficiently in a comprehensive Social Protection programme in Uganda lies in "political factors". These have shaped the context in which effective decision-making on pathways for the poorest need to take place, and how pro-poor policies are adopted. In a country where poverty is pervasive and where neo-patrimornialism is rife following years of one-party or no-party democracy, rent-seeking and patronage networks are the main modalities through which key issues seem to get to the policy table. As such it is vital that political support is won if social protection is to be recognised as a priority policy and budget issue for the country.*


## Introduction:

**The context:**
**Analysis of poverty figures suggests that a significant proportion of Uganda's population remains trapped in extreme and chronic poverty. While recently released figures suggest overall improvement in poverty levels, with the proportion of those living below the poverty line reported to have declined from 38.8% in 2003 to 31.1% in 2006, the same source reveals that in absolute terms 8.4 million Ugandans now live in poverty. Similarly, the much lauded improvements in the aggregate poverty headcount have not extended to the bottom-most quintile of the population who remain in chronic poverty. Thus the "poverty reduction" so far witnessed notwithstanding, policy makers in Uganda still have to grapple with the 20% of households, approximately 26% of the total population (more than 7 million Ugandans), who live in chronic poverty. Not only have those in chronic poverty failed to benefit from improved economic conditions but it is likely that in absolute terms the numbers those living in chronic poverty may have indeed risen. Regrettably, neither social protection nor broader poverty reduction strategies are in place in the country to address this particular category of the population, a "lack" which is further accentuated by the absence of political "voice".**

Social protection gained prominence in the country after it was identified as the focus of the Social Development Sector Strategic Investment Plan (SDIP) – 2003-2008, and was integrated in the 5th Pillar

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of the outgoing Poverty Eradication Action Plan (PEAP), emerging as one of the key proposals for strengthening the social capital of the poor and enhancing social inclusion of vulnerable groups in the country's mainstream development process. Despite this clear statement and presumed will, very little has since been implemented on the ground, and adoption and implementation of a comprehensive social-protection strategy still appears to be distant, with the rhetoric outpacing effective uptake of the social protection agenda. What explains the above situation are the complex links between politics and decision-making on one hand and actual implementation on the other.

Uganda is one of 13 African countries which participated in a high level intergovernmental conference on Social Protection held in Livingstone, Zambia, during March 2006, and where commitment by African countries to Social Protection was reaffirmed[130]. The conference which came hot on the heels of publication in Uganda of the Uganda Chronic Poverty Report (2005)[131], highlighting persistent and chronic poverty and growing inequality for large numbers of Ugandans, was held in the wake of prior and new national processes linking social protection and realisation of human rights, also enshrined in the Uganda Constitution. In particular, the National Objective and Directive Principles of State Policy XIV in the country's Constitution charged the state with fulfilment of the fundamental rights of all Ugandans to social justice and economic development. Similarly, the state was charged with ensuring "that all Ugandans enjoyed rights, opportunities and access to education, health services, clean and safe water, work, decent shelter, adequate clothing, food security, and pension and retirement benefits." Specifically Article 32 of the Constitution enjoined the State to take affirmative action in favour of groups marginalised on the basis of gender, age, disability or any other reason created by history, tradition or custom, for the purpose of redressing imbalances that exist against them, positions which were further strengthened by Uganda being signatory to a range of international human rights instruments, including the Universal declaration of Human Rights, and the International Covenant on Economic, Social and Cultural Rights.

Thus while the country is awash with policy statements and prescriptions in favour of the poor and marginalized, translating these noble objectives into practice has remained an illusory target.

Hitherto concerns about adopting a comprehensive Social Protection policy and strategy for Uganda have centred more on the financial issues of affordability; the fear that Social Protection would divert scarce resources from "the productive sectors"; worries about possible "leakages" during implementation; and apprehensions about creating dependency or even a sense of (unprincipled and unsustainable) entitlement among the poor. Other areas of focus for both Ugandan researchers and technocrats have included institutional design challenges (for example how to target effectively and efficiently) and capacity issues (including the existence of adequate and appropriate institutional mechanisms). Rather surprisingly, the underlying political nature of the social protection debate, including the main drivers of the agenda, has not received the attention that it deserves. This is in spite of increased attention being paid by Uganda's policy makers to social protection as a potentially powerful instrument for poverty risk aversion and poverty reduction in Uganda's current socio-economic context. The premises on which hold-ups to adopting social protection in the country are assessed or judged need to be re-cast, and broadened to include deeper analysis of political factors and how these inter-play with other factors to result into particular policy positions. The challenge to winning political support for social protection in Uganda, described in the following paper, illustrates this point.

[130]The meeting which was co-hosted by the Government of Zambia and the African Union led to issuing of "The Livingstone Call for Action" which spelt out broad goals as well as specific commitments relating to the adoption of social protection in Africa.
[131]See Chronic Poverty in Uganda – The Policy Challenges, Development Research & Training/Chronic Poverty Research Centre, Kampala, 2005.

This paper proposes that the predominant reason for the failure to invest sufficiently in a comprehensive social protection programme in Uganda fundamentally lies in three sets of political factors, namely:

- Those which are related to the predominant political (or socio-economic) paradigm.
- Those which are related to elite attitudes; and
- Those which are related to organisation, management and systems.

We further argue that in order for the country's much anticipated Social Protection interventions to take root, not only will it require "political opportunities" to be fully seized but also for policy-makers, technocrats and development partners (in particular donors) to move beyond mere recognition of the need for Social Protection and definition of mechanisms for getting it implemented, to understanding, engaging with, and providing stimulants for the political process, without which the critical decisions and actions will not be made or taken. We conclude that at the centre of this "project" will be the need for the Ugandan state to develop a "political contract" for Social Protection with support from donor partners and civil society organisations.

## Factors which are related to the predominant political (and socio-economic) paradigm:

The predominant view, especially among economists, is that emphasis regarding the country's development ought to be put on economic growth, with the current stress of government policy being the enhancement of household incomes through increased production and productivity. This agenda is centred on maintenance of macro-economic stability (with emphasis being on low inflation and an open economy) to foster direct foreign investments; investment in infrastructure (especially roads); and promotion of micro-credit and demand-driven agricultural extension, emphasising value addition and small holder commercial agriculture. Sadly, this is an agenda which leaves out the larger proportion of the poorest of the poor – the have-nots.

## Factors which are related to elite attitudes

Anecdotal information and evidence adduced from recent studies suggests that many elite in Uganda, in addition to having a relatively homogeneous set of perspectives on poverty, also tend to have negative views about social assistance programs for the poorest[132]. They talk about poverty using assumptions, ideas or even terms and concepts which are sometimes alien even to those who are affected by poverty themselves. They might have a relatively benign image of the poor, a strong sense that such categories of people "are deserving and therefore need to be assisted", but they are also often quick to apportion blame to the poor, in particular citing laziness and a lack of innovation or hard work[133]. One of the strongest oppositions to a recent announcement that the Uganda Government was planning on introducing a cash transfer pilot scheme for the chronically poor came from mostly the elite, including those who are responsible for driving the country's economic policy.

Negative elite attitudes are exacerbated by their (elite's) belief that anti-poverty national programmes have predominantly failed, even though some would argue that moderate progress has been achieved on poverty reduction in recent years. The lack of faith in government action on poverty further contributes

[132]See, for example, Vulnerability and Poverty Analysis: A Needs Assessment for Designing a Cash Transfer Scheme to dress Chronic Poverty in Uganda, Development Research & Training, Kampala, December 2006.
[133]Strong sentiments to this effect were expressed in the Second Uganda Participatory Poverty Assessment Process (UPPAP) – see Ministry of Finance Planning and Economic Development (2002): Deepening the Understanding of Poverty, Kampala, Uganda.

to profound suspicion about connections between politics and poverty, the dominant view being that to treat poverty as an issue for political competition would be attempting to do politics with the plight of the poor. Underlying this suspicion is the belief that political elites are themselves not sufficiently committed to the concerns of the poor and only use these when it suits their political or professional interests. This pushes the social protection agenda even further down the list of priorities.

### Factors which are related to organisation, management and systems:

Evaluative reports have drawn particular attention to questions of the competency, capacity and leadership inadequacies of parts of the Uganda Government[134]. While some might argue that the issue of capacity may have been over-stated, it is nonetheless important to recognize that there are deep obstacles to effective policymaking and management of social protection programmes, occasioned in part by organizational and institutional bottlenecks. These include, for example, the weakening of Uganda's decentralisation process and the absence of a coordinating authority to see through cross-sectoral design and implementation. In addition, the Ugandan Government has in recent times done a fairly poor job of individual preparedness for emergencies/disasters as can be remembered from the failure to respond appropriately and adequately to the Northern and North Eastern Uganda floods of 2007. Limitations in each of these interconnected areas make risk and vulnerability management in Uganda all the more difficult, and understanding exactly how those obstacles are connected, and to what effect, are important questions for policy makers and for advocates of social protection.

## Discussion:

The absence of a social protection policy which responds to the various risks and vulnerabilities also calls attention to the challenges of, and the need to better understand the links between poverty, vulnerability, and politics. However, the core premise of vulnerability is that a lot of emphasis is often placed on scrutiny of the categories of people who are considered to be vulnerable themselves instead of focusing on the underlying political and sociological root causes that make people vulnerable to poverty or deeper poverty. In other words, rather than seeing vulnerability as a deviation from normal social, political or economic operations we should view it as linked to how routine political or socio-economic contexts and operations play out in a community or society. Judging from the Ugandan experience of policy-making for social protection, therefore, it is plausible that the "drivers" and "maintainers" of poverty are the same forces which prevent the blossoming of pro-poor policies and programmes, including social protection interventions. This is a question of politics NOT design or capacity. Seen from another angle, the risk of a vulnerable category of the population being affected by deeper poverty is a compound function of the underlying social, economic, and political processes that influence how shocks affect people in varying ways and with different intensities.

Agreeing, therefore, that social protection provides an effective framework for addressing rising poverty, inequality and vulnerability in the Ugandan economy, and that politics plays a key part in shaping this, it is prudent that our efforts need to go beyond simply supporting appropriate designs and defining

[134]See, for example Ministry of Gender, Labour & Social Development – MGLSD (2007): Factors affecting the level of attention and resources devoted to orphans & other vulnerable children: Findings from qualitative research in Uganda; Also, MGLSD (2006): MGLSD and Districts Capacity Assessment Scores

implementation modalities, to raising social protection as a political issue which necessitates adoption of a political approach.

The "political debate" on social protection in Uganda tends to revolve around financing. In proposing that Uganda combines the heightening of political stakes for social protection with increased social protection spending levels, the first question which is likely to emerge, therefore (a question of a political nature), is "affordability". Some will argue that raising expenditure levels on social protection financed from domestic sources will either involve redirecting funds from other areas of expenditure or require substantial improvements in revenue raising capacity. For a country whose economy is still under-performing, and where tax revenue still falls short of expectations, this would be quite challenging. However, given political will, it is arguable that Uganda can support social protection through macroeconomic policy, public expenditure, tax policy, and regulation.

Macroeconomic policies that ensure sustainable pro-poor growth and fiscal stability would be necessary (though not sufficient) in reducing vulnerability and in securing the resources needed for social protection. In return, effective social protection would help to achieve macroeconomic goals by contributing to an adaptable economy capable of taking advantage of a wide range of economic opportunities and resources (in particular human resources). There are, however, other areas from which expenditure could either be shifted towards social protection or better harmonised[135], although we observe that even in such areas there may be "political" obstacles.

## What has been accomplished so far?

A wide range of Governmental and CSO programmes in Uganda have in the past been implemented to address risk and vulnerability issues, albeit on a pilot basis and rather intermittently. They have varying levels of success, consistency or even coordination. The "outgoing" Poverty Eradication Plan (PEAP) has itself been described as a "social protection-friendly" framework as it emphasizes interventions in health, education, water and sanitation and social development as priority actions for reducing poverty and vulnerability[136]. Similarly the Uganda Constitution, under the National Objective and Directive Principles of State Policy XIV "charges the state to endeavour to fulfil the fundamental rights of all Ugandans to social justice and economic development and shall, in particular, (XIV (b)) ensure that all Ugandans enjoy rights and opportunities and access to education, health services, clean and safe water, work, decent shelter, adequate clothing, food security and pension and retirement benefits"[137].

At the policy level, the Social Development Sector has developed several policies which are expected to contribute to the realization of broader development objectives in general and social protection objectives in particular. These include: The National Orphans and Vulnerable Children Policy; The National Policy on Elimination of Child Labour; The National Policy on Disability; The National Equal Opportunities Policy; and The National Gender Policy.

However, most of these programmes and processes run parallel to each other and sometimes parallel to overall national development plans. They are neither linked nor integrated with other economic and sectoral plans, and many of them also lack the full involvement and support of key ministries whose

[135]It is for example conceivable that the numerous poverty eradication and social transfer projects which are run under different arms of government could be brought under one roof with a unified purpose and to greater effect.

[136]Development Research and Training, 2006. Vulnerability and Poverty Analysis: A needs Assessment for Designing a Cash Transfer Scheme to address Chronic Poverty In Uganda,

[137]For an elaboration of this see Republic of Uganda: The 1995 Constitution, Government Printer, Entebbe.

cooperation is needed to ensure effective implementation of social protection. Besides, some have other inherent weaknesses, sometimes proposing options that are too general and lacking strategic details (e.g. proposed implementing agency, time targets, detailed cost estimates, funding modalities, etc). Yet others focus exclusively on issues which are too broad, not taking sufficiently into account the regional specificities and implications of the proposed actions.

There also appear to be contradictions and/or gaps in the policy processes. For example evidence adduced from recent vulnerability analyses suggests that social protection targeted at the vulnerable (i.e. not-yet-poor but at risk of becoming poor - described in most Ugandan policy documents as the "active poor") is more politically acceptable than support targeted at the current poor. In the Uganda context, where, in addition to the poor, large sections of the non-poor are vulnerable, social protection would be expected to enjoy natural and wide support – the reality however is different.

### Consensus building:

Efforts to build consensus in Uganda on issues of Social Protection began soon after the Livingstone conference with a series of workshops and dialogue meetings. Agreement was reached on key steps which needed to be followed, in order to move the Social Protection agenda forward, including mobilising interest from different sector ministries, winning political support from Parliament, and engaging with the wider civil society. In the latter part of 2006, the efforts were further extended with the transformation of the then Ad Hoc Social Protection Task Force into a Sub-Committee of the Social Development Sector Working Group, with representation to the committee being broadened to include a cross-section of civil society organisations, key sector ministries and donor representatives. Meanwhile a campaign was embarked on to create greater awareness and through this to build consensus among both Civil Society Organisations (CSOs) and Government departments and agencies.

However, consensus and buy-in are still challenged by a host of factors including the absence of a harmonised framework and mechanism for coordination of the various social protection instruments and processes; limited funding for a comprehensive programme; and slow progress in enlisting the full support of the central Ministry of Finance, Planning and Economic Development (MFPED) as well as the key sector ministries of health, education, agriculture and local government. The situation is further complicated by the lack of coherence on how to handle new initiatives which, at least theoretically, support social protection objectives, such as the bonna baggaggawale (prosperity for all) programme and the Peace and Recovery Development Programme (PRDP), but whose implementation is often "politicised" as it is more a fulfilment of campaign promises of the sitting government than a "neutral" response to deepening poverty at the national level.

### The challenge ahead:

The vulnerability and risk challenges facing Uganda today remain considerable. Conflict, weather-influenced disasters and the persistent effects of HIV/AIDS continue to deprive large numbers of people of opportunities to exit from poverty. It is evident, from these and from other assessments that existing mechanisms for responding to the vulnerabilities and risks are inadequate. Hence more innovative social protection interventions will be required. Similarly, in order to appropriately respond to the challenges, it is vital that social protection is placed high on the policy agenda. This is a political question and not a technocratic one. Resolution of the political question should then be closely followed by a series of actions, including:

(a) Exploring the most effective social protection instruments for addressing risk and vulnerability and identifying the most effective means of providing social protection to families and communities that are already facing extreme poverty or vulnerability, such as those in areas where there is internal displacement, those with orphans, those with elderly people, etc.

(b) Identifying institutions (CBOs, other NGOs, the private sector, public services or agencies like social action funds) which are currently providing social protection for a range of vulnerable categories of the population, including people affected by HIV/AIDS, and exploring which are the most effective channels for social protection provision, and identifying challenges and policy trade-offs faced by these institutions.

(c) Reviewing policies and programmes to assess the extent to which they respond to the social protection agenda of this country.

(d) Carrying out specific pilot programmes with a Social Protection focus and using these to identify issues and learn lessons on such challenges as targeting.

(e) Establishing strategic alliances with civil society organisations and the private sector in seeking solutions to the provision of social protection.

Although national resource allocation shows a considerable degree of poverty sensitivity in sectoral allocations, there is still a mismatch between poverty eradication priorities and responses to risk and vulnerability. The current recognition of Social Protection as a cross cutting issue needs to be turned into action through establishment of appropriate mechanisms for coordination and harmonisation of the different social protection interventions. The possibility of establishing an independent Social Protection Authority to spearhead this drive should be explored.

### More specifically we recommend the following:

- Increasing awareness among public officials and the general public on the importance of having specific measures to address risk and vulnerability, and raising the profile of Social Protection at both the political and operational levels;

- Promoting the articulation of a harmonised and coordinated strategy and policy framework for Social Protection delivery;

- Piloting a range of alternative Social Protection instruments and reviewing existing policy and institutional frameworks to see whether they are consistent with social protection objectives;

- Switching public expenditure from less effective poverty reduction programmes, and consolidating fragmented programmes (including donor-supported programmes);

- Increasing budget ceilings for the social development sector with a view to accommodating new funds for social protection and, alongside this, enlisting long-term donor support for social protection;

- Prioritising the Social Protection approach in the design and delivery of all key Government programmes.

The stakes in the reduction of risk, vulnerability and poverty are very high. It is vital for policy-makers, analysts and development partners to join forces in charting a way out of this quagmire.

## Conclusion

We submit that there is a kind of politics to social protection which cuts across the predominant political (or socio-economic) paradigms, elite attitudes, and organisation, management and systems. We further argue that the extent to which social protection programmes are defined to reach the poorest will primarily depend on the "political contract" which the sitting government is able to make with the people. By implication key political factors need to be identified for Uganda and their importance assessed with a view to influencing social protection policy-making in favour of the poorest. Regrettably, however, "neo-patrimornialism" still plays a large part in this "politics" thus making it difficult for institutions to establish, hold, or influence change.

The political challenges notwithstanding Uganda has demonstrated various innovative ways of pilot-testing social protection interventions[138], showing that it is possible to balance economic growth with provision of social protection. An important feature of many of the successful schemes has been the involvement of local communities and various sectors in pursuit of poverty risk aversion goals. The essence of democratization lies in the way the "public" participates in decision-making, planning and implementation. It nonetheless needs to be stressed that social protection is a not a panacea to poverty eradication – it is only a necessary step.

In summary, the growing disparity between the "haves" and "have-nots" as well as deepening poverty in Uganda should not have come as a surprise. In the wake of this, however, Uganda's policy and institutional landscape for social protection is beginning to shape up. Innovative ideas of how to address risk and vulnerability among different categories of the poor are primed with a generally supportive existing policy and institutional framework. However, there are serious bottlenecks that limit adoption and wider implementation of successful social protection strategies. At the national level, policy constrains and or disincentives need to be replaced with effective instruments. The "politics of social protection" needs to play its part here. At all the other levels, social protection should not be considered simply as an expenditure activity, but an integral element of socio-economic development within the country's broader development framework. At the community level, collective action needs nurturing — such investment is important for long-term progress.

It is, therefore, vital to understand the political context for Social Protection policy formulation and how political forces impinge on policy, in terms of both decision-making and implementation. In so doing we need to go beyond current political debates for or against social protection to understanding the institutions and actors that are responsible for making decisions on the conceptualization, design and delivery of Social Protection in Uganda – it is to these that we may turn to deal with the questions of priority, "affordability" or even appropriateness. In a few words, any critique discussing the inadequacy of the national response to growing inequality and deepening poverty should address what is well-

[138]As was the case with the Community HIV/AIDS Initiative.

known: the set of policy and political constraints which make effective poverty risk management in Uganda an inherently difficult challenge

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# 5.4 Building Support to have Targeted Social Protection Interventions for the Poorest – The Case of Ghana

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## Abstract

*In the last few years, Ghana has launched a number of social protection programmes, such as the National Health Insurance Scheme (NHIS), the school feeding programme, and now the Livelihoods Empowerment Against Poverty (LEAP) social grants programme. It has also developed a National Social Protection Strategy (NSPS) meant to provide an overarching policy framework to ensure co-ordination and complementarity between all these programmes. This paper will examine the context in which these programmes were designed and launched, and how sufficient political support was generated to ensure financing of these programmes through the government budget. In particular, the paper will examine how support has been generated for LEAP, a social grant targeted at the extreme poor, despite initial resistance to poverty targeting, and broader resistance to what was seen as "free cash for the poor" by many. It will also examine how different players have influenced the policy debate on social protection – such as different Ministries of the Government of Ghana, civil society, the media and the Development Partners in the country, and how different alliances were formed to push for the implementation of the social protection strategy. Finally, the paper will look at different ways in which the key social protection players now need to lobby for wider social protection coverage of the poorest households, especially with the prospect of significant oil revenues removing financial constraints to the scaling of the interventions.*

*List of key words – Ghana, Sub-Saharan Africa, social protection, cash transfers, poverty, social policy, MDGs*

## Introduction

Ghana is a development success story for Africa – it has had steady economic growth over the past few years, good governance and it is on track to halve poverty by 2015. However, despite these impressive achievements, 28 per cent of the population is still poor and 18 per cent continues to live in extreme poverty, unable to even meet their basic nutritional requirements. Ghana is recognising that growth and mainstream development interventions may not be enough on their own to pull the extreme poor out of poverty and to protect vulnerable groups from shocks such as natural disasters, or global food and fuel price rises. Ghana has therefore developed a National Social Protection Strategy (NSPS) that attempts to provide a more targeted set of interventions for the chronic poor, and suggests setting up new safety nets that can be used to cushion the most vulnerable groups from environmental and economic shocks. As outlined in the NSPS, social protection will not only contribute to achieving the Millennium Development Goals but at the same time can contribute to growth at the local level by providing new income generating opportunities for the extreme poor. As Ghana gets close to reaching Middle Income Status, especially with the discovery of oil, a social security and safety net system will not only be more affordable, it will ensure that the new wealth and prosperity of the nation is distributed equitably to ensure a minimum standard living for all.

This paper will explore how and why Ghana has launched a number of social protection programmes, such as the National Health Insurance Scheme (NHIS), the school feeding programme, the National Youth Employment programme and now the Livelihoods Empowerment Against Poverty (LEAP) social grants programme. It has also developed a National Social Protection Strategy meant to provide an overarching policy framework to ensure co-ordination and complementarity between all these programmes. In particular, the paper will examine how support has been generated for LEAP, a social grant targeted at the extreme poor, despite initial resistance to poverty targeting, and broader resistance to what was seen as “free cash for the poor” by many. It will also examine how different players have influenced the policy debate on social protection – such as different Ministries of the Government of Ghana, civil society, the media and the Development Partners in the country, and how different alliances were formed to push for the implementation of the social protection strategy.

## Background

This chapter will describe the policy context in which the NSPS was developed, with a new focus on the most vulnerable and excluded groups in society. It will provide a brief overview of the various social policies and programmes initiated over the past few years, existing informal social protection systems and explain why a national social protection policy was needed in Ghana.

Since the year 2000 the Ghanaian economy has grown consistently with GDP increasing from 3.7% in 2000 to 6.4% in 2007. Thanks to steady growth in combination with a stable democracy since the mid 1990s, Ghana is making good progress in reducing poverty and should reach Middle Income Country (MIC) status in the not too distant future. Poverty levels in Ghana declined impressively from 51.7 per cent in 1990 to 28.5 per cent in 2005/6. However, this poverty reduction and development has not been spread evenly across the country – some areas – such as the Northern parts of the country, and rural regions, consistently remain poorer than the rest of the country.

The Government of Ghana has been using the Poverty Reduction Strategies to set its policy priorities and use it as a basis for dialogue with Development Partners. There has been a clear change in focus over the last eight years. The first Ghana Poverty Reduction Strategy (GPRS), from 2002-2005, had special programmes for the vulnerable and excluded as one of its priority areas. During this time, a Poverty and Social Impact Assessment (PSIA) drew attention to the fact that economic growth alone would not be enough to tackle extreme poverty and exclusion. It called for more targeted interventions for the poorest, and for a new National Social Protection Framework that would guide the formulation and implementation of such programmes. With the second PRSP, the Ghana Growth and Poverty Reduction Strategy II (2006-2009) the focus shifted to growth and achieving middle income status by 2015. It then became more difficult to advocate for programmes targeted towards the poor, or to ask for resources to be allocated to programmes that were not seen as contributing to economic growth. There was also a consensus that growth should be driven by the private sector, and the role of the state should be cut back.

Despite such a restrictive social policy environment, the government has passed significant new legislation to protect the rights of vulnerable groups, such as the Domestic Violence Act (2006), the Persons with Disability Act, the Human Trafficking Act (2005), the Juvenile Justice Act (2003) and the National Health Insurance Act. It also initiated significant new social protection programmes in the education and health sectors. The capitation grants were rolled out across the country in 2005. Primary schools receive these capitation grants from government for each student enrolled, instead of school fees from parents. This intervention has led to an increase in enrolment of almost 20 per cent in two years. The government, with support from NEPAD and donors, is also scaling up a school feeding programme, though this has only reached a small percentage of schools. This has run into some problems currently since an independent audit done in 2008 revealed misuse of funds. There has also been criticism of the fact that the school feeding programme has not been targeted to the poorest or most food insecure areas.

In 2004, the government also introduced the National Health Insurance Scheme. Currently 42 per cent of the population is registered under the NHIS. Due to concerns that NHIS premiums were still preventing some of the most vulnerable groups from accessing healthcare, the President announced in May 2008 that National Health Insurance would be made free for all children under 18, irrespective of whether their parents were on the scheme or not, and all pregnant women would also be on the scheme for free during their pregnancy.

As shown above, Ghana has tended to have social protection programmes that are universally targeted e.g. capitation grants or National Health Insurance. While these programmes have had significant positive impacts, both have still left some of the poorest citizens in Ghana excluded from basic services. Universal access does not guarantee that poor people are being reached – often they cannot even afford the very low $8 premium that is required for the NHIS, or the transport that is required to go and get registered. Poor children cannot afford free schools because they have no money for books, or school uniforms, or shoes to walk to school.

The poorest people have often had to rely on informal and traditional forms of social protection based on the extended family system, religious groupings or community norms and obligations to help vulnerable families; and individual remittances. These systems continue to play significant roles in social protection in Ghana.

It will become progressively more difficult to reach the remaining poor in Ghana, especially the bottom 18 per cent of the population. Countries such as South Africa, Brazil, India and China have shown that even with impressive growth, pockets of extreme deprivation often remain. Not tackling such deprivation and the inequality it brings is dangerous - it can lead to social tension, violence and sometimes even flare up to full- blown conflict. That is why, even if Ghana becomes a middle income country it will still be necessary to have special social protection programs in place that ensure growth benefits all segments of the society. It will also ensure the country can cope with sudden shocks such as the severe droughts, floods or rising food process it has seen in the last year, so that such events leave fewer people falling back below the extreme poverty line.

## The National Social Protection Strategy – getting the right policy framework in place.

While Ghana has recognised the importance of various social protection programs, what has been lacking until recently is a social policy framework that links the various initiatives and policies into a coherent whole and shows how a family living in extreme poverty can not only survive, but even escape such poverty. This chapter will discuss the National Social Protection Strategy in more detail and explain how it has helped to move forward policy debates about tackling poverty in Ghana, and the challenges the government faces in implementing it.

The National Social Protection Strategy represents a shift from a piecemeal approach to designing and managing SP programmes to an integrated, sustainable and forward-looking national framework. It emphasizes the need to have systems in place that address the needs of vulnerable groups – whether it be the chronic poor who have not benefited from the growth and development the rest of the country is experiencing, or whether it is the families that are temporarily pushed back into poverty when confronted by shocks like droughts and floods, or fluctuations in global prices. Creating such awareness and the need for basic social security was a big step in a country where it is often assumed that growth on its own will eradicate poverty.

In 2005 the Ministry of Manpower, Youth and Employment (MMYE) took the lead in developing the National Social Protection Strategy, which was finalised and submitted to Cabinet in 2007. The NSPS represents the Government of Ghana's vision of creating an inclusive society through the provision of sustainable mechanisms for the protection of persons living in situations of extreme poverty, vulnerability and exclusion. It is the only Government policy that looks explicitly and exclusively at what Ghana needs to do to help the extreme poor improve their livelihoods. It sets out three main strategies to address extreme poverty more effectively. Firstly, more targeted assistance in the form of a new social grant scheme to ensure a basic and regular income for the most vulnerable households. Secondly, it recommends better poverty targeting of existing social protection programmes. Finally, it recognises that a package of complementary inputs may have more impact in reducing poverty than single interventions. One agency also needs to co-ordinate and monitor the various services being provided by different MDAs to a household.

Linking the various social protection programs is still difficult and MMYE will face many challenges trying to work across other sectors such as health and education. One such challenge is for MMYE to demonstrate its ability to lead and co-ordinate the activities of other sector ministries. One entry point for MMYE to start work with other Ministries is the implementation of the new cash transfer programme (LEAP) and its conditionalities around health and education. In the last six months, there has been a request from the Ministry of Health and the National Health Insurance Council to link their activities with the LEAP beneficiaries. NHIS is aware that it is having problems getting the poorest Ghanaians registered on health insurance. They realise that targeting the LEAP beneficiaries can help solve their problem, and the condition that people cannot stay on LEAP unless they register on NHIS will provide an incentive for people to register.

The National Social Protection Strategy has been very important for Ghana for a number of reasons – it was and is the only strategy focusing on the extreme poor. The Ministry of Manpower, and particularly its political leadership, has managed to use the strategy to convince the rest of Government, and gradually the public as well, that while growth is necessary and good for the country, Ghana also needs to give special attention to improving the livelihoods of the extreme poor. The strategy was able to make a case that it is the government's responsibility to ensure that the most vulnerable have access to basic services and a basic level of income. The real challenge in rolling out the strategy will be to have one

Ministry in a position to effectively co-ordinate different interventions so they have a cumulative effect on the targeted households.

## LEAP – How to get Individual programmes funded and started.

The idea of LEAP social grants originated from the National Social Protection Strategy, which recognised that there was a gap in existing GoG programming. There was nothing in Ghana that provided basic livelihood security to some of the most vulnerable groups in Ghana – children, the elderly and the disabled. These vulnerable groups did not necessarily benefit from existing development interventions and needed extra support to meet even their basic needs, such as food, education and healthcare. LEAP is also unique because instead of providing in kind benefits, it is one of the first government-financed cash transfer programmes in West Africa that is based on the right to basic social security.

Ghana's Ministry of Manpower, Youth and Employment (MMYE) launched the Livelihood Empowerment Against Poverty programme, or LEAP, in March 2008. Sixteen hundred households each received a little over $8. By June 2008, the number has gone up to 3,200 households. The Government would like to scale up this programme in the next five years to reach just over 160,000 households (or 20% of those living in extreme poverty in Ghana).

LEAP is providing selected households with monthly cash transfers between $8 and 15 per month, depending on the number of qualifying individuals in the household. The main target groups for this programme will initially be Orphans and Vulnerable Children (OVCs), older persons over 65 years and People living with severe Disabilities. The grant is provided through the Ghana post office and payments are made every two months. The cash grants are conditional on households (1) sending children to school, (2) not allowing child labour, (3) enrolment of family members on the National Health Insurance Scheme (NHIS) and (4) birth registration of all children.

Currently, the cash transfers are fully funded from Government of Ghana budget ($ 4.2 million from HIPIC funds). Like in other countries, the affordability of cash transfers for the poor in Ghana has been hotly debated. Social Protection experts are clear that Ghana, with its current budget, and expected revenue (as oil revenues come on stream in the next 4 to 5 years) can afford social cash transfers for the bottom 20% of the extreme poor[139]. The total cost of LEAP over the next 5 years (2008-2012) lies between 0.1% and 0.2% of total government expenditure[140]. The government currently provides in-kind transfers in the form of subsidies in many other sectors (health, electricity, fuel, education). So the issue in Ghana is not whether LEAP is affordable, but whether Government of Ghana wants to spend its money on this particular programme. Whether to start a social protection programme or not, and the type of programme that is selected, are political decisions.

The public debates on the radio, TV and in the press when LEAP was launched highlighted that cash transfers or social security for the poor is always a contentious issue. The concern the public expressed were not about the cost of the programme (GoG spending $4.2 million), but about giving cash directly to poor people. LEAP grants were seen as "free hand-outs" which would be "wasted" by poor people.

[139] Discussions with WB SP specialist and DFID Health Insurance Specialist, 2008. ILO Mission and LEAP Design Mission, 2007
[140] Taken from LEAP Design Document, October 2007

Some newspapers and the radio call-in programmes suggested that instead the government should use the money to create new employment and new industries, because what was needed was more jobs for poor people.

This debate about social welfare provision is common the world over – the concern that poor people cannot be trusted with money because they will waste it. The Ministry of Manpower had to launch a strong advocacy campaign to explain to the public that LEAP was not about “free handouts” and it was not money to buy votes, but social security for the chronic poor, especially those who could not work i.e. children below 18 and the elderly above 65. A good communication strategy to explain to the public what the Social Protection Strategy and LEAP was meant to do was crucial to win public support and ensure the programme could go ahead. Providing such information in a pro-active way, rather than reacting to negative press coverage is also important to get the public on board.

Winning public support for the programme was only one of the challenges of starting LEAP. Prior to that, the Ministry of Manpower had to convince the rest of Government and Development Partners to invest in piloting the grants. Having a strong Deputy Minister in the Ministry of Manpower who championed the issue, and could negotiate with her colleagues in Cabinet and in Finance was key. The leadership in the Ministry was able to secure small amount of funding from development partners before that to test and develop its ideas with regards to cash transfers. The Department of Social Welfare ran a small pilot scheme in 2006 where it paid the NHIS premium for 1200 beneficiaries, with UNICEF funding. This demonstrated what could be done. Then in 2007, the Ministry of Manpower used DFID funding to design LEAP with the help of experts who had worked on similar schemes in Brazil, Zambia and South Africa. Learning from other countries, and visiting countries where such programmes work, such as Brazil, has been important to generate new thinking on social protection, help design new programmes, but also to convince people in Ghana of the benefits of cash transfers. Being presented with a detailed design and budget for LEAP, Ministry of Finance was obliged to give the programme serious consideration. This led to budget allocations for LEAP.

As the food and fuel prices keep increasing in 2008, the WB has decided to assist GoG in scaling up LEAP quickly to cover an additional 28,000 households with a six month emergency package. This is to cushion the poorest households from the negative effects of these price rises. Such a rapid expansion was thought possible because other donors, i.e. UNICEF, DFID, WFP, ILO and Govt of Brazil are investing in strengthening the capacity of MMYE.

A key challenge with LEAP as it scales up is to ensure that the poverty targeting is effective. There are often difficult choices to be made in this regard – should the programme expand across the nation, so that all citizens can enjoy its benefits, or should LEAP expansion focus on the poorest districts in Ghana, which may be concentrated in certain regions of the country? And whatever the regional distribution of the programme, what are the most efficient and cost effective ways to select the poorest households? Given that Ghana has historically opted for universal provision of benefits, it is now developing new tools to do household level targeting.

The experience with LEAP in Ghana has shown that the programme is affordable, and will become increasingly so as Ghana moves towards MIC status. This, however, does not guarantee political and public support for such programmes – Ministries trying to “sell” the idea of cash transfers have to convince the rest of government that it is “doable” and that there will be public support for it. Starting pilots and sharing experiences with other countries that have done it and have evidence of the positive benefits has been crucial in convincing sceptics within Government in Ghana. Keeping public support for LEAP, especially at it attempts to scale up, will be an on-going task. It will be crucial to demonstrate that LEAP is well targeted and its impact on poverty, children's school enrolment, uptake of health services, or improved nutrition by putting in place strong monitoring and evaluation systems from the start. It is only positive results that will convince the public, and the Ministry of Finance to allocate more and more resources for its expansion.

## Getting it all working – the role of strong institutions in advocating for SP and delivering effective programmes

Even with the political will and financial resources to start a new social protection programme such as LEAP, a key stumbling block has been the capacity constraints of the Ministries responsible for delivering these programmes. The Ministry of Manpower, and its implementing wing, the Department of Social Welfare both have serious capacity constraints: they have suffered from under-investment for decades, they have limited numbers of qualified staff, and all their systems – whether it be IT, management, budgeting or monitoring and evaluation need to be modernised. They are now being expected to deliver an ambitious new social protection agenda, and start new programmes like LEAP, while trying to re-organise their Ministry to make it fit for purpose.

The MMYE and the Department of Social Welfare (DSW) both fully recognise their capacity constraints. They recognise that implementing and coordinating the NSPS and scaling up a programme such as LEAP will require putting in place completely new systems and ways of working. To scale up the programme from 2,000 households in 21 districts to at least 30,000 households in 61 districts within one year will pose serious challenges to a weak system. While some district offices will need to be strengthened to deliver LEAP, in other districts completely new systems will have to be created. They are therefore using the opportunity that LEAP is providing, including the new funding coming to this sector, to restructure and revamp the Ministry and DSW to take up the challenge of implementing more modern and preventive social policy measures as outlined in the NSPS, rather than dealing with individual caseloads in a reactive way, as has been done since Ghana's independence.

In the past, the limited capacity of MMYE has made it difficult to negotiate effectively for budget allocations from Ministry of Finance and Economic Planning (MOFEP), since the latter in turn has been unwilling to invest heavily in a Ministry where they are unsure about the capacity to deliver. MMYE's approach to overcome this problem was to start the new LEAP programme on a small scale. In the first year, their target was only to reach 2,000 households. This was something that could be achieved with current capacity. It also allowed MOFEP to test the waters with small amounts of money. Once MOFEP saw that Manpower was able to achieve its target, they were willing to start allocating more funds towards its implementation.

Another implication of limited capacity has been that MMYE has not yet been able to take up the lead role in co-ordinating social protection programmes across various sectors. However, as LEAP expands and the investment in the Ministry continues, it should be in a stronger position to take up this role.

The Ministry and DSW, with their Development Partners, are currently developing a new Institutional Strengthening Plan to determine the key systems and capacities that have to build up immediately to make possible the expansion of LEAP. This plan will be financed partly by government, and partly by a range of donors. Some agencies such as WFP and civil society organisations are also going to provide technical assistance with issues such as developing capacity of the Ministry to target households according to poverty and food insecurity. For the donors, investment in this Ministry and Department can have a multiplier effect – not only will it be better equipped to deliver LEAP, it can also improve the implementation of other legislation such as Child Protection or Domestic Violence that this Ministry is also partly responsible for.

What Ghana's experience shows is that Institutional strengthening of Ministries responsible for social protection has to be spread out over a number of years, and certain difficult choices have to be made. These Ministries will never have all the staff, equipment and IT they need – therefore the absolute minimum has to be put in place and systems need to be built and perfected over time. The key issue in Ghana now is not to expand programmes faster than there is capacity to do so, since mistakes and mismanagement may result in the loss of all the support and political commitment that have been carefully built for such programmes over the years. Being aware of the need to carefully balance both the LEAP roll-out and its own capacity building the MMYE has asked donors to invest in setting up new systems, while government funds are used for the cash transfers.

## Working Together, Under Strong Government Leadership

The Government is firmly in the lead in dialogue with donors in Ghana, and sets the policy priorities. This is because Ghana will soon not be dependent on donors anymore - it can borrow from international financial markets, expect revenues from oil, and generally see the benefits of a strong economy. There would have been no National Social Protection Strategy, or National Health Insurance or LEAP if the Government did not decide to champion these issues and make these things happen. National ownership and leadership has been key in starting and developing these programmes. Other stakeholders such as Civil Society Organisations and Development Partners follow the Government lead, and can provide strategic support at certain points.

While Government leadership is vital, we need to recognise that it has to be built up over time. Government is made up of different parts, and the Ministry of Manpower, responsible for Social Protection, as demonstrated in the last chapter, has been in a weak position relative to strong and well-established ministries such as health and education, and the Ministry of Finance. MMYE therefore had to form alliances with other partners outside of Government to move forward their agenda. In this respect, civil society organisations have played a key role in generating public support for social protection policies in Ghana. And Development Partners have been able to provide technical assistance at key points to the Ministry of Manpower for it to develop a social protection strategy, and then to start programmes. This is where good structure and mechanisms to work with donors and civil society become important. It allows donors, government and civil society to work in a co-ordinated and harmonised way to support government goals.

Since 2004, Social Protection had been one of the sectors that has been included in the Ghana budget support dialogue. This has helped to raise the issue at a higher policy-making level, and gave an entry point to MMYE for discussions with Finance, other sector Ministries and DPs. It is a forum where MMYE is able to present and discuss its policies with regards to social protection and generate wider buy. It has also helped GoG and DPs to prioritise and focus on key social protection outcomes, and encouraged a faster pace of policy reform and programme development.

A key challenge moving forward will be to keep government commitment and momentum after the general elections scheduled for December 2008. There are different scenarios the Ministry and its civil servants need to prepare for – either the same party wins, but a new set of Ministers are appointed to the Cabinet and the Ministry, and their interest in Social Protection has to be built up gradually. More radical change may come if the current opposition party wins – they may decide to reconsider whether to continue with existing programmes and policies. While it will be difficult for them to go back on well established schemes such as the NHIS or the capitation grants, they may not be as willing to expand LEAP as rapidly as the previous government. The best method to ensure that the change of government (same party or different party) has minimum negative impact on progress with NSPS or LEAP is to establish it and institutionalise it as firmly as possible among the civil servants and the public before the general elections.

A major part of the success with the social protection strategy and LEAP is that it is genuinely government owned and run. It has taken time and effort to build this ownership among different parts of government. It is also true that without support from its development partners at key stages, it would have been difficult to find funds to test models, learn from other countries, and the LEAP would not be able to scale up as rapidly as it has. Civil Society also played its part in advocating for the pro-poor changes. For the development partners, this is a way for them to channel money almost directly to the poor, and have an almost guaranteed impact on poverty. As the programme continues to grow, both sides will have to ensure that this carefully balanced partnership continues, with government in the lead, both in terms of policies and financial inputs. DPs should continue to provide technical and financial support, especially for currently under funded areas such as M and E, so that MMYE has additional resources to innovate, test and scale up SP interventions.

## Conclusion – What is unique about social protection in Ghana?

For a country focused so strongly on private sector-led growth, Ghana has managed to develop am impressive plethora of social protection policies and programmes in the last five years – capitation grants, NHIS, school feeding, Youth Employment, LEAP and NSPS. Some of these programmes have worked better than others, with improvements and refinements being made to all of them. The government has moved rapidly from policy and ideas to actually implementing programmes, and scaling them up, whether it is youth employment, health insurance or LEAP. This was possible due to strong government ownership and leadership of these agendas. This was demonstrated by the fact that in most cases government designed these programmes and provided the bulk of the funding for their implementation.

This has happened partly due to demand from citizens for better social services i.e. access to schools and healthcare. Similarly, the youth employment programme responded to concerns over rising unemployment and frustration among the youth. Governments in democratic contexts are usually more likely to respond to such demands, since they are trying to keep the electorate happy in preparation for the next elections. Besides such popular pressure and political interest, the Ghana government also recognised the economic benefits of investments in health and education and other social services.

The impact of these social protection programmes on the poorest has been limited because they have not been well targeted towards this group and because the various programmes were not linked to form a comprehensive package. The NSPS has explicitly acknowledged this - there is not one solution to tackling poverty and vulnerability, instead a number of complementary social protection measures are needed to help its poorest citizens meet basic needs and in some cases escape poverty. It is these linkages that MMYE is now trying to operationalise. The NSPS also recognises that however wealthy the nation becomes, some vulnerable groups will always need a safety net, such as elderly people without a formal pension, or families suddenly affected by floods or droughts.

While having an overarching policy such as NSPS is important, the implementation of LEAP provides an opportunity to actually put into practise its key objectives of targeting the extreme poor with a co-ordinated package of interventions. The challenge now will be to move from a pilot to a sustainable, long-term social protection programme with effective targeting tools. This will require political commitment, and we need to see what happens after the general election scheduled for December 2008, as well as long-term financing. The latter should not be an issue. For a strong performing economy like Ghana, LEAP is completely affordable. Once oil revenues start flowing into Ghana, it may even be possible to further expand the programme to cover greater numbers living in extreme poverty. The biggest challenge of all will be successfully implementing a nation-wide LEAP programme and co-ordinating it with other SP programmes, given the limited capacity of MMYE.

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# 5.5 Social Protection in Africa: Can evidence, rights and politics converge?

**Stephen Devereux[141] and Philip White[142]**


## Abstract

*A growing number and diversity of social protection initiatives in Africa aim to institutionalise systems that guarantee assistance for the very poor and protect the vulnerable from livelihood risks and social discrimination. Much of the impetus has come from international development actors, with some notable exceptions. Three overlapping agendas appear to be shaping these developments: a technocratic concern with evidence of efficacy and cost-effectiveness, a political concern with the realities of constituencies, interests and institutions, and a rights-based concern with universal principles and standards. It is the articulation between these agendas and the different actors promoting them that determines what specific social protection instruments are adopted, how they are designed and implemented, and their outcomes – what gets taken forward, what goes to scale, what succeeds and what fails. We define 'success' here in terms not of immediate benefits for target groups, but of progress towards social protection systems that have nationwide coverage, can be sustained into the long term, have broad political support and institutional buy-in, and can ultimately make a significant impact on deprivation and vulnerability. Based on a selective review of social transfer programmes and policy processes in several African countries, we argue that initiatives that emerge out of domestic political agendas and respond to local conceptualisations and prioritisations of need are more likely to succeed than those based on imported 'projectised' models, but that 'success' depends on a convergence of all three agendas.*


*Keywords: Social protection, social transfers, southern Africa, cost-effectiveness, politics, international aid, non-governmental organisations*

## Introduction: Social transfers in anglophone Africa[143]

The social protection agenda in Africa has evolved rapidly since the early 2000s, driven by a particular set of vulnerability factors (notably the AIDS pandemic and recurrent drought-triggered food insecurity), political contexts (the trend towards democratisation, the growth of domestic civil societies) and institutional arrangements (not least the influential donors that are promoting social protection as their latest proposed solution to poverty and vulnerability in rural Africa). It is clear even from this selective list that social protection is intensely politicised, even if the overarching objective appears to be a technocratic effort to resolve problems associated with poverty, hunger and HIV/AIDS. For one thing, the drive towards institutionalising social protection programmes as a substitute for social welfare systems in Africa is occurring often against the instincts of powerful national actors such as Ministries of

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[143] This paper builds on an earlier paper by the same authors (Devereux and White 2007).

Finance, many of which are reluctant to commit to long-term programmes which they regard as fiscally unsustainable and as creating a ‘dependency mentality’ among the poor.

A related point is that the dominance of international donors in designing and financing social protection in Africa has been responsible for certain biases in the types of programmes that are implemented, their scale and location. Since policy-making is about making choices, these biases have necessarily resulted in the exclusion of other forms of social protection and other places. A cursory review of ongoing social protection activities in Africa reveals a predominance of unconditional cash transfer projects at sub-national level, mostly financed by bilateral or multilateral donors and implemented by international NGOs, and mostly located in Anglophone countries[144].

Yes conceptualisations of social protection suggest a range of possible policy interventions by a variety of actors. Consider this definition from Zambia’s Fifth National Development Plan: “Social protection refers to policies and practices that protect and promote the livelihoods and welfare of people suffering from critical levels of poverty and deprivation and/or vulnerable to risks and shocks” (Republic of Zambia 2006: 210). In practice, social protection in Africa has been dominated by unconditional social transfers, delivered by public agencies in the form of cash. Cash transfers are either complementing or displacing food aid, which was previously ubiquitous either as emergency aid, food-for-work projects or school feeding schemes. Largely omitted from the menu are conditional cash transfers (which are dominant in Latin America), asset transfers (most popular in South Asia), social insurance mechanisms (with the exception of ‘weather-indexed crop insurance’ pilots for farmers), the extension of social security to informal sector workers, and efforts to address ‘social vulnerabilities’ (such as discrimination and marginalisation) through civil society mobilisation and legislative change rather than with social transfers. And Anglophone Africa appears to be receiving considerably more external support for social protection than is francophone Africa.

Of course, national governments also have a stake in social protection, and in some cases they are driving the agenda independently of donors, or even against the advice of donors. As Hickey (2008) notes, the delivery of social transfers serves the interests of ruling elites, both through formal electoral processes and by sustaining informal patron-client relations. Summing up, three sets of factors appear to be shaping the evolving social transfers agenda in Anglophone Africa:

- technocratic (‘what works’): a concern with building the evidence base about social transfer impacts, cost-effectiveness, implementation and delivery options;

- political (‘what’s popular’): a concern with the political impacts of social protection, in particular its vote-winning potential;

- Ideological (‘what’s right’): a growing concern with realising universal rights (to food, health, etc.) for the poor and vulnerable (e.g. older people, or people with disabilities).

This paper argues that it is the articulation between these agendas that determines social protection policy choices and outcomes. What gets piloted, what goes to scale, what succeeds and what fails

[144]Selected recent or ongoing cash transfer projects in anglophone Africa include: Ethiopia (Productive Safety Net Programme (PSNP)); Ghana (Livelihood Empowerment Against Poverty (LEAP)); Kenya (Cash Transfer Programme for Vulnerable Children, Hunger Safety Net Programme (HSNP)); Lesotho (Cash and Food Transfers Pilot Project); Malawi (Food and Cash Transfers (FACT), Dowa Emergency Cash Transfers (DECT), Mchinji Social Cash Transfer Pilot Scheme)); Swaziland (Emergency Drought Response); Zambia (Social Cash Transfer Pilot Scheme). Donors involved in funding these projects include: DFID, GTZ, Irish Aid, UNICEF and the World Bank. International NGOs implementing these projects include: CARE, Concern Worldwide, Save the Children and World Vision.

is largely determined by which agenda dominates the policy process in particular places at particular times. 'Success' here is defined not in terms of immediate benefits for target groups, but of progress towards social protection systems that have national coverage, can be sustained into the long term, enjoy broad political and institutional support, and can ultimately make a significant impact on poverty and vulnerability. The paper elaborates this central argument and draws on several social transfer projects as illustrative case studies[145].

### The technocratic agenda: what works?

Numerous social transfer projects have been implemented by international actors in Africa in recent years, usually through a partnership between a bilateral or multilateral donor and an international non governmental organisation (INGO), which together provide the driving force in terms of project initiation, funding, design, technical assistance, monitoring and evaluation. The degree of involvement by national and local government varies, from merely providing official endorsement to assigning relevant line ministry staff, from central level down to project areas, with responsibilities for day-to-day implementation. Traditional authorities and community structures may also play a part, particularly in terms of beneficiary selection. In many cases, however, the perception remains that these are donor-driven NGO projects that fall outside normal government programming.

One objective shared by all these interventions is to convince sceptical governments that social protection can generate positive impacts at several levels (from beneficiaries and local economies to national Millennium Development Goals), and that concerns about negative impacts (e.g. dependency, unaffordability) are unfounded or exaggerated. On the other hand, even well-resourced donors are in no position to finance national social protection systems across Africa indefinitely, so substantial investments have been made in monitoring and evaluating these projects ('building the evidence base') and in advocacy (seminars, training, policy briefs, study tours) to persuade governments to mainstream social protection in their national poverty reduction strategies.

The two case studies discussed below illustrate both the positive features of externally resourced pilot projects implemented at local level by international NGOs – good design and implementation, positive impacts, useful lesson-learning around design and delivery options – and the technical and political challenges of moving from this 'projectised' model to scaled up, nationally owned social protection systems.

## Case study #1: Cash transfers in Malawi

As a humanitarian response to recent food crises in Malawi, Concern Worldwide designed and delivered two innovative social transfer projects: 'Food and Cash Transfers' (FACT) in 2005/6 and 'Dowa Emergency Cash Transfers' (DECT) in 2006/7. Although the primary objective of these interventions was to reduce food insecurity, both projects also had as a secondary objective to draw lessons regarding the effectiveness and delivery of cash transfers, during food crises as well as for longer-term social protection programming. So FACT and DECT fulfilled dual roles, providing vital humanitarian relief while

[145]Several case studies cited in this paper draw on research commissioned from local researchers by the Regional Hunger and Vulnerability Programme (RHVP) of 20 social transfer schemes in six countries: Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe. These case studies were complemented by thematic studies on conceptualisation, design, implementation, impacts, and institutional and policy contexts (see Ellis, Devereux and White, 2008; also www.wahenga.net). The 20 case studies covered unconditional cash and food transfers, conditional food transfers, subsidised farm inputs, asset transfers, and schemes that build on 'traditional' social protection practices. Most schemes were implemented on a pilot scale, but six were national programmes.

simultaneously piloting innovative approaches to the delivery of social transfers in rural Malawi.

FACT and DECT were designed and implemented by an international NGO (Concern) and funded by bilateral donors (Irish Aid and DFID respectively). Although both initiatives were linked to formal humanitarian interventions, they operated independently of the Government of Malawi, except that government officials and traditional leaders collaborated at local level in targeting and identifying beneficiaries. In this sense, FACT and DECT fall squarely within the externally-driven social protection agenda. They aimed to demonstrate, firstly, that cash transfers are feasible and preferable to food aid, even in emergencies, and secondly (in the case of DECT), that technology and mobile banking services can deliver cash transfers regularly and cost-effectively, even in relatively remote rural communities.

The key innovative features of FACT were mostly in terms of project design, and included: (1) delivery of transfers half in cash and half in kind (a food package was provided in case supply shortages in local markets made food inaccessible to cash transfer recipients; (2) adjustment of cash transfers in line with food price fluctuations in local markets (to maintain constant food purchasing power at any price); (3) calibration of cash transfers by household size (small, medium, large). The key innovative features of DECT were mostly in terms of delivery, and included: (1) biometric registration and verification of beneficiaries (fingerprint recognition); (2) use of smart-cards, point-of-sale devices and ATMs to access cash; (3) subcontracting mobile banks to deliver cash to remote rural communities.

Considerable resources were devoted to monitoring and evaluating various aspects of FACT and DECT, and many useful lessons were generated concerning: the multiple uses of cash transfers; the positive impacts of calibrating payments by household size and indexing cash payments to food price fluctuations; the effectiveness of targeting using ‘triangulated community wealth ranking'; the ‘multiplier effects' of cash transfers on local markets; the potential for partnerships with the private sector to achieve ‘financial inclusion' of the rural poor; and the potential for technology to deliver various entitlements to Malawian citizens.

Despite the significant demonstration effects of both projects, which were evaluated as highly effective as well as innovative (Devereux, 2008), they remained outside the mainstream of social protection discourse in Malawi. Strong partnerships were built between the donors, the NGO and the private sector (Opportunity International Bank) – but not with the government, which is implementing (with UNICEF assistance) its own cash transfer programme in Mchinji District, soon to be rolled out to other districts, and is developing (with donor partners), a National Social Protection Framework and Policy. This leaves unanswered a number of critical questions about whether the lessons derived from small-scale pilot projects can be replicated on a wider scale, how these innovative approaches might fit within a nationally-owned social protection policy process, and how to build political support for initiatives that are essentially externally-driven pilot projects.

## Case study #2: Scaling up cash transfer pilots in Zambia

Zambia is currently operating no less than five cash transfer pilot projects. The best known is the Kalomo District Social Cash Transfer Scheme, which was launched in May 2004 with German funding (technical assistance from GTZ), and provided a model for later schemes in four other districts: Monze (also GTZ-assisted), Chipata, Kazengula and Katete (technical assistance from CARE International). While all five schemes remain largely donor-driven – DFID took over funding of all five in late 2007 – and

INGO-implemented, they fall under the nationwide Public Welfare Assistance Scheme (PWAS) which dates back to the 1950s and is implemented by the Ministry of Community Development and Social Services (MCDSS). The PWAS is funded by the Government of Zambia, but at a much lower level; there is a striking imbalance between the generous financial resources and technical support allocated to the pilot projects (covering just 5 of 72 districts) and the severely under-funded national PWAS.

The institutional arrangement is, nominally at least, a donor-government partnership through joint commitment to social protection objectives and mechanisms under the Fifth National Development Plan, with coordination and reporting through the Social Protection Sector Advisory Group (SP SAG), Chaired by the MCDSS Permanent Secretary, and its Technical Working Groups. Implementation at district level uses PWAS structures: the District Social Welfare Office (DSWO) guided by a District Welfare Assistance Committee (DWAC), and at lower levels Community Welfare Assistance Committees (CWAC), which are central to the process of targeting and beneficiary selection.

With the exception of Katete, cash transfers are targeted at the 10% most needy (destitute or food deficit), incapacitated (labour-constrained) and asset-deprived households within project communities. The pilots provide each beneficiary household with sufficient cash to buy a 50kg bag of maize per month, or a third more if they have children. Variations on the basic model are experimenting with specific design features. Katete is trialling age-based targeting of older persons, to test the potential for a national social pension. Chipata is the only urban scheme, and is piloting ‘soft conditionalities’ by offering additional transfers for each child enrolled in school.

The main challenge facing the donors that are driving the social transfers’ agenda in Zambia is to persuade the government to take over full responsibility for the five pilot projects, and to scale them up to a sustainable national programme, given the enormous exclusion errors incurred by the limited coverage to date. The donors’ strategy has three components: first, commissioning studies to generate credible evidence on the positive impacts of the social transfers; second, training workshops and awareness raising (e.g. through study tours); third, working with the SP SAG to establish a decision-making process on the best way forward.

Interestingly, the MCDSS is a strong ally of the donors – in fact, the donor group has resisted an ambitious SP SAG ‘Implementation Plan’ for a rapid donor-funded scale-up to all 72 districts by 2011. Apart from the unsustainable demands that this would impose on external funding, the donor group is concerned about limited implementation capacity at the DWSO level. But the MCDSS has only a weak influence on the Ministry of Finance, which remains deeply sceptical about ‘welfare handouts’, arguing that these create dependency, are unaffordable in poor countries like Zambia, and divert scarce public resources from more pressing priorities, notably investment in productive sectors such as agriculture.

## The political agenda: what’s popular?

‘Politicisation’ is usually characterised negatively, as interference in policy processes and allocation of resources for political purposes, subverting technocratic decisions made on an objective assessment and prioritisation of needs. In the context of social protection, adverse politicisation is associated with patronage-based allocations of social transfers and distortion of targeting procedures that should be objective, needs-based and politically neutral. In Africa and around the world, under all dispensations – from democracies to dictatorships –governments are routinely accused of favouring their supporters and depriving opposition groups or regions of equitable access to public resources. Even in mature, well-functioning democracies, social protection can become politicised by both ruling and opposition parties, especially in the lead-up to local or general elections when pledges to provide handouts to the electorate can buy crucial votes.

On the other hand, not all forms of politicisation are necessarily bad. When social transfer programmes become election issues – as input subsidies have done in Malawi and Zambia, and social pensions have in Lesotho – this implies that social protection has become an important item on national political agendas, and that governments are responsive to the priorities of their citizens. Malawi's Input Subsidy Programme is discussed below. In Zambia, the ruling MMD successfully countered the appeal of opposition parties during the 2006 elections, buying support from rural voters by pledging to raise the fertiliser subsidy to 60%. Lesotho's Old Age Pension and Swaziland's Old Age Grant (discussed later in this paper) exemplify the idea of 'positive politicisation'. The popularity of both programmes forced the government to respond positively to opposition campaign pledges to raise the payment level (in Lesotho), and to a public outcry when pension payments were delayed (in Swaziland).

The other programme discussed in this section defines a programme's political popularity rather differently – not in terms of electoral palatability, but in terms of national governments exercising their will against the 'advice' of donor partners. Ethiopia's Productive Safety Net Programme (PSNP) is an unusual case where a government adapted an externally financed social transfer programme to serve domestic political objectives. The PSNP is not an isolated case of governments driving the social protection agenda rather than accepting programmes uncritically because they are funded by external actors. The social pensions in Lesotho and Swaziland were considered by agencies such as the International Monetery Fund (IMF) as too expensive for such poor countries. Donors also remain sceptical about input subsidies, but as the case of Malawi reveals, when governments assert their preferences about locally appropriate social protection interventions, endorsement by the donors sometimes follows.

## Case study #3: Input subsidies in Malawi

Until the late 1980s, the government of Malawi subsidised fertiliser to ensure household and national food security, until the international financial institutions concluded that they were unaffordable and inhibiting markets. The Fertiliser Subsidy Removal Programme (FRSP) was imposed on Malawi in the late 1980s, and was implemented by the government with great reluctance over a period of eight years. But the abolition of subsidies was associated with a rapid deterioration in food security in rural Malawi, largely attributed to constrained access to agricultural inputs, suggesting that the assumption that the private sector would fill the gap in input provision following the withdrawal of the state was unfounded (Peters 1996). In the late 1990s a group of donors, led by DFID, responded by delivering 'Starter Packs' – a package of seeds and fertilisers – to every farming household in Malawi. This intervention (effectively a 100% input subsidy), was very popular with farmers and the Government of Malawi, but unpopular with other donors, which saw it as an acknowledgement that the FRSP had failed.

The universal Starter Pack was scaled down to a Targeted Input Programme immediately before Malawi's first post-independence famine in 2002, which was triggered by bad weather but exacerbated by the cutback in free inputs distribution (Devereux and Tiba, 2007). The Targeted Input Programme ran until 2004 before the donors decided to stop funding it, thus demonstrating the risk of 'projectisation' that accompanies all donor-led social protection initiatives.

The government responded by reintroducing subsidies on fertilisers and on maize seeds in 2005/06 and 2006/07, at a cost of $51m and $73m respectively. The objective was the same as when inputs were originally subsidised in the 1970s: to raise crop yields, thereby reducing vulnerability to food deficits and seasonal food insecurity in poor rural households. In a deviation from the earlier approach, these subsidies are not universal, but are delivered in the form of coupons targeted at 45 55% of the poorest smallholder households. Nonetheless, Malawi's development partners were sceptical or even hostile, and refused to support the programme, which was initially funded entirely by the government.

The Input Subsidy Programme is credited with significantly increasing Malawi's annual maize harvest in both 2006 and 2007 (Dorward et al., 2007), but at least two other reasons for the success of this programme can be identified. First, the government of Malawi was decisive in implementing the input subsidy in spite of donor antipathy, and was willing to finance it with or without donor resources – so the programme enjoyed domestic political support at the highest level. Second and not unrelated, input subsidies are immensely popular in Malawi, where the majority of families' farm for survival and struggle to achieve self-sufficiency even in good rainfall years because of small plots, low yields, and constrained access to inputs.

The antipathy of many bilateral and multilateral donors to subsidies was based on technical objections – subsidies allegedly 'distort the market' and are 'fiscally unsustainable' – though it is also possible that these donors are more inclined to promote their own social protection agendas (especially cash transfers) than to endorse government-led programmes. But this is myopic and fails to acknowledge the powerful political momentum behind input subsidies, which clearly exceeds the political constituency for cash transfers. In belated recognition of the positive impacts on agricultural production and the government of Malawi's determination to continue the Input Subsidy Programme, several donors are now volunteering their support.

## Case study #4: 'Productive safety nets' in Ethiopia

The Productive Safety Net Programme (PSNP) is an unusual and intriguing case study, in that it is funded almost entirely by external actors, yet the government has exerted strong national ownership over the programme from its inception through design to implementation. By imposing its vision against several donor 'red lines' – non-negotiable positions which were subsequently relaxed or abandoned – the government of Ethiopia ensured that the PSNP was 'nationalised' rather than 'donor-driven' and addresses domestic political agendas.

Like all social protection policy processes, the PSNP was the product of technical arguments and political compromises. The government recognised the donors' growing enthusiasm for cash transfers as a potential antidote to Ethiopia's politically embarrassing dependence on international food aid. But this apparent convergence of interests stalled during the process of designing the PSNP during 2005, which became a protracted and fraught process. For instance, the donors were concerned about government capacity to implement such a large and complex programme, so argued for a phased rollout and for NGOs to be fully involved in PSNP delivery, to minimise the humanitarian risk. But the government insisted on immediate implementation at scale and on delivering the PSNP through government structures. The donors also favoured unconditional cash transfers, but the government's concerns about creating an 'entitlement culture' led to their insistence on the provision of labour in exchange for cash – i.e. public works rather than 'welfare handouts' (IDL 2007: 8).

The government launched the PSNP in 2005 with several strategic objectives. Top priority was to break Ethiopia's dependency on food aid by delivering cash transfers instead of food, the argument being that decades of food aid had created disincentives to food production and trade in rural areas, exacerbating rather than reducing household and national food insecurity. A second objective was to 'graduate' millions of chronically food insecure Ethiopians off dependence on the annual emergency appeal process, based on evidence from elsewhere that cash transfers are invested as well as consumed, stimulate local economies and can reduce poverty both directly and through income and employment 'multiplier' effects (Devereux et al. 2006: 2). Debates about the definition and measurement of 'graduation' are ongoing, with donors remaining sceptical about whether this concept is meaningful in the highly vulnerable context of rural Ethiopia.

The PSNP now reaches about eight million Ethiopians, 12% of the national population, and in terms of outreach is the largest social protection programme in Africa. The 'safety net' objective is achieved by providing participants with regular and predictable transfers of cash or food, either in the form of public works (for people able to work and their families) or as free transfers (for people unable to work with no household member able to work on their behalf). The 'productive' objective is achieved in two ways: firstly, through the construction of useful physical assets (roads, soil and water conservation, community buildings); on public works activities, and secondly, by providing 'livelihood packages' to participants to enable them to generate secondary streams of income to complement their farm-based livelihoods.

An evaluation of PSNP impacts after its first full year of implementation found that it was generally well targeted and had achieved significant positive impacts in terms of protecting household assets, meeting a range of food and non-food needs, and improving self-reported well-being. Limitations included under-coverage and under-funding – high numbers of needy households not reached, small transfers not providing complete protection against hunger – and limited uptake of the 'livelihood packages', all of which threatened to compromise the programme's 'graduation' objective (Devereux et al. 2006).

## The ideological agenda: what's right?

In contrast to 'discretionary' interventions that are implemented by unaccountable actors such as donors and INGOs, other programmes are based on an implicit 'social contract' between governments and citizens, and embody a notion of rights, claims or entitlements. Government-run social pension schemes are a prime example. In southern Africa, social pensions are operational in Botswana, Lesotho, Namibia, South Africa and Swaziland; they are being piloted in one district of Zambia and are under consideration in Malawi. (The social pensions in Lesotho and Swaziland are discussed below.) Social pensions represent a recognition by society as a whole that older people need and deserve support, and this finds expression in the delivery of regular and predictable 'old age grants'. Once underpinned by legislation, this rapidly assumes the status of a legally enforceable 'citizenship right'. For this reason, all five national social pension schemes in southern Africa are fully funded out of domestic fiscal resources –they constitute an inter-generational transfer from younger to older citizens – and they are politically impossible to reverse once introduced.

Other initiatives that embody elements of a rights-based approach to social protection are the product of domestic civil society activism, often supported by external actors (e.g. UNICEF efforts to promote the Convention on the Rights of the Child), with the aim of pressurising national governments to meet their obligations to promote the basic rights of citizens. Africa has limited experience to date with the mobilisation of civil society around social protection agendas, but the (as yet unsuccessful) campaign for a universal 'Basic Income Grant' (BIG) in South Africa and Namibia shows the trajectory such activism might take in the future. Civil society in Africa could also draw inspiration from the successful recent campaigns in India around the 'right to food', the 'right to work', and the 'right to information'.

Rights are also rapidly entering the social protection discourse in terms of the ethical delivery of social transfers, specifically in ensuring that programme participants are treated with due care and respect. For example, if beneficiaries have to collect their social transfers from designated pay-points, these collection points should not be located too far from recipients' homes, queuing times should be reasonably short, staff should be courteous and helpful, pay-points should be as secure as possible, and so on. This concern for 'customer care' is powerfully expressed in two 'charters' that have recently been drafted to accompany the implementation of Kenya's 'Hunger Safety Net Programme' (HSNP), as discussed below.

## Case study #5: Social pensions in Lesotho and Swaziland

Social pensions are an increasingly popular social protection mechanism in southern Africa. First introduced to South Africa in the 1920s and extended to Namibia (then under South African administration) in the 1970s, social pensions are regular cash transfers made to older people once they reach retirement age (usually 60 or 65 years). However, social pensions differ from private or public sector pensions in that they are not related to contributions by employers and employees, and they are not triggered by retirement from formal employment. They are perhaps best described as an age-targeted unconditional cash transfer programme. Most important of all from the perspective of this paper, social pensions in southern Africa are fully funded out of domestic resources and implemented by national governments, and are underpinned by legislation that elevates them to the status of a right. As the cases of Lesotho and Swaziland reveal, this allows social pensions to become 'positively politicised'.

Lesotho's Minister of Finance announced the introduction of a social pension for all citizens aged 70 and older in his 2004/5 budget speech. A remarkable feature of this programme is that it is overseen directly by the powerful Ministry of Finance, rather than the much weaker Department of Social Welfare. The Old Age Pensions Act was passed in January 2005, making it politically almost impossible to reverse and giving all eligible citizens a legal basis for claiming their entitlement. This feature of social pensions marks them out as very different from cash transfer pilot projects, which tend to be limited in scale (often confined to a single district), time-bound, and discretionary rather than rights-based, being externally financed and implemented by international NGOs with no local accountability.

Swaziland's Old Age Grant was introduced in April 2005, following a speech by the King that identified the economic burden on "elderly poor citizens" caused by the AIDS pandemic as motivating increased public assistance to older people. This social pension is administered by the Ministry of Health and Social Welfare, and it is not yet underpinned by legislation, although the Ministry is in the process of drafting a Social Assistance Bill. The legal basis for the Old Age Grant is Swaziland's constitution, which includes a section on 'Family Protection' that commits the government (subject to availability of resources) to "provide facilities and opportunities necessary to enhance the welfare of the needy and elderly" (Dlamini 2007).

Several features of social pension schemes – that they are rights-based, legally enforceable, permanent, domestically financed, and implemented by accountable public agencies – mean that social pensions are amenable to 'positive politicisation'. The programmes in Lesotho and Swaziland have both demonstrated this within a few years of their inception.

In Lesotho, the Old Age Pension became a campaign issue during the general election of 2007, when the main opposition party pledged to raise the monthly payment from M150 (US$25) to M500 (US$83), if they were elected. The governing party responded by promising to reconsider the pension payment level if they were re-elected. The ruling party was in fact re-elected, though with a reduced majority. A post-election survey revealed that many voters had chosen which party to support based on their commitment to the Old Age Pension. In his first Budget statement after the election, the Finance Minister announced a 33% increase in the monthly pension, from M150 to M200. Speaking at a national social protection workshop in June 2007, the Ministry of Finance conceded that "it would now be politically impossible to stop the Old Age Pension" (Croome and Nyanguru, 2007, p.22).

In Swaziland in November 2006, Old Age Grant payments were disrupted when Social Welfare officials had insufficient cash to pay all social pensioners. At one pay-point, only 50 of 300 registered pensioners received their grants. Recognising the political threat that this situation presented, local MPs responded to complaints by supporting affected constituents in a Parliamentary debate. The MPs voted to suspend all House of Assembly business until the issue was satisfactorily resolved. Accordingly, the Cabinet appointed a high-level task team that included the Ministers of Health and Social Welfare, Enterprise and Employment, Home Affairs and Finance, as well as the Governor of the Central Bank. One week later the task team proposed a comprehensive plan that addressed the problem and ensured punctual and full disbursement of the Old Age Grant in subsequent months (Dlamini 2007).

## Case study #6: Beneficiary rights in Kenya

The Hunger Safety Net Programme (HSNP) is a four-year pilot project, financed by DFID that delivers cash transfers to poor and vulnerable households in northern Kenya. The HSNP is coordinated by the Government of Kenya and implemented by several agencies, including Equity Bank, HelpAge International, Oxfam GB and Oxford Policy Management. A broader objective of the HSNP pilot is to support the establishment of a government-owned national social protection system, based on the efficient delivery of predictable cash transfers to poor and vulnerable Kenyans.

Unusually for a pilot project – or for any social protection programme – the HSNP includes a 'rights' component that introduces the notion of rights and responsibilities to the design and delivery of the programme. 'Rights Committees' are being established, and any resident of a targeted district (beneficiaries or excluded individuals) can take their queries and complaints to their District Social Protection Rights Coordinator.

The ‘Programme Charter of Rights and Responsibilities’ (PCRR) argues that implementation of the HSNP should be based on human rights principles of accountability, empowerment, non-discrimination, participation, and gender equality. Rights and responsibilities apply to programme beneficiaries and recipients, other residents in programme areas, local payment providers, Rights Committee members, and all staff involved in delivering the HSNP.

Several responsibilities that apply to programme staff relate to norms for delivering transfers, and are precisely specified in the form of commitments made in a ‘Citizen’s Service Charter’: payments will be made in full and on time in a secure location; all registration points will be located within 5 km of beneficiaries’ homes; payment points will be no further than 20 km from beneficiaries’ homes; all complaints will be addressed within 30 days of being lodged.

Local residents (beneficiaries and non-beneficiaries) enjoy a range of rights in relation to the programme, including the right to accessible information, to an independent complaints and appeals process, to privacy and confidentiality, and to be treated with respect at all times. Serious grievances with material consequences will be referred to the HSNP National Coordinator, who has the authority to compensate complainants with valid grievances from a National HSNP Compensation Fund.

Taken together, these two charters establish a benchmark for the ethical delivery of social transfers that not only displays a commendably serious commitment to ‘customer care’, but backs up measurable indicators of delivery effectiveness with mechanisms that elevate these commitments to the status of ‘consumer rights’. It seems plausible that this exemplary case study, exceptional today, will become standard practice tomorrow.

## Conclusion

Factors that explain the rapid rise of social protection up the development agenda include: a humanitarian concern for people suffering from chronic poverty and food insecurity, the global commitment to achieving the Millennium Development Goal of halving poverty and hunger by 2015, and ‘flag planting’ by donors and NGOs on pilot projects that deliver social assistance to a few thousand people, creating temporary islands of access to internationally financed social welfare. These initiatives generate useful ‘lesson learning’ about the design, delivery and impacts of social transfers, but they are unlikely ever to scale up into national programmes, because they are not ‘government owned’ from inception. Moreover, these projects bypass existing government systems of social provision, such as Department of Social Welfare programmes that deliver cash transfers to designated ‘vulnerable groups’ (e.g. people with disabilities, war veterans, and older persons).

Two justifications are usually given for this neglect, each of which is open to question. The first is that African social welfare ministries are so weak and under-resourced in terms of funding and personnel that they lack the capacity to deliver predictable social transfers at national scale to large numbers of eligible citizens. But if capacity constraints are the binding constraint, why don’t donors invest in building government capacity instead of implementing small-scale projects outside of government structures? Also, if government institutions and structures are so inadequate, why do donors insist that the primary purpose of piloting social transfers is to scale them up and hand them over to become permanent, institutionalised programmes – implemented by national governments?

The second argument is that African governments lack the political will to invest in social protection, which Finance Ministries tend to dismiss as an expensive extravagance that merely creates 'dependency', so they need to be persuaded with evidence demonstrating that social transfers are an investment that can generate pro-poor economic growth and poverty reduction. But if lack of political will is the underlying issue, how to explain successful government initiated programmes such as the social pensions in Lesotho and Swaziland, which were conceptualised, implemented and financed entirely out of domestic resources?

Social transfer projects and programmes in Anglophone Africa are being driven by different configurations of the three agendas identified above – technocratic, political and ideological – but all social protection initiatives have political overtones at local, national and international levels. Perhaps the most important lesson to emerge from this selective review of social protection policy processes in Africa is that initiatives that evolve out of (or are adapted to) domestic political agendas and respond to local conceptualisations and prioritisations of need are more likely to succeed – in terms of their coverage, fiscal sustainability, political institutionalisation and impacts – than those that are based on imported 'projectised' models.

Even if government systems are under-resourced, and even if national priorities differ from those of external actors – for instance, governments might favour input subsidies whereas donors prefer cash transfers – donors and INGOs should support home-grown responses to poverty and vulnerability by national governments and local civil society movements. For one thing, mobilisation to claim rights or entitlements from the state is an essential complement to technocratic approaches to social protection, given that donors (like many governments) are understandably wary of the irreversibility, heavy financial commitment and accountability that is inevitably associated with implementation at scale.

For another thing, while a wealth of evaluation reports and commissioned research studies has been generated in the effort to 'build the evidence base' for cash transfers, much less research has been invested in cash transfer programmes that are operated and financed by national governments without donor support. Consider, for instance, Botswana's social protection system – one of the most comprehensive but least documented in Africa[146]. The Government of Botswana operates several successful, scaled up, domestically-funded social transfer schemes serving tens of thousands of people, yet much less is known about their impacts than is known about tiny cash transfer projects in Lesotho, Malawi and Swaziland that ran for just a few months and provided social assistance to only a few thousand families.

In conclusion, therefore, donors and INGOs would be well advised to identify and engage strategically with domestic political processes and civil society activism, in order to maximise potential synergies between the technocratic, ideological and political agendas that are driving social protection in contemporary Africa.

[146]Botswana's social protection programmes include: Old Age Pension, war veteran pension, drought relief assistance (vulnerable groups feeding, public works), destitute persons package, needy student package, orphan ration, remote area dwellers package, clinic ration, community home-based care package, school meals (BIDPA, 2007).

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# 5.6 Constraints and Opportunities in Developing Sustainable Political Support for Social Protection in Africa: the Case for Uganda

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## Abstract

*This paper arises out of the work of Platform for Labour Action a Non Government Organisation which has been monitoring the developments in the social security and pension sector in Uganda since 2003. It examines the constraints and opportunities involved in developing sustainable political support for social protection in Africa using Uganda's experience as a case study from a civil society actor's perspective. Three critical challenges are identified in developing sustainable political support namely limited resource allocation to nationally mandated departments, fragmented civil society with non harmonized messages as well as lack of coordination within government.*

*A number of opportunities exist for Uganda's progress towards achievement of a comprehensive social protection framework. Namely the limited coverage of existing schemes, multiparty politics, sectoral planning processes and PRSP reviews, Africa peer review mechanism, a developing private sector and potential of NGOs, committed politicians and existence of champions within Government. Some of the key lessons are; maintaining political support calls for existence of government institutions that are dedicated to social protection, political parties, civil society, the media, business corporations, and active individuals. Subscribing to internationally set standards exerts pressure on the state to deliver on its commitments. Coordination within government and civil society is critical since it deters division within the polity and enhances voice. Effective coordination also combats fragmented social protection policies and legislation. Working with technocrats within Government leverages other actors to keep the agenda active; technocrats also play a critical role in monitoring the schemes. Partnerships, development assistance and private sector all intensify political commitment by bringing together diverse organizations from around the world. Assignment of ombudsman to ensure that the rights and duty bearers are fulfilled also reinforces regulation and the need for reforms. Lastly continuous awareness raising keeps the public involved in the debates.*

## Introduction

Political will is critical in development of comprehensive social protection frameworks since politics has a significant impact on how resources are allocated[147]. Political will has been described as the universal power in every social human activity which develops the ethical and civic virtues as well as the moral values and political culture of society in a given era[148]. It manifests itself through a number of ways

[147]Dr Sam Hickey , The Politics of Social Protection in Africa University of Manchester UK www. Poverty frontiers.org

[148]Janko Stojanow on Absolute rational will Sublation of Philosophy GW Hegel

and at different levels of the polity. These are at the international scene, national and community levels. At the internal scene the barometer is the extent to which a nation subscribes to the internationally set standards which is normally through ratification of relevant International Conventions.

At the national level political will manifests itself through translation of the agreed international standards into policies and local legislation as well as their implementation. This could be through establishment institutional frameworks and allocating resources to the same as well as assignment of an ombudsman to ensure the rights are respected and that duty bearers are fulfil their duties.

At the community level political will is said to exist when all citizens enjoy their rights in this case the right to social security and that duty bearers mainly state and service providers fulfil their obligations to their clients.

This paper examines the constraints and opportunities involved in developing sustainable political support for social protection in Africa using Uganda's experience as a case study from a civil society actors' perspective. It draws insights from the research carried out on the existing schemes in eight districts of Uganda on how to achieve the right scale of implementation of social protection interventions. It argues for the need of a comprehensive social protection policy and legislation.

## Assessment of Uganda's political support for social protection

### Ratification of International instruments

Uganda is committed to provision of social protection as evidenced in its commitment to relevant international human rights instruments and the policy objectives in its Constitution. Uganda ascribes to the Universal Declaration of Human Rights[149] which provided that *'as a member of society, everyone has the right to social security and is therefore entitled to the realization of the economic, social and cultural rights "indispensable" for his or her dignity and free and full personal development[150]'*.

A number of articles elaborate the rights necessary for the enjoyment of the fundamental right to social security, including economic rights related to work, fair remuneration and leisure, social rights concerning an adequate standard of living for health, well-being and education, as well as the right to participate in the cultural life of the community[151]. Uganda has further ratified the International Covenant on Economic Social and Cultural Rights[152] which provides for the right of everyone to social security, including social insurance[153]. It is also signatory to the African Charter on Human and People's Rights[154]which also provides that the aged and the disabled have the right to special measures of protection in keeping with their physical or moral needs[155]. In relation to women Uganda has ratified the International Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW)[156]. This convention reaffirms the right to work as an inalienable right of all, [157]the right to social security, in cases of retirement, unemployment, sickness, invalidity and old age and other incapacity to work, as well as the right to paid leave[158]. The right to protection of health and to safety in working conditions, including the safeguarding of the function of reproduction. Protective legislation including the right to family benefits[159]. On the part

[149]Adopted December 1948
[150]
[151]Article 22
[152]21st April 1987
[153]Article 10
[154]Adopted June 1981
[155]Article 18( 4)
[156]21st August, 1985
[157]Article 11
[158]Aricle 11 1 e
[159]Article 13 a

of children Uganda ratified the Convention on the Rights of the Child (CRC)[160]. It provides for the right of every child to benefit from social security, including social insurance[161]. The state has the obligation to provide material assistance and support for the realization of such responsibilities[162].

Uganda has however not ratified the key ILO conventions on social security namely C102 Social Security (Minimum Standards) Convention, 1952[163]. It stipulates the minimum benefits that should be provided by any member state to its people. It further specifies that members, whose economy and medical facilities are insufficiently developed, may if and for as long as the competent authority considers necessary, benefit from the exceptions. The Maintenance of Social Security Rights Convention 1982 (No. 157[164] has also not been ratified. This provides for account be taken of the legislation of the members i.e. any member of the International Labour Organisation bound by the Convention. It applies to branches of social security for which a member has legislation in force. The Employment Promotion and Protection against Unemployment Convention, 1988 has also not been ratified[165].

Under this Convention the State required to take appropriate steps to co-ordinate its system of protection against unemployment and its employment policy. Its is mandated to seek to ensure that its system of protection against unemployment, and in particular the methods of providing unemployment benefit, contribute to the promotion of full, productive and freely chosen employment, and are not such as to discourage employers from offering and workers from seeking productive employment[166].

As illustrated above Uganda ratified all the United Nations key instruments to social protection. This is commendable especially in relation to CEDAW where Twenty seven (27) out of sixty ( 60) states parties have not ratified, only seven(7) out of 149 states have not ratified CESCR and all twenty seven states parties ratified the CRC.[167] It has however not ratified any of the three key ILO Conventions relating to social security. Does this imply lack of political will? The argument could be no since only a few countries have in the first place ratified these ILO instruments and only seven states have ratified ILO Convention168 while only three( 3) ratified the Maintenance of Social Security Rights Convention 1982 (No. 157) and 43 have ratified C102 Social Security (Minimum Standards) Convention, 1952.

Uganda attained the high level of ratification mainly as a result of the ruling governments commitment to the issues at the time of ratification, existing social economic context, civic society's engagement and various stakeholders such the business community not presenting diverging views, international organisations, academia and even the media all play a major role in accelerating the thinking on the need for subscribing to internationally set standards and in implementing the commitments. A number of events and campaigns have preceded the ratification process such as alternate reports by NGOs to the United Nations (UN) agencies and multi-stakeholder dialogue.

## Domestication of ratified international instruments

The key question also arises whether Uganda has translated the ratified instruments provisions above into local legislation which is one of the elements that evince political support.

[160] 16th September 1990
[161] 26 Article
[162] Article 26 recognises the right of every child to benefit from social security, including social insurance. The responsibility for the material well being of the child rests primarily with the parents and the State has the obligation under Article 27 of the CRC to provide material assistance and support for the realisation of such responsibilities.
[163] Uganda not listed on the Ratification List
[164] Uganda not listed on the Ratification List
[165] Uganda not listed on the Ratification List
[166] Article 2
[167] http://www.unhchr.ch/pdf/report.pdf visited 22nd July 2008

The Constitution of Uganda under the National Objectives and Directive Principles of State Policy XIV states that efforts shall be made to ensure that all Ugandans enjoy rights and opportunities and access to pension and retirement benefits. Although the right to social security is not expressively provided for, Article 45 thereof guarantees the recognition of the fundamental and other human rights as already stated in international human rights instruments. It further recognises the duty of parents and the state to secure the right of access to basic education for every child in Uganda[168]. Article 254 also provides for the entitlement to pension by public officers that is commensurate with the rank and salary of the person and the period of service. It is further provided that the payment of pension shall be prompt and regular and easily accessible to all pensioners.

The Children Act also adopts the Convention on the Rights of the Child (CRC) and the OAU Charter on the Rights and Welfare of the Child provisions subject to modification[169].

Two main subsidiary legislations provide for social security and two main formal schemes exist[170]. The gaps exists in the national legislation when only pensioners are exclusively provided for by the Constitution and other existing legislation such the National Social Security Fund Act, Pensions Act, Parliamentary Pensions Act amongst others provide social security mechanisms for a classified category such as public servants, employees in the private sector and in enterprises of five or more employees, army, police and members of Parliament[171] .

## Regular commissioning of government led policy reviews and policy development

In 2003 the government also initiated a major reform process through putting in place a nineteen (19) person Social Security and Pension Reform Transition Group (STG).This was tasked to examine and recommend after countrywide consultations reform proposals for the Social Security and Pension sub-sector. The main aim was to ensure that the proposed reforms would accelerate the domestic capital formation in order to contribute to the process of achieving economic transformation. Secondly it was expected that the reforms would adequately respond to the current and future needs and challenges of the working and retiring population in Uganda. The mandate of the STG did address issues of economic vulnerability and to lesser extent chronic poverty and expressively excluded social equity[172]. It is also noted that social health insurance is also included in the National Resistance Movement manifesto where it commits itself to introducing social health insurance and community health insurance to protect the formal and informal sectors against expenditure in catastrophic incidences[173].

The Poverty Eradication Plan currently under review acknowledged that the Government of Uganda had commenced on a framework for social protection[174]. It should however be noted that emphasis under the PEAP was also placed on orphans and other vulnerable children, elderly and persons with disability. This is partly due to the manner in which social protection has been flagged. The fiscal Ministry has also recently intimated its plan to introduce legislation to put in place a regulatory framework for the pension and social security sector.

A state department mandated to spearhead social protection however exists although its under funded[175] . This has put in place a social protection task force. The absence of the social protection

[168] Article 31
[169] Schedule 1 S.
[170] National Social Security Fund Act, Cap 222 and The Pensions Act (Cap. 281The Pensions Act (Cap. 281
[171] See Legislation list then.
[172] STG Summary Report Page 2
[173] National Resistance Movement Prosperity for All, Transformation and Peace, NRM Election Manifesto 2006.
[174] Ministry of Finance Planning and Economic Development 2004 Poverty eradication Action Plan ( 2004/5- 2007/8)
[175] Social Development Sector Ministerial Policy statement Ministry of Gender Labour and Social Development 2006

policy and social welfare national programs could therefore be attributed to the minimal resources that are normally earmarked for the sector and lack of technical capacity. The existence of substantial unmet social protection needs arises out of a number of challenges such as financing, sustainability, and administrative capacity in targeting the vulnerable.

In Uganda the office of the inspector general of government serves as the ombudsman and it has initiated investigations for example in corruption in the National Social Security Fund and led to prosecutions of some of the former managers of the fund. This initiative also elaborates the level of political support on the issue of ensuring safety and security of contributors' funds. Political will is thus also manifested dealing with those who digress from the norm. The IGG interference has reinforced the need to have regulation of the sector and reforms for the same.

The STG proposed reforms where therefore driven by funded social security and pension arrangements which could expand the GDP and financial sector deepening and ultimately deliver jobs and rapid economic growth[176]. Although according to the STG report stakeholders acknowledge that government was not in position to operate a non contributory scheme for all the nationals from the general tax revenue they unanimously acknowledged the role of government responsibility to provide a social assistance framework for the vulnerable and those with nothing to contribute[177].

Despite the recommendations of the STG for a consolidated social protection policy and legal framework different segments of interest holders have initiated reforms such as the proposal for contributory social insurance, pension for parliamentarians and the public service sector. This illustrates lack of coordination within the different government departments which has watered down the political will at the national level.

The social protection sector also remains unregulated and this threatens the rights of citizens, enhances patronage and corruption. At the national level therefore political will exists in setting legal frame works for those in formal employment and discussions on unemployment and sickness and for those the informal sector is being generated[178]. Uganda does not have a social protection policy and social welfare is non existent, social protection for persons with disability and the elderly are still lacking and the right to work is not expressly provided for in any local legislation.

## Existence of active state actors

A number of civil society organisations exist and these have continuously advocated for reforms in the social security sector. These include DENIVA, NURRU, Uganda Reach the Aged Association (URAA) Development Research and training (DRT) and Platform for Labour Action (PLA) which is currently coordinating the Civil Society Organisations Coalition on Social Security and Pension Reform, a forum of over 386 individual members and 54 organisations. It was also the civil society representative on the STG and has carried out research and campaign messages to keep the population aware of the need for a comprehensive social protection policy and legislation. It has petitioned the President and the Speaker of Parliament on these issues. URAA has been advocating for a policy for the elderly and DRT for the cash transfer schemes. The private sector through the Federation of Uganda Employers (FUE) and Pension fund managers such as that of Stanbic Bank Investments have continuously called for

[176]STG Summary Report
[177]STG Summary Report
[178]STG Report Executive Summary

reforms of the social security and pension sector. In addition the media has also played a critical role in keeping the debate on going through publication of articles and updating the public on the progress. For example in the past six months over fifty (50) articles have run on different issues but calling for reforms of the social security sector[179]. The existence of diverse non state actors has highlighted the different aspects and approaches to social protection which has enable the debate to gain visibility at the national and community level. It has further emphasised the need for addressing social protection in a comprehensive manner.

The Government has shown willingness for the participation of NGOs through stakeholder and sector working groups where they are mandated to participate.

## Where is the political support located?

The above discussion portrays the existence of political support within ruling party as elaborated in the manifesto, the leading political figures for example the STG was initiated by the Ministry of Gender, Labour and Social Development (MOGLSD) with the support of the Exports Led Growth Strategy Unit (ELGSU) of State House. It thus has the clout of the head of state and commitment from some political advisers. Political will also exist in the international community and the donors such as the World Bank and DFID. These two institutions supported the STG. The private sector stakeholders groups also generate political will and they set the agenda. The STG process was private sector led and due to their desire to access social security funds for investment they have advocated for liberalization of the sector. It also exists within civil society as elaborated above and a number of NGOs are involved in a number of activities. Government technocrats are key elements of the political support since they advise the politicians on what needs to be done. For example the halting of the cash transfer scheme in Uganda arose out of advise from technocrats. These are also responsible for the social protection task force which is yet to come up with a social protection policy.

## Constraints and challenges

Three critical challenges are posed in developing sustainable political support namely limited resource allocation to nationally mandated departments, lack of appreciation of social protection in a comprehensive manner by key players as well as lack of coordination within government.

Limited resource allocation to the Ministry of Gender Labour and Social Development
In Uganda this is the state department responsible for social protection. However although it has identified social protection policy development as a priority area, owing to lack of resources limited progress has been made.

Non appreciation of social protection in a comprehensive manner
As mentioned above a number of civil society organisations exist and some are involved in research, and advocacy as well as service delivery. However although there is strength in diversity a number actors including those in government are yet to appreciate the importance of a comprehensive approach to social protection. This is because every one needs protection from life shocks; not only the children, chronically poor and the elderly require social protection. The fact that it is human rights has not yet been

[179] PLA Media Monitoring Report June 2008

appreciated the need for a comprehensive and rights based approach has not been internalised.

### Lack of coordination within government

As mentioned above different sectors of government have initiated reform such as the legislature for its benefit, health sector in the form of social health insurance, government pensions for public servants and at the same time the mandated government department is yet to embark on a social protection policy. The fiscal Ministry has intimated introducing legislation to put in place a regulatory framework for the pension sector. These developments are all desirable but could assure political will if they were systematically undertaken under a coordinated frame work.

## Opportunities

### Limited coverage of existing schemes

Uganda's current social security system was designed based on its colonial history and as such is no longer relevant to its populace. Majority of Ugandans 84.8 % in self employment and unpaid family workers lack social security[180]. This is in addition to the unemployed officially at 3.5%[181]. The existing range of benefits are limited to old age and do not cater for social needs such as medical care, sickness, employment injury, education and unemployment benefits, housing/home ownership etc[182]. In addition maternity benefit which is key to reproduction is not addressed by existing schemes. This is not in line with the international standards set out in the Social Security (Minimum Standards) Convention, 1952[183]. This is an opportunity for us to demand comprehensive social protections measures that address the needs of all Uganda.

### Multiparty politics, sectoral planning and Africa peer review mechanisms

Uganda adopted the multi-party system in 2006 and this created an opportunity for the ruling party to rethink its campaign manifesto which includes social health insurance. The existence of multi party politics forces the political parties to compete and this rethink what is best suited for its constituents. In Uganda the issue is to call the NRMO to deliver on its commitments.

The regular reviews of the Poverty Eradication Action Plan which is our PRSP is yet another opportunity. This enables government to address issues that have not been acted upon. The process of development of the National Development Plan has also been pushed forward and created room for social protection to be included. In addition sectoral planning is part of the national budgeting framework and this provides an opportunity for the government and civil society to review priorities and as such social protection can be included in the agenda during this stage. Space is given to NGOs to contribute views and can thus push for a new policy agenda.

The Africa Peer Review Mechanism is another opportunity that has brought social protection into the national discourse. Uganda's Governance program of action lists review of the policy and strategy on social protection as a priority area[184].This has created an opportunity call upon government to address

[180] 2006 ; Uganda Bureau of Statistics Report on the Labour Market Conditions in Uganda'

[181] 2006 ; Uganda Bureau of Statistics Report on the Labour Market Conditions in Uganda'2006 ;

[182] Platform for Labour Action , 2008 The Quest for a Transparent and Accountable Social security System in Uganda ; The Voices if beneficiaries and Contributors to the Social security and Pension Schemes, Fountain Publishers

[183] Ibid , NSSF ACT S. 19

[184] Uganda Africa Peer Review Mechanism (APRM) National Commission, December 2007 the Uganda Governance Programme of Action.

social protection. The good will of bilateral and other donor agencies has also enabled studies and policy discussion forum to take place such as DFID.

## Mechanisms for sustaining political will and lessons from Uganda

### Existence of champions within Government

As mentioned earlier governments function within bureaucracies which also harbour individual champions to advise the state. These have powers to keep the agenda active. Identification of these individuals and working with them through professional associations and not for profits as well as with advocacy groups leverages their understanding of social protection. Making their roles relevant such as through monitoring the private schemes can also win their support.

### Creating government institutions that are dedicated to social protection

As stated earlier there is state department mandated to handle social protection which also has a multi stakeholder task force. In addition Uganda has a legal frame work based on which action can be taken. Creating and strengthening governmental institutions dedicated to address social protection is thus critical to sustain the political will. Government translated the human rights instruments into policies and then into local legislation. Government policies set the framework in which individuals, business and civil society can contribute to ensuring social protection.

Political parties, civil society, the media, business corporations, and active individuals can all play roles in creating sustained political commitment. They further assist in systematically building institutions outside government that will push for establishment of sustained political will towards social protection. Politicians also help to generate awareness among the people, lobbying for social protection legislation and pushing for more resources to address social protection policy. Politician can take lead in reaching out to people in remotest areas. Thus mobilizing politicians to visit around the country and understand the realities with the people is key to success of social protection initiatives.

Awareness raising on the right to social security is also critical and can be undertaken by a number of stakeholders.

### Subscription to internationally set standards

To attain political support in the international context the state needs to portray its subscription to internationally set standards through ratifying the UN instruments. Various stakeholders such as the business community, international organisations, academia and even the media all play a major role in accelerating the thinking on the need for subscribing to internationally set standards and in implementing the commitments. The need to fulfil the set standards exerts pressure on the state to deliver on its commitments.

### Coordination within government and civil society

The need for coordination within government departments and civil society is critical to maintaining political support or else the polity gets divided due to different lobbyist centres. An example is the social health insurance scheme which is a great idea but has generated debate because if the manner in which it is being introduced.

### Stakeholder partnerships

Partnerships and development assistance as well as business/ trade also intensify political commitment by bringing together diverse organizations from around the world (civil society groups, private sector organizations, farm associations, universities and others) who are working on the issue of social protection. This ultimately plays a critical role in maintaining political support.

Assignment of ombudsman to ensure the rights are respected and that duty bearers fulfil their roles

The ombudsman ensures safety and security of contributor's funds as well as protection of rights and ensuring that duty bearers perform their roles.

## Conclusion

Uganda is committed to provision of social protection as evidenced in its commitment to relevant international human rights instruments and the policy objectives in its Constitution. However, majority of Ugandans are excluded from social protection. This paper has elaborated on the existence of political will in Uganda and drawn lessons from the challenges. The future of sustaining political requires existence of champions within Government, creating government institutions that are dedicated to social protection, subscribing to internationally set standards, coordination within government and civil society, stakeholder partnerships as well as assignment of ombudsman to ensure the rights are respected and that duty bearers fulfil their roles. It should be noted that political is weakened when different constituents demand for small segments of social protection and thus the need for comprehensive approaches to social protection.

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The International Covenant on Economic Social and Cultural Rights

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The African Charter on Human and People's Rights

### Policy Documents

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The Social Sector Development Investment Plan (SDIP)
Millennium Development Goals (MDGS)
The Social Security and Pensions Sector Stakeholder Transition Group (STG)

# part 6:

# CHILDREN AND SOCIAL PROTECTION

# PART 6: Children and Social Protection

## 6.1 Children and Money: Cash transfer to and microfinance for children.

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### Abstract

*Social cash transfer is increasingly recognized as an efficient and effective tool for social protection of vulnerable parts of the population. Many programs of conditional and unconditional cash transfer target poor families in order to benefit their children. Nevertheless there are very few experiences where children are targeted directly as recipients of cash transfer and subjects of microfinance operations. HUMULIZA, an organization based in Nshamba village in northern Tanzania, started in 2000 to introduce cash transfer to children as 'payment' for the support they give to elderly people in the community. One year later the orphan's organisation VSI started to operate a "children's bank" where children were able to get small loans and to deposit savings. The bank is operated by the children and youth themselves.*


### Background: Social protection and children's economic rights

Death from AIDS continues to rise in the countries of southern and eastern Africa. Violent conflicts ravage many societies. The high number of children orphaned by AIDS or by armed conflicts will lead to an increase of families trapped in long-term, chronic poverty which is often transmitted from generation to generation.

Reduction of poverty has become more and more a concern of national and international policy and has led to programs such as the National Poverty Reduction Programs and the Global Millennium Goals. Reduction of poverty is translated into agendas to increase "social protection" and to build social safety nets. Devereux and Sabates-Wheeler give an operational definition of "social protection":
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 marginalized groups. (Devereux and Sabates-Wheeler, 2004 in “Making Cash Count”, 2005)

Discussing cash transfer and its impact on children Devereux and Sabates-Wheeler in their book “Making Cash Count” conclude that
“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 (i.e. you cannot access them unless you have a child living with you). Examples include the South African child support grant, foster care grant and care dependency grant; the Kenyan cash subsidy for children affected by HIV and AIDS… 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 … also benefit indirectly from other transfers aimed at older people or poor households more generally.” (Ibid. p. 7)

(The trickle-down of the benefits of cash transfer directed to elderly headed households to their orphaned grandchildren has clearly been confirmed in the impact assessment of the Kwa Wazee-project in Nshamba. See www.kwawazee.ch/E)

No program is mentioned where cash transfers are given directly to children. This fact has to be explored more. There is certainly the legal aspect that most societies define “maturity” with incorporation of competences in legal and financial matters between 18 and 20 years. As a consequence children’s economic rights are generally restricted: children can’t sign valid contracts, open bank accounts, borrow money or conduct other financial transactions and they are restricted in their ownership and control over properties. It affects further their right to work and be employed. But children’s economic rights are only one aspect of children’s citizenship i.e. citizenship as a number of rights and citizenship as a practice to exercise their rights.

The “Inter-Agency Working Group on Children’s Participation” identifies five reasons why there are no broad changes in children’s position in the society despite wide acceptance of the UN Convention on the Rights of the Child;

- Undefined participation: The lack of a common definition of participation has led to the undervaluing of children’s participation as a means to achieve goals in education, health, economic improvement etc.

- Limited in scope: the existing children’s participation initiatives do not generate enough momentum to bring about fundamental change in the relationship between children and adults.

- Cultural barriers and adult resistance: In many cultures children are expected to be silent in the presence of adults.

- No space for children in the public affairs: The idea of children in public roles challenges the existing relations between children and adults, and is therefore regarded as “unnatural’ and a threat to the established order

- Lack of capacities; Effective participation requires a wide range of skills and experiences. (IAWGCP: "Children as Active Citizens – A Policy and Programme Guide", Bangkok 2008, p. 7)

The denial of economic citizenship and access to resources has serious consequences for poor children: working children are not receiving the wages they are due to be paid, child-headed households are treated differently from the adult-headed households and ore often denied services and resources, orphans may be cheated out of their inheritance. The IAWGCP concludes: "Children's economic disempowerment makes them more vulnerable to poverty, exploitation and abuse… Access to economic resources forms a major source of protection for children" (ibid. p. 430

The "new" understanding of social protection, as showed in the definition by Devereux and Sabates-Wheeler, focuses not only on securing material livelihood but refers also to aspects such as social inclusion and the protection of the basic human rights of the poor (and children). From this point of view cash transfer and microfinance services to children pursue a double objective:

- Contribute to poverty alleviation of vulnerable children

- Practice, confirm, and strengthen the economic rights of children

HUMULIZA: Cash transfer program and children's bank
Orphans organize themselves: "Vijana Simama Imara" (VSI)

HUMULIZA was founded in 1997 in Nshamba village in Kagera province in northern Tanzania, to meet the following objectives:

1. Develop a practical instrument to enable teachers and caregivers to provide psychological support to orphans.

2. To develop the capacity of orphans to cope with the loss of their caregivers and loved ones.

In order to develop the second objective further, in March 2000, HUMULIZA invited 17 orphans from different villages for a one-week workshop. Serious thought was given to the idea of creating an organization of children which they named "Vijana Simama Imara" (Youth standing upright). By the end of 2007, VSI (aged 13-20 years) and the Rafiki Mdogo (aged 6-12 years) had about 3'400 members located across 21 villages. (For more information about the VSI visit the website www.humuliza.org)
Within the VSI a number of activities were developed such as: HIV/AIDS prevention, a Mobile Farm School, a VSI Bank, teaching the younger orphans (Rafiki Mdogo), self defence for girls.

In the above mentioned initial workshop, the children were given 19 ideas in support of the function of an orphan organization, and each child was asked to select five that he/she considered important. The following three ideas received the highest ratings:

- Offering assistance to members who are unable to read or write.

- Assisting elderly caregivers in delegating some of their more heavy duties.

- Setting up a small bank for savings and small credit for members.

## The cash transfer component

(Conditional) cash transfer to VSI members

Taking note of the fact that the idea of helping old people had been highly rated by respondents, and that children's material needs are often high (buying school supplies etc.) the children were asked whether they were in a position to help the elderly and if they personally knew older people who needed assistance. Many of the youth confirmed that they knew such people and HUMULIZA discussed the possibility of granting a small "allowance" to children who supported the elderly, with the group. The idea behind this was to ensure that:

1. Member children would not simply be regarded as "receivers" of support.
2. Children realized that those in older age groups had also been affected by HIV/AIDS. They too had lost loved ones and needed support. This would also be an ideal way to bridge the generation gap.

Initially, the children were paid on the basis of signed slips (filled out by the beneficiaries of their assistance) but a number of problems (cheating, competition among some members, budget constraints and poor judgment about the use of money earned) led HUMULIZA to negotiate, after consulting with VSI members, a fixed rate of 1'800 Tanzanian shillings per month (equivalent to 1.5 USD). The elected leaders of the local VSI branches (clusters) agreed to survey and monitor the disbursement of these funds to members who helped the elderly and disabled.

The funds are distributed on a monthly basis and each beneficiary signs a receipt as proof of acceptance. Each member also contributes 300 Shillings of what they receive, which is used as follows:

- 100 Shillings is given towards the emergency fund. The members of the VSI cluster maintain the right to decide how the money is used in case of member illness or emergency

- 100 Shillings is deposited in the OVC fund of the cluster. The OVC fund also receives contributions from individuals (such as caregivers) and from the monthly auction (a fund-raising activity held on the monthly market day). The OVC committee is made up of VSI members and cluster caregivers who decide how this fund can be used

- 100 Shillings are deposited in the cluster saving account.

## Challenges in cash transfer to children

As mentioned above no reference is made in the literature to cash transfer schemes that give money directly to children so we had to learn from our own experience. The following illustrates some of the challenges the cash transfer scheme has faced in the VSI and how these problems have been addressed.

1. Use of the funds: Most of the VSI members, especially those coming from a poor background, had rarely ever had more than 100 or 200 Shilling for themselves. When they received the 2'000 Shilling or more (this amount was possible in the old "slip" system), this money constituted for some of them a real temptation and demanded too much of them in terms of financial planning. Fortunately

there was an internal reaction within the VSI. The VSI leaders started to question the use of the slip payment in their meetings and bad use of the payments was denounced. One important lesson came out of these internal discussions: a cash transfer scheme to children should be accompanied with a number of formal or informal discussions or workshops concerning the rational use of the funds.

2. Conflict and tension with the guardians: Although in the African culture children are given reproductive and productive responsibilities at a young age (house chores, caring for younger siblings; herding cattle and goats, helping in farming), it is quite unusual in rural areas for children and adolescents to become regular "money earners". And although most of the VSI-members used the funds either to cover part of their own needs (school materials etc.) or by supporting family expenses and doing so, helped their caretakers indirectly, there were in the beginning a number of complaints from the caretakers concerning the misuse of funds by the children. Caretakers felt that they made a big effort to care for the children and the children sometimes bought with money that was needed urgently for practical things, "luxury" things such as small second hand radios, watches, sweets etc. With discussion, education and positive social pressure the way VSI use the money seems to have changed. In the recent impact evaluation the VSI-members referred often to their supportive role in the household:

"Sometimes you can support others like your young siblings and other relatives. You can also buy domestic things. For example you can buy them soap, shoes exercise books pen and salt. Sometime if you have enough capital you can take a part and give it to your young so that they can invest it into other business and get profit." "Our families are happy with us." (Glynis Clacherty and David Donald: "Impact Evaluation of the VSI (Vijana Simama Imara) organisation and the Rafiki Mdogo group of the HUMULIZA orphan project: Nshamba, Tanzania", 2005, p.77)

In this evaluation the fact that VSI-members supported their families was confirmed also in the analysis of their expenditures. Focus group discussion with the caretakers confirmed too that VSI members were now using the money they earned in a way that caretakers approved of.

3. Mode of payment: HUMULIZA's office gets the list of the members of each cluster and calculates the amount due to them. Two of the cluster leaders and two of the community members (called "caretakers" and selected by the children) come to the office and get the amount for the cluster. In a general meeting, each member gets his or her payment, after the deduction of the TSH 300/= as mentioned above, and signs a receipt. One of the problems faced in the past was that members who had already left the VSI (e.g. who had moved to another place) appeared on the list. Some of the leaders tried in this way to get some extra money for themselves. This problem was solved through careful monitoring.

## The impact of the cash transfer

In a meeting with about 120 VSI-members of the Nshamba cluster in June 2006 the young people were asked about how they had used the slip payment in the last two months.

- All of them mentioned that they used the funds for buying soap, kerosene, second hand clothes, and maize flour and for hair cutting.

- Around 70% also bought body oil, salt and “dagaa” (small dried fishes) and socks for school.
- Around 30% also used some money for buying second hand shoes and sandals.

Asked what would be the biggest problem if HUMULIZA should stop the cash transfer, all agreed the biggest impact would be that they would have less food.

Another question discussed with the VSI-members was if they contributed money to the caretaker family. It was clear that the bought items are mostly shared with the remaining family members, especially food and kerosene.

Preliminary conclusions about cash transfer to children
Although there are some problems with cash transfer to children, HUMULIZA feels that the benefits largely outweigh the difficulties:

- Children learn to deal with money, to plan and to set priorities. So cash transfer is part of learning a very practical life skill training
- The received cash considerably reduces the stress of the children – e.g. at school where they are often chased away when they have no school uniform or exercise books.
- They support their caretakers and their siblings which make them proud and increase their self-esteem.
- The cluster builds up some collective risk management tools (OVC-fund, emergency-fund, savings) and develops a feeling of responsibility for all the members of the cluster.

## Loans and Savings: The VSI “Bank”

### Can microfinance target orphans?

Different authors stress that micro-finance institutions should retain their integrity as financial institutions, regardless of what special situations are. With this in mind the question of orphans as a target group that could benefit from microfinance services becomes a very difficult and tricky question. Betty Wilkinson (“Microfinance Service in the Context of AIDS orphans”, Univ. of Maryland, 1999) noted – in another context – some criteria to be considered when an organization decides to step into microfinance.

- Do vulnerable children have enough resources to grow food to eat? If not, they will use loan funds for this purpose.
- Do the children’s group have sufficient labor to ensure the economic activity can be properly undertaken – beside the school and other commitment?
- Do the children have sufficient understanding of how to run the economic activity?

- Do the children's group have sufficient control over the cash, and understanding of the difference between cash inflow and profits?

Looking at the above list in the context of the HUMULIZA project not all these criteria can be met. Some criteria can be met by careful training and monitoring and using a group approach, others (such as having enough food) will remain an obstacle to repayment.

In spite of this fact are there good reasons nevertheless to accept orphaned children as loanees? And what are the conditions which can help to mitigate the risk of losing the loans?

- Children are very motivated
- Children can (and must) be trained to manage money
- Children can make good decision making if supported
- A close monitoring and follow-up is needed
- Taking loans, children learn the skills of handling money and to acquire business knowledge.
- Children contribute to cover their own needs and become more self-reliant which is also a cause for an increased self-esteem.

The question about whether poor children should be included in microfinance systems in spite of the fact that they do not always fit the criteria for being able to pay back the loans is linked to the international debate between the "finance school" and the "poverty school".

While the former has a narrow focus on micro-finance as an aim in itself, the latter emphasises the need for microfinance to reach poor people and aims at poverty alleviation, livelihood promotion, empowerment, building people's organisation and changing wider systems and institutions in the society. One critical challenge is how to marry developmental issues with sustainability. Thomas Fisher and M.S. Sriram, the authors of "Beyond Micro-Credit: Putting Development Back into Micro-Finance" (2002) observe that
"as individual micro-entrepreneur, most micro-credit clients remain as vulnerable to economic circumstances as they were before taking any micro-loans…..For many poor people the only route to empowerment is through collective endeavours that can overcome the severe limitations imposed by individual isolation. This immediately brings in issues of collective ownership….This is such a fundamental issue in a development context, where unequal access to and ownership of assets often underpins the unequal distribution of power…." (Thomas/Sriram, p. 28)

Humuliza can confirm that many internal debates on the use of loans and about the repayments happened in the context of the VSI-organisation. The VSi did a very critical internal evaluation and came out with substantial recommendations (their report is quoted in the paper "Children and Money" available from kurt@repssi.org). We can conclude that microfinance for children should happen within a child-led organisation in order to enhance the integrity of the financial system.

## Savings as a tool for risk management for children?

The literature about micro-saving praises savings as an important risk management tool for the poor. How far is this also true for the children?

Evidence from the children suggests that it is true for the children too. Small savings help them to cope with accidental shortages and minor problems (e.g. school materials). But if the crisis goes beyond being an accidental crisis or need and becomes a permanent crisis savings of children (and even of poor adults) are not sufficient, the tool is not sharp enough. As an example: at the end of 2005 poor rains in Kagera during the planting season resulted in a lower harvest of maize and beans. The price for maize flour, one of the staple foods, went up from around 2’500-4’000 TSH per tin in October 2005 to 7’000 TSH in May 2006. The food crisis is reflected in the balances of the children in the bank: their savings dropped significantly. In June 2006 78% of the accounts had a balance of 500 TSH (40 US Cents) only or less. Only 6 children had a balance of 5’000 TSH (4 USD) and more. This shows that the saving capacity of the children is too low to protect them against adversities like the increase of food prices. The clusters do, however through the three collective funds (emergency, OVC and saving) have some resources for risk management in individual cases

## Impact assessment evidence

Building economic citizenship
In 2005 HUMULIZA commissioned an external evaluation of the VSI-program. The evaluation was undertaken by Glynis Clacherty and David Donald.

One of the indicators of positive impact success used in the evaluation was that emotional stress was decreased for children. “Income generation” was used to measure reduced stress as the assumption was made that a shaky economic situation is generally an important stressor for orphan children.

In the focus groups, young people involved in the VSI project were asked what they typically did to earn money, how much they earned through these activities in the last month and what they spent it on. This information was compared with the children in the control groups. The results showed that the income in the three Project groups was more than three times higher that in the three Control groups (212’600/= vs. 62’455/=). The evaluators then analysed how the money was spent in terms of capital items such as a goat or a chicken that would create more income, savings, and household and personal expenses. The evaluators comment:
The Project group spent a greater proportion of their earnings on capital and savings than the Control group, and a lesser proportion in the household and personal category. This indicates the effectiveness of the VSI’s programme of building sustainable income generation awareness and skills amongst its members. (Glynis Clacherty and David Donald, “Impact Evaluation of the VSI (Vijana Simama Imara) organisation and the Rafiki Mdogo group of the HUMULIZA orphan project - Nshamba, Tanzania, 2006. p.76)

(The evaluation with the tables can be downloaded from www.humuliza.org/evaluation.html).

Social protection and psychosocial wellbeing
Initially psychosocial work made a sharp distinction between psychosocial interventions (e.g. group counseling, counseling camps) and material interventions (e.g. delivery of food, clothes, school fees). Present thinking emphasizes “integrated interventions” where psychosocial and material interventions are part of a comprehensive care and support system.
“The distinction between psychosocial and material intervention is artificial – made and retained, for the most part, to ensure that children’s psychosocial needs receive attention. While it seemed necessary

in the past to advocate for a distinction between psychosocial and material interventions, integrated approaches are actually needed to improve the health and wellbeing of children in communities affected by HIV/AIDS" (Bernhard van Leer Foundation: "Where the heart is?" 2006. p. 20)

The Impact evaluation of the VSI organisation showed a strong link between the provision of basic needs and psychosocial well-being. Having basic needs met reduces emotional stress and contributes to resilience. The Formative Evaluation (a partner report to the above mentioned Impact Evaluation) also showed that

Integration of factors that build emotional well-being such as increasing of social networks, reduction of emotional stress through games with the meeting of basic practical needs is one of the things that make the VSI programme effective as a psychosocial support project. The young people who are involved in the programme recognise and are able to articulate this. They attribute their growing resilience to the combination of material and emotional support provided by the project.
Additionally, the fact that the material support is not given as a 'handout' is important, rather it is given in a way that increases the sense of control and competence the young people have by allowing them to contribute to the community (helping old people) and through helping them make their own income. The very process of giving material support is integrated with a process that will increase emotional well-being. (Glynis Clacherty "Formative Evaluation of the VSI and Rafiki Mdogo group of the Humuliza orphan project: Nshamba, Tanzania." 2006, p.30)

## Conclusions

Based on evidence of the VSI-experience, the paper advocates that children should be considered as direct target group and beneficiaries of measures of social transfer which have to be adapted to the special conditions of children. The paper shows also that the impact of social transfer goes far beyond of improvement of the livelihoods. Social transfer to children enhance their status as citizens and the material support in the form of cash transfers and loan/savings makes significant contributions to psychosocial well-being. As an assumption it can be postulated that cash transfer and loans/savings to children deploy their full impact only if they are embedded in a child directed organisational framework.

### Annex 1:
### Profile of the VSI-Bank (April 2006)

| | |
|---|---|
| Opening hours | The VSI-Bank is opened every Saturday from 10.00 to 13.00. On Saturday there is marketing day in Nshamba which attracts a lot of people. |
| Administration | The Bank is run by an elder male VSI-member and three younger female members. The accountant from HUMULIZA is also present for advice and supervision. |
| Number of loans | The amount of paid loans from January 2004 to April 2006 was TSH 1'576'000/=. In April 2006 about 50% of the current loans had been repaid. |

| | |
|---|---|
| Number of groups | 89 groups have taken loans ranging from TSH 5'000/= per group member. After having paid back the loan, the loan per member can be doubled. |
| Use of the loans | The most common project is to raise chicken, followed by breeding goats, producing firewood by buying and chopping up a tree, selling "dagaa" (dried fish) and kerosene. Other less common include buying and storing maize, selling tomatoes, selling second hand clothes, breeding rabbits and selling smoked fish. |
| Group saving | The clusters of orphans that have been established for some time have a group saving account. There is also a group made up of neighbouring clusters and one Rafiki Mdogo group that have group accounts making a total of 14 group accounts. The group savings are used to support poor members, to contribute to the funerals of relatives of members, or to repair the bicycles of the cluster for example. |
| Individual saving | 171 members of the established clusters had individual accounts. Deposits range from TS. 100/=, 200/=, 500/= (frequent) up to 1 – 3'000/= (also frequent). A few children save as much as TSH 5'000/=. And a few members use the VSI-bank as their "commercial" bank with deposits from TSH 20'000/= up to TSH 90'000/=. The individual savings are used to cover food shortages and to buy exercise books and pens. |
| Savings | The balance of the group and individual savings in April 2006 totalled TSH 1'332'610. |

## Annex 2: Case studies

### 1. J. and G.

J (16 years old) and her sister G (15 years old) have been members of the VSI for 3 years. They live together with their mother. When asked why they were requesting a loan from the VSI-bank, J. said that they wanted "to move forward", to be able to help themselves when they confront a problem, to have enough food and to be able to buy clothes and bed sheets.

They were given a loan of TZS 10'000/- (around 9 USD) one year ago in order to produce firewood. They buy trees (TZS 300/= per tree) and pay somebody to cut the trees (TZS 250/= for 15 trees). They bring the firewood home and then sell it at 3 pieces for 100/-. They have not yet been able to repay any of the loans. J. says that they wanted to start the repayment, but they do not have enough food – they eat sometimes only once a day. They buy maize with the profit of around TZS 1'000/=. They have not kept a record of their expenditures and incomes. They feel that firewood is a good project – and they have no intention to change if they can get another loan.

### 2. J. and C.

J. is 15 years and C. is 14 years old, but both look much younger. They started with the Rafiki Mdogo and later joined the VSI, which means they have been in the organisation for 4 years. They got their first loan at the end of 2005. They applied for a loan in order to cover their needs and “to get experiences”. They raise chickens – they sell the eggs from the four chickens they have. For them it is easy to find clients for the eggs. Until now they have made a profit of TZS 6’000/=, 4’000 was for the repayment and with 2’000 they bought feed for the chickens. They find that chicken is a good project because of the existing market for eggs.

For the next loan they will go ahead with the chickens, but they plan to add selling dagaa, the small dried fish from Lake Victoria.

### 3. L. and E.

L. (14) and E. (17, but looking much younger) joined the VSI one year ago. They got their first loan in 2005 and repaid it in May 2006. They wait now for a new loan. The main motivation to start with a project was to “develop ourselves more”.

They raise chickens. They have sold four chickens in order to repay the loan of TZS 10’000/= and they have six chickens remaining. They find that chickens is a good project because you can get a good price (actually between 2’000/= and 2’500/= per chicken).

With the next loan they would like to start to raise goats by starting with one goat.

# 6.2 Developing an integrated child-focused social protection model in Rwanda

**Jenn Yablonski, Save the Children UK and Michael Samson, EPRI**[185]


## Abstract:

*There is an increasing recognition that a combination of social protection measures, which include income support and increasing service access, may produce greater impacts. Particularly in achieving objectives related to human development and intergenerational poverty, questions are being raised regarding what is the right mix to address the vulnerabilities poor people face in particular contexts. This in turn raises issues about what is feasible in terms of administration, human capacity and finances, particularly in the African countries.*

*This paper presents the experience of Save the Children UK and the Economic Policy Research Institute in designing an integrated child-focused social protection package in Rwanda, focusing on three main areas. First, the paper outlines the integrated package of measures which have been identified to address multiple dimensions of children's vulnerability in Rwanda. Secondly, the paper examines institutional and financial arrangements for the proposed package, highlighting the importance of integrating the model into the Rwanda government's existing policy and structures. The final area of the paper provides some reflections on some political economy issues in the development and implementation of social protection programmes in Africa.*


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Key words: *Rwanda, social protection, child poverty, children, education, health, child protection, social transfers, political economy, OVC*

## Introduction

In recent years, considerable attention has been given to cash transfers as a social protection mechanism. More recently, there is increasing recognition that a combination of measures, which include income support and increasing service access, may produce greater impacts. Particularly in achieving objectives related to human development and intergenerational poverty, questions are being raised regarding what is the right mix to address the vulnerabilities poor people face in particular contexts. This in turn raises issues about what is feasible in terms of administration, human capacity and finances, particularly in the African countries.

This paper presents the experience of Save the Children UK and the Economic Policy Research Institute in designing an integrated child-focused social protection package in Rwanda. The development of this

[185]The authors would like to acknowledge Cécile Cherrier, Justine Twahirwa, Boureima Ouedraogo and Gisèle Rutayisire, who have all made crucial contributions to the work upon which this paper is based.

model has involved a partnership among Save the Children UK (SCUK), UNICEF and the Government of Rwanda, with technical support from the Economic Policy Research Institute (EPRI).

The background section briefly describes the policy context and outlines the process of developing the design. The third section then describes the design of package, outlining components which combine income/livelihoods support measures and human development measures for children, with a particularly focus on the poorest and most vulnerable. The fourth section then examines the issues of government institutional arrangements and financial affordability, in the context of the Rwandan government's development of a national social protection framework. The final area of the paper provides some reflections on some political economy issues in the development and implementation of social protection programmes in Africa.

## Background

Save the Children has been operating in Rwanda since 1994, with a substantial focus in country on child protection issues. Through work at local level and involvement in national policy processes such as the Orphans and Vulnerable Children (OVC) National Plan of Action and the Economic Development and Poverty Reduction Strategy (EDPRS), the need to address children's vulnerabilities in a more integrated manner became ever more apparent. Poverty in Rwanda undermines people's abilities to protect children from abuse, neglect, exploitation and violence, with long-term consequences for their development and future economic security as adults. The links between economic poverty, exclusion and other dimensions of deprivation meant that achieving sustainable changes in children's lives would require thinking about child protection and children's rights in a different way.

Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS) recognises the importance of social protection to "provide social assistance to the most needy while supporting the able-bodied to progress out of extreme vulnerability and poverty into more sustainable means of self-support."[186] While the first Poverty Reduction Strategy Paper (PRSP) did not make social protection a priority, the Government of Rwanda allocated between seven and ten per cent of the national budget to associated programmes (benefits for genocide survivors, grants for people with disabilities) over the period covered by this PRSP[187]. Rwanda is one of the few countries in Africa with an explicit "social protection" line item in the national budget.  The EDPRS calls for the targeting of cash and in-kind transfers to vulnerable groups as a critical intervention making concrete the Social Protection Policy adopted in 2005[189].

As a pillar of the EDPRS, the Government of Rwanda is developing Vision 2020 Umurenge at the sector level – Vision 2020 Umurenge (VUP) – to accelerate the reduction of extreme poverty. "Vision 2020 Umurenge" aims to increase the efficiency of public service delivery and eradicate extreme poverty in Rwanda by the year 2020. The strategy involves replacing the current plethora of small social protection programmes with a single, coherent strategy.

The Rwandan government policy and programmes on social protection have a strong emphasis on productivity. Discussions of social protection within government and at local level repeatedly stress its importance in enabling poor people to become productive and self-reliant.

[186]EDPRS 2007, paragraph 16 on page xiii. The EDPRS follows Rwanda first PRSP (2002).
[187]Social Protection Public Expenditure Review, 2006 (cited in EDPRS 2007, paragraph 2.70, page 27)
[188]EDPRS 2007, paragraph 2.70 on page 27

This approach to social protection presents a real opportunity for long-term poverty reduction. The government is devoting substantial resources and effort to social protection. Unusually, the government recognises the potential productive contribution of social protection programmes, rather than simply seeing them as a drain on the national budget or counter posing them as a trade-off to growth. At the same time, in this policy environment social protection is at risk of only becoming instrumental to growth. Social protection as a right with an end objective of protecting against vulnerability can be overlooked and the push for productivity has the potential to impact on the time horizon expected for returns from social protection interventions.

There is a need to ensure that that the vulnerable children's rights are realised and protected and to address the issue of long term human capital for a healthy and productive workforce in the future. From this perspective, Save the Children UK in partnership with UNICEF proposed a feasibility study of an integrated child-focused social protection model which would consider both poverty and childhood vulnerability aspects. Recognising that government ownership of any proposed pilot would be key to actual implementation and sustainability, SCUK and UNICEF spent considerable time consulting with the Ministry in charge of social protection – Ministry of Local Government, Good Governance, Community Development and Social Affairs (MINALOC), and the Ministry in charge of child protection – Prime Minister's Office in charge of Family and Gender Promotion (MIGEPROF), to gain government agreement for the study and on the consultants to conduct the study.

The feasibility study built on a number of existing policies and programmes. Based on the national OVC situational analysis and direct consultations with children and adults in the communities where SCUK works, several key economic, political, social and health/education factors leading to children's vulnerability in Rwanda were identified as the starting point for the study. The parameters of the study also built on SCUK's international experience and research on identifying the need for an integrated, multidimensional approach for child-focused social protection[189]. Existing plans for Vision 2020 Umurenge and the Social Protection Strategy in the EDPRS included targeted social assistance, as a possible starting point. The Government of Rwanda's Ministry of Gender (MIGEPROF) through the OVC technical working group had already identified a Minimum Package of Services for OVCs[190], but this has not been operationalised.

## A child-focused social protection package: getting at human development

The feasibility study, which has been conducted under the auspices of MINALOC, together with MIGEPROF, UNICEF and Save the Children UK, proposes to pilot the integration of a child-focused social protection package within the Vision 2020 Umurenge implementation roll-out. The aim of integrating this package with the existing VUP plan is to build evidence on the impact and feasibility of institutionalising measures to protect the rights of children and to promote long-term human capital development. This proposed child-centred social protection component of VUP is consistent with global good-practice models which increasingly recognise the importance of linking income and consumption support with a broader package of essential child protection and development services[191].

The emerging approach to child-centred social protection in Rwanda includes three key elements: community-based child care; increasing access to child-oriented services; and social cash transfers.

[189]Yablonski (2007). Children and Social Protection: Towards a Package that Works. London: SCUK.
[190]Given the frequent association between the OVC and HIV/AIDS, it important to note that the definition of OVC in Rwanda encompasses children vulnerable to a much wider range of factors.
[191]Blank and Handa (2008). Social Protection in East and Southern Africa: A Framework and Strategy for UNICEF. Nairobi: UNICEF.
Chronic Poverty Research Centre (2008). The Chronic Poverty Report 2008-09: Escaping Poverty Traps. www.chronicpoverty.org.Yablonski (2007). Ibid.

## Community-based child care

One unique feature of the proposed child-centred social protection pilot is its use of a social services public works model to deliver community-based child care. Under the proposed model, Early Childhood Development Centres would be established in each Umudugudu (the smallest administrative unit within government). The majority of the labour to build and staff the centres would be provided through public works programmes[192]. This design feature is similar to the one successfully adopted in South Africa and goes substantially further than the child care elements of India's Employment Guarantee Scheme.

Community-based childcare centres jointly serve both social protection and child protection objectives. Poor families in Rwanda tend to have high dependency ratios and frequently headed by single parents or older people. High quality childcare can serve the developmental needs of children while enabling caregivers (particularly women) to allocate more time to income-generating activities—consistent with the central philosophy of the VUP. As a small example of the potential of childcare to enable caregivers to raise their income, micro data collected by SCUK shows that daily rural labour wages rates are lower for women accompanied by children – up to 30% lower[193]. Community provision of childcare also frees up older children from childcare responsibilities, allowing more time for schooling

This community-based childcare model addresses one of the most serious problems of public works programmes —their difficulty in effectively reaching households with high dependency ratios. The essential conditions for effective public works programmes are to ensure that the assets created by the employment are highly productive and pro-poor, and that the production process is labour intensive and compatible with the coping strategies of the poor. Community childcare services for poor households meet these conditions better than any other type of public works project.

## Increasing access to child-oriented services: health, education and social support

Increasing access to services crucial for children's development, through reducing economic and social barriers is a key goal of the integrated model. The model therefore includes mechanisms to address this issue: coverage in Rwanda's public health insurance scheme (mutuelle de santé), target social cash transfers, and linking children to social support services.

An estimated 38% of the population participates in the mutual insurance system and another 5% in other forms of health insurance, but only 30% of households in the poorest quintile have health coverage.[194] While the fees for mutuelle de santé are fairly low (RWF1000 per person per year, plus RWF100 per health consultation), the poorest households struggle to afford these costs. Consultations suggest that these low fees make a very small contribution to providing resources for health care systems in poor communities, particularly since the high costs of administering this type of scheme consume a significant share of the contributions. Insurance schemes that provide few real resources yet impose significant barriers for the poor risk becoming discrimination mechanisms that skew the incidence of government health subsidies to higher income groups at the expense of the poor.

The child-centred social protection framework aims to eliminate individual fees for households with children under 5 and pregnant and lactating women, through coverage of mutuelle fees directly to

[192]It is likely that more skilled labour will be required for the management of the centres. This arrangement is still under discussion.
[193]Wage rate for those working on farms in Rwamiko Sector is 400-500 RWF/day, but 300 for women with children. Petit, N (2008 forthcoming).
The Livelihoods of Rural Workers and their Children: Rwanda Country Report. London: SCUK.
[194]EDPRS 2007, paragraph 2.44 on page 21

the mutuelle system at the community level. While there is clearly a broader population which faces economic barriers in accessing healthcare, the study was also concerned with proposals which would be feasible at national scale, not only in the pilot phase and which would allow possible future expansion of coverage. Given high rates of malnutrition and maternal mortality and the importance of reaching children at this critical window in their development, the framework proposes to prioritise this group. Given little difference in health care access rates between OVCs and non-OVCs, a categorical approach was chosen over a targeted one. Mutuelle coverage for under 5's and pregnant and lactating women will significantly improving the poor's access to health care while reducing inefficient administrative expenditures and supporting the Government of Rwanda's goal of expanding coverage of the mutuelle to 100%.

While Rwanda has successfully eliminated primary school fees and made progress towards eliminating barriers for secondary school, significant non-fee barriers hinder access to schools for poor and vulnerable children. Official household surveys document the correlation between poverty and low enrolment rates; while 92% of children in the richest consumption quintile attend primary school, only 79% in the poorest quintile have this opportunity—although this gap has fallen by six percentage points since 2000/01[195].

Consultations with children and community members identify several important barriers to children accessing education, including uniforms, shoes, school supplies, and transportation. Often poor children lack proper nutrition, impeding the effectiveness of education. Children deprived of these resources are even more likely to withdraw from primary school when even more significant barriers (including substantial fees) make attending secondary school seem impossible. The strategy of the child-centred model to tackling this problem is the provision of transfers to the households identified through the VUP process (see the following section for further details).

In addition, the child-centred social protection model for Rwanda will ensure delivery of legal and psycho-social services to orphans and other vulnerable children. Children in general, and the most vulnerable and marginalised children in particular, face a range of social barriers, in addition to economic ones. For example, in a context of orphanhood due to HIV and AIDS and other chronic illnesses, children are losing their rights to inheritances, intensifying the poverty shock often inflicted by the death of one's parents. There are a number of existing programmes in Rwanda, largely provided through NGOs, which provide legal and social support services at the local level. The proposed model will involve partnerships with civil society organisations, using a community-centred referral approach to "crowd-in" the provision of support services.

## Community and household cash transfers

Cash transfers provide one of the most effective social protection instruments in Southern Africa and one of the most promising tools for tackling poverty and protecting the consumption of children. In most countries, social cash transfers are provided as an individual or household benefit, although some countries experiment with pooled cash transfers to local communities. The appropriate response depends on the social and policy context of the country.

The national VUP pilot model includes a targeted social cash transfer component, alongside public

[195]EDPRS 2007, paragraph 2.49 on page 22

works and microfinance services and training components. The VUP pilot aims to target cash transfers to households that do not include labour force participants, particularly those with high dependency ratios. This targeting process aims to benefit child-headed households, orphans and other vulnerable children and people with disabilities. Households are identified through the Ubudehe process, a community-centred approach which identifies and prioritises vulnerable households which should be eligible for the different components of VUP. The initial pilot design conceptualised very short-term cash transfers—limited to six months per beneficiary—in order to economise on the resource requirements and avoid fostering dependency. The design included elements to promote self-reliance among those receiving cash transfers by providing skills development, savings schemes and other support for income-generating activities.

The child-centred social protection pilots intend to build on the initial VUP design, particularly by incorporating and potentially extending the more socially protective elements. Households with little available labour may have difficulty lifting themselves to more productive livelihoods within six months. Households consisting nearly entirely of children may require a longer programme of support. The child-centred model will explore the possibility of extending the timeframe of the targeted transfers. The child-centred pilots will use the existing VUP targeting process through Ubudehe committees, possibly also incorporating the “Childhood Vulnerability Criteria”, currently being developed by the national Technical Working Group for OVCs”. Since the pilot aims to mobilise evidence, the intention is to extend some of the critical features of the VUP design in order to test possible increased effectiveness in breaking the inter-generational transmission of poverty.

## Institutional and financial arrangements

The Government of Rwanda’s development of a national social protection framework requires careful assessment of institutional arrangements and the financial implications of the associated programmes. Well-designed social protection pilots are constrained by the government’s institutional capacity to deliver and affordability at national scale.

### Institutional arrangements

In the design of a child-focused social protection model, developing institutional arrangements for its pilot delivery which are integrated into and support existing government capacity and plans was key. Shared principles about the role of government in delivering social protection required this approach. Both SCUK and EPRI viewed supporting the Rwandan government to achieve a national social protection, through integrating action learning on a child-focused model which built on the existing programme, as the only way to ensure long-term impact.

The VUP programme’s pilot phase includes institutional arrangements for delivery in 30 districts. The Government of Rwanda has developed a comprehensive approach to pilots which aims to maximise their effectiveness, not simply by using them as mechanisms for mobilising evidence for national scale-up but also in order to build delivery capacity across all districts. The proposed child-centred model would operate in 5 of these 30 districts, as a “VUP plus” programme. Integrating the child-centred interventions within the broader VUP pilot better supports co-ordination and the implementation of a comprehensive approach, while fostering political ownership and sustainability. This integration also allows evaluation of differential impacts between VUP only sites and sites which have incorporated the child-centred model.

The pilots will operate to build district-level capacity and also cut across the constituent administrative units. This includes building human resources, delivery systems, infrastructure, management information processes, training initiatives, technical and material assistance and linkages to the national co-ordinating mechanisms. In particular, pilots provide a critical element of capacity building through practical experience. The phased roll-out of the pilot will maximise learning-by-doing, enabling the lessons and experience from implementation in one Umudugudu to inform and facilitate subsequent delivery.

In line with decentralised approach to the VUP, the proposed co-ordination mechanism for the child-centred social protection pilot operates at the Umurenge level, with implementation at the Umudugudu level – the closest administrative structure to the people. At the national level, the child-centred pilot would provide additional staffing support to the VUP national coordinator. At the sector level, the child-centred pilots would provide an additional two social workers to the existing sector team within the VUP structure in order to provide additional capacity for the human development aspects. At Umudugudu level, the child-centred model would work through the existing Ubudehe process. As mentioned above, this structure would be used as a referral point to link children and their families to existing social support services.

A new element proposed by the child-centred model is to require children's representatives in the Ubudehe committees to ensure that children's perspectives are heard in the targeting and monitoring of the programme, based on SCUK's experience of working with children's forums and child protection committees[196]. Increasingly social policy analysts recognise the importance of meaningfully involving children in the design, implementation, monitoring and evaluation of social protection programmes. The project team views children's participation as an essential element of effective and appropriate design.

## Financial arrangements

Cost estimates for the design of the child-centred model are in the process of being developed. The study takes into consideration key issues for affordability at national scale, which depends on (1) the fiscal resources available to government, (2) the cost structure of the programme and (3) the extent to which the programme itself has an impact on available resources.

Since 1994 the Government of Rwanda has significantly improved macroeconomic management, reducing external debt and leveraging development partner resources through the Highly Indebted Poor Country (HIPC) programme and the Multilateral Debt Relief Initiative (MDRI)[197]. Average growths rates since 1994 reaching nearly six percent distinguish Rwanda as one of Africa's fastest growing economies, reinforcing the fight against poverty which has driven poverty rates from 70% in 1994 to 57% according to most recent estimates[198]. Development partner support provides approximately half a billion dollars (USD) per year, largely through direct budget support[199]. Between national and development partner resources, Rwanda demonstrates considerable capacity to support significant

[196]Children's forums are children-only venues at the Umudugudu level, where they can discuss and organise around issues that are important to them. Child protection committees are made up adults and children, and are responsible for taking action to promote and protect children's rights.
[197]Wylde et al. 2008:ix
[198]UNDAF 2008-2012:6
[199]Petit 2008

social protection initiatives. As mentioned above, the Rwanda government has assigned significant portions of the national budget to various social protection programmes in recent years.

The cost structure of the programme depends critically on the pilot design. Vision 2020 Umurenge's focus on public works poses significant challenges for cost effective delivery. Around the world the cost-to-deliver social transfers through public works can be very high—often ranging from US$250 to US$500 to deliver US$100 in benefits. A World Bank study of low- and middle-income studies concluded that "a public works programme is an expensive way to transfer income and consumption-smoothing benefits to the poor."[200] Similarly, a case study of India's public works programmes by the International Food Policy Research Institute (IFPRI) estimated a cost of 240 rupees to deliver 100 rupees of benefits to poor participants, concluding that "these programmes appear to be very expensive ways to transfer income to the poor."[201] A UNICEF study found public works programmes two to four times more expensive than unconditional cash transfers[202].

The Government of Rwanda's strategy for tackling this dilemma involves working to ensure that the assets, goods and services provided by the public works deliver pro-poor benefits in addition to the wages paid to the poor and vulnerable workers participating in the programme. For example, the strategy calls for community-based childcare centres operated as public works projects[203]. Hypothetically, if the project costs RWF300 to deliver RWF100 in wage benefits to participating workers, the cost to deliver ratio is 300%, which is extremely high for a social protection intervention. (The typical national unconditional cash transfer programme in Southern Africa cost the equivalent between RWF106 – RWF130 to deliver RWF100 in benefits to poor households.) However, a community-based child care centre might deliver productive services to poor households valued by the beneficiaries at RWF150 in addition to each RWF100 in wages. In this case, the total pro-poor transfer would be RWF250, with an associated cost-to-deliver ratio of only 120%--which is quite cost effective by international standards. The government's choice of community-based childcare centres as public works projects holds great promise to cost-effectively deliver both social protection and support job creation and improved livelihoods.

This developmental approach has the potential to expand the resources available for further social protection delivery. Lessons of experience from many developing countries document how social protection interventions can propel pro-poor inclusive growth and thereby generate a broader tax base and more revenue for government. The dynamic impact of the proposed national programme is likely to support financial sustainability.

## Political economy and the role of different actors in developing social protection programmes

Among practitioners and applied policy researchers, the issue of political economy in the design and adoption of social protection programmes is well-acknowledged. However, it is a process we rarely document or analyse, with some notable exceptions . Although brief, this article reflects on two political economy issues related to adopting a child-focused social protection approach in Rwanda – intra-governmental coordination, and the role of international NGOs.

As frequently noted, a national social protection framework requires coordination across ministries and

[200] Subbarao 2003, page 15
[201] Coady 2004, page 23
[202] McCord 2005, page 54
[203] EDPRS 2007, paragraph 4.108 on page 77
[204] This trend has begun to change more recently. Barrientos, A. and D. Hulme (2008). Social Protection for the Poor and Poorest in Developing Countries: Reflection on a Quiet Revolution. BWPI Working Paper 30. www.manchester.ac.uk/bwpi. Barrientos et al. (2005) Report of Study on Drivers of Change for a National Social Protection Scheme in Zambia. A study undertaken for DFID Zambia. Brighton: IDS.

often with actors external to the government, e.g. NGOs, donors. Given different ways of working, levels of capacity and influence, and sometimes objectives, effective coordination can be a challenge and Rwanda is no exception. An inter-ministerial coordination forum, lead by MINALOC, has been established to act as this coordination body within government. The Ministry of Local Government, MINALOC, holds lead responsibility for implementation of the social protection framework and of VUP in particular. Level of interest and capacity of other ministries varies, although social protection mechanisms clearly will have an impact on their areas of responsibility. It is difficult to determine whether the strong productive focus of Rwanda's approach to social protection, with limited attention to social development aspects, is a manifestation or a cause of this limited involvement of other ministries.

For example, the Ministry of Gender and Promotion of Women, which includes responsibility for children's issues, in theory has a strong interest in social protection policy, particularly in social protection's role in reducing vulnerability and protection at particular points in the lifecycle (e.g. childhood, maternity). However, MIGEPROF has had little engagement to date with the social protection strategy. While the ministry clearly recognises the potential of social protection for children, there are a number of obstacles to their meaningful participation. MIGEPROF has limited expertise in the area of social protection and quite simply a shortage of staff to engage in policy discussions. They also are not an "operational ministry", with no staff to engage with MINALOC in implementation of VUP at the Umurenge or Umudugu level. In addition, MIGEPROF staff primarily operate in French while MINALOC primarily operates in English. As with many ministries focused on women and children, MIGEPROF is able to exert less influence within the government vis-a-vis MINALOC and the Ministry of Finance (MINECOFIN).

The process of designing of a child-focussed model, which integrates different social mechanisms, underscored both the importance and the challenges of coordinating across ministries – at national level and locally. MINALOC would be responsible for implementation of any model adopted by the Rwandan government. In addition to the obvious necessary links with MIGEPROF and MINECOFIN, this model requires the input and cooperation of the health and education ministries due to the Mutuelle de Santé and childcare components. These ministries face similar issues related to capacity, time and unclear location of social development within national social protection priorities. Nonetheless, future implementation of an integrated model will crucially require their cooperation.

Another political economy issue, which surfaced through the design process, relates to the appropriate role of NGOs, particularly international NGOs, in the development of social protection policy and programmes. Save the Children UK takes the position that national governments have primary responsibility for the provision of social protection, and that this has an important role to play in reinforcing the social contract between states and their citizens. Yet development of social protection in sub-Saharan Africa has largely remained a technical debate between national government ministries, donors, and a small number of experts (including a handful of international NGOs). While developments around civil society participation leading up to the Livingstone II meeting are a promising development, engagement of national civil society and the public more generally has been virtually non-existent[205].

Policy discussions to date in Rwanda echo this regional dynamic. Arguably, the Rwandan government has played a stronger role than some other governments in the region in leading the direction of social protection policy. However, there are also a small number of donors and UN agencies which exert

[205]In some countries, community members have been involved in design and particularly targeting of transfers in pilot projects. While there is some potential to stimulate political demand for social protection, we would argue that the political content of participation in implementation is different from a broader political debate on the role of social protection in national policy.

considerable influence on the process, through the provision of funding and technical support[206]. National NGOs, parliamentarians, the media, and most crucially, poor people are absent from the debate.

In this context, Save the Children UK walks a fine line. On the one hand, it is possible to argue that the organisation is in danger of reinforcing this pattern. SCUK has worked closely in partnership with UNICEF to try to influence national social protection policy in order to ensure that human development and children's vulnerability are taken into consideration. SCUK is the only international NGO directly engaging with the government on social protection, and has largely done so on a technical level, providing evidence from Rwanda and drawing from SCUK's international experience working on social protection issues. In Rwanda, there has been limited engagement on social protection initiated by local NGOs and SCUK has not actively sought national partnerships on this issue. SCUK also brought EPRI in as an international consultant to provide technical support on a child-focussed model. In this approach, there is a tension about the extent to which SCUK is bringing an agenda which is not owned at a national level – within the government or by civil society.

The issue of cash transfers is clear example of this tension. There is considerable resistance in Rwanda to the appropriateness and effectiveness of regular cash transfers to individual households – within government and civil society. In particular, consultations repeatedly stressed the importance of community and in-kind transfers, accompaniment of recipients, and short time horizons for transfers to ensure that families made productive investments. Yet SCUK, EPRI and UNICEF experience from elsewhere suggests that predictable, regular cash transfers are highly effective in achieving positive impacts for children. While there is strong evidence for this position, how far is it useful and legitimate for international organisations to advocate this?

On the other hand, SCUK and UNICEF have worked closely with government ministries, particularly MINALOC and MIGEPROF, to ensure that the work on a child-focussed package would be considered within the national framework and to ensure that any proposed model would be within and supporting the existing plans, rather than in parallel. The design process has included substantial participation by communities and children at the local level, as well as national NGOs, in determining priorities and design issues. This process has also convened consultations with government, national civil society, and donors on the preliminary findings. One of the key next steps for SCUK to consider is how to support continued dialogue on social protection policy among different stakeholders.

## Conclusion

The Rwandan government has demonstrated considerable political will and practical progress in creating a national social protection framework. This presents an enormous opportunity to create positive outcomes for poor people in Rwanda. A long-term social protection strategy crucially needs to consider how to address childhood poverty and vulnerability – as an end in itself and because of its links to future improved productivity and economic growth, through breaking from intergenerational transmission of poverty. Although the model is still evolving, this paper has attempted to present some of the emerging lessons on the development a child-centred social protection package, which may be of use to policy makers in other African countries.

Including provision of international consultants. Numerous government documents have been produced by international consultants, and ownership of these documents by the Rwandan government varies substantially.

# 6.3 Community Based Capital Cash Transfer (CCCT) for support of Orphans and Vulnerable Children (OVC) in Kenya

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## OVC overview in Kenya

Kenya's population is estimated at 34 million half of which are children under 18 years of age. HIV/AIDS was declared a National disaster in 1999 and it is estimated that 6.2% of Kenyan adults are now infected (1.15 million people). There are about 120,000 infected children. The number of Kenyan children who are orphaned or made vulnerable (OVC) has increased as a result of AIDS. Although no recent survey has been undertaken, it estimated that there are currently 2.4 million orphans in the country. Nationally, 2 % of children have lost their father, 4 % have lost their mother, and 2 % have lost both parents (KDHS 1998). Of all the orphans, 37 % are estimated to have been orphaned due to AID.

The family is the natural and basic unit for growth and development of children. Most OVCs live in poor communities with elderly grandparents or with other care givers who can hardly meet their own basic needs. Other orphans live in child-headed households where they have to fend for themselves. Children who lose their parents suffer stress and trauma in addition to the loss of parental love, care and protection and often their inheritance. Girls, in particular, assume caring responsibilities for ailing parents and parenting responsibilities for their siblings. With agricultural productivity negatively affected, food security is increasingly threatened, adversely affecting the nutritional status of children. Children may drop out of school, and the education of all children is affected by the impact of the epidemic on education quality. Poverty and disintegrating family circumstances expose children to exploitation and abuse.

Traditionally the OVCs would have been absorbed into the extended family system, however, this traditional social safety net is under severe threat as families struggle to feed, clothe and provide them with shelter. Strengthening the capacities of the households/communities to be able to take care of the OVCs has been identified as the key priority area in responding to the situation of OVCs in the country. It is in this regard that the Cash Transfer Program for OVCs was introduced in 2004 to support poor households taking care of OVCs. Education policies have focused on the provision of Free Primary Education (FPE) and the enhancement of secondary transition.

In 2004, a multi-sectoral National Steering Committee (NSC) on OVC was formed, under the then Office of the Vice President and Ministry of Home Affairs, charged with coordinating national responses to the OVC crisis. In the same year a Rapid Assessment, Analysis and Action Planning Process (RAAAPP) was undertaken to provide evidence based information on the national response to the OVC situation with a view to scaling up responses. A draft National Policy on OVC was developed. Based on the OVC draft policy and results from the RAAAPP, a National Plan of Action (NPA) on OVC was developed with a view to providing long term protection and access to essential services for OVC and their families, as they develop coping mechanisms.

Currently, the Ministry of Gender and Children Affairs is coordinating the development of a national strategy and policy for social protection to regulate the implementation of social protection initiatives. Cash Transfer program is one of the main components of the national strategy for social protection. The program will provide evidence on the effectiveness of cash transfers as an instrument for managing the risks and reducing vulnerability.

Kenya is currently piloting two different cash transfer programs within the government system:-
1) One of the main cash transfer initiatives in Kenya is the orphans and vulnerable children (OVC) program under the Office of the Vice president and the Ministry of Home Affairs. Under this program, the government of Kenya and development partners introduced a pre pilot cash transfer program in 2004, targeting 500 OVCs in three districts, which were further scaled up within four more districts. In the financial year 2005/06 the government allocated Kshs 30 million for cash transfer, which was increased to Kshs 56 million in 2006/07 targeting 2500 households. A total of Kshs 169 million has been allocated for scale up in 2007/08 financial year. The money has an objective of enhancing the households' capacities to meet their basic needs. Standard criteria are in place for targeting of the OVCs. The program started with disbursement of Kshs 500, which was eventually increased to Kshs 1,500 per household per month. The government is in the process of scaling up to 37 districts, which will increase the households from 16,000 in 2007/08 to 50,000 in 2008/09. The target is 100,000 households in 2012.
2) A second and much smaller scale program has been running for some years under the Ministry of Gender, Sports, Culture and Social Services,. Within the overall program two different cash transfer programs have been implemented. One them is the Community Capacity Support Program (CCSP) which provided cash assistance to the OVC through the community structures. The other program is the one that targets other vulnerable members of the community, which include the older persons, Persons with disability and the terminally ill people. This program was started in 2006 under the Rapid Results Initiative and caters for 100 vulnerable households in one district. A total of Kshs 1,000 is given per household on a monthly basis. Kshs 1.2 million was allocated for the financial year 2007/08.

## Background to CCCT program

The Community Capacity Support Program (CCSP) originated from Nutrition Rehabilitation Centres established by the Red Cross Society during the Emergency Period in the 1950s to assist destitute mothers and their children with food relief. In 1972, the Red Cross Society asked the Government of Kenya and UNICEF to finance the centres. In 1974, the Government of Kenya decided to take over five of the centres in central and western Kenya, following the recommendations of an evaluation done by the Institute of Development Studies, University of Nairobi. The centres were renamed Family Life Training Centres under the Family Life Training Program of the then Ministry of Culture and Social Services. The program expanded by establishing new centres and incorporating those run by voluntary agencies such as the Catholic Mission. The Danish Government came on board in the mid 1980s and started giving both financial and technical assistance. In the process, it helped to construct three more centers. By 1990, a total of 14 centres had been established in 13 districts.

## Approaches

Impact studies and evaluations of the program between 1987 and 1991 revealed that the centres were having minimal impact in terms of reducing malnutrition in the communities they were serving. It was therefore recommended that the program should adopt a more community oriented and preventive approach to the problem of malnutrition.

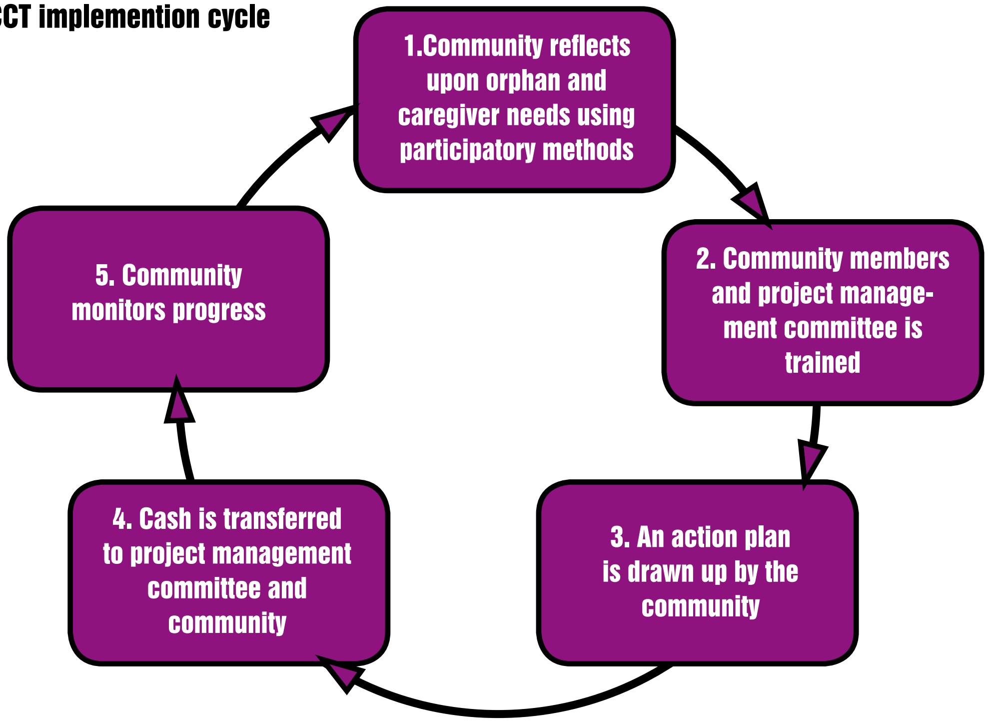
In 1995, the program started the process of shifting its focus from residential rehabilitation to a community-based approach, which targeted improved community nutrition by addressing a broad range of social development issues. The process involved piloting a community based nutrition project in Makueni District. A participatory Approach to Nutrition Security process was developed. This involved assessment of the problems faced by a community by the community members themselves and development of a Community Action Plan (CAP). Surveys carried out on the prevalence of orphan hood showed high rates of orphan hood in some regions. There were however no particular interventions in the CAPs to respond to the emerging OVC crisis.

At the end of 2002, the programs shifted its focus towards a broader social development approach hence renamed Community Capacity Support Program (CCSP). The focus was now on mobilization and sensitization of individual groups and communities to enhance their potential for reducing poverty. As part of the social development approach, the program focused on development of skills, knowledge and expertise to enable the poor people get out of the poverty traps. However, most communities indicated that in addition to the technical capacity support, financial resources are also necessary for getting out of poverty. In response, the program established a Community Initiative Fund (CIF) to supplement the community efforts after development of their CAPs.

While there has been no formal assessment of the impact of these funds, informal evaluations showed that the CIFs were highly popular and enabled communities to do things that they were not able to do before. During the feedback forums at the community level, it was clear that there were severe problems facing children who had become orphaned. To address this problem, cash transfer program was established to support the OVCs.

The program transferred a sum of ksh 400,000 to those communities who came up with a CAP for OVC. These CAPS were developed using the VDCs and the OVC Project Management Committee (PMC). In particular the PMC/OVC had the responsibility for identifying those OVC who were more vulnerable. Danida support to CCSP came to an end in December 2005.

**Figure 2: CCCT implemention cycle**




## Justification

While it was recognised that Cash Transfer Programs for the support of OVC were being established in Kenya and some other African countries, all had used the traditional (Monthly Stipend or payment of fees approach). None had used transfer of a Capital Sum to the Community. Because of the originality of this approach and the lack of information on its outcome it was important to assess the CCCT/OVC program. The outcome of this assessment plus the lessons learnt will provide information critical for policy formulation and up scaling of the CCCT concept.

## Goal

The overall purpose of the evaluation is to contribute to the formulation of the national social protection strategy and policy as well informs decision for scaling up of cash transfer programs.

## The purpose:

To evaluate the impact of the CCCT program on OVCs, process of selecting beneficiaries for cash the transfers, and the way in which the money was spent.

## Methodology

10 districts out of the 13 CCSP supported districts were selected on the basis of adequate staffing at the DSDO level and achievement of cooperation with recipient communities. Within the 10 districts there was an estimated population of 2,700 orphans. One community (from an average of three communities

per district) was sampled to represent each district. To qualify, a community had to have high orphan numbers compared to the other CCSP supported communities. In each selected community an updated list of all orphans was drawn by the VDC/PMC. From this list an eligibility list was drawn and the criteria for exclusion included; school drop outs, married, migrated and secondary school/college. A maximum of 30 CCSP supported orphaned children were systematically random sampled from the eligibility list in each community.

With the list of the sampled CCSP supported orphans, the field assistants went to the respective primary schools and with the help of school registers identified non - CCSP supported orphans and non orphans. The children in each of the three groups were matched using sex and level in school. Four communities were not able to yield the 30 CCSP supported orphans. Data on school performance and school attendance/absence for the CCSP supported orphans and their matched counterparts among the non CCSP supported orphans and non orphans was extracted from the school records by the field assistants.

### Data was collected from three groups of children:-

1) Non-Orphans

2) CCSP Supported Orphans – these had been identified by the community as the most vulnerable of all the orphans in the community

3) Non CCSP Supported Orphans – these were well recognised as orphans with potential problems but they had relatively supportive social and economic networks that made them less vulnerable

### Table 1: Sampled orphaned and non-orphaned children

| Community | CCSP supported orphans | Non CCSP supported orphans | Non orphans | Total |
|---|---|---|---|---|
| Atiar | 30 | 7 | 30 | 67 |
| Gakuyu | 30 | 25 | 30 | 85 |
| Karyaka | 25 | 1 | 20 | 46 |
| Mithumo | 21 | 13 | 21 | 55 |
| Ndiuni | 26 | 0 | 25 | 51 |
| Ng'oli | 30 | 30 | 30 | 90 |
| Nyapera | 30 | 26 | 28 | 84 |
| Ramanda | 30 | 27 | 26 | 83 |
| Ramogi | 30 | 30 | 30 | 90 |
| Roka Maweni | 20 | 18 | 19 | 59 |
| **Total** | **272** | **177** | **259** | **708** |

The data collected was entered first into Excel spread sheets then exported into SPSS 10 for analysis. The basic analysis framework consisted of comparing the school performance and attendance between the three groups of children across 2004 and mid 2007. A sub-group analysis was performed examining school performance and attendance between CCSP supported OVC groups with different expressed basic needs.

Participants in the qualitative investigations comprised key informants, Focus group discussion (FGD) members and beneficiaries (caregivers and OVCs). Two key informants were selected per community during the exercise (VDC chairperson and PMC chairperson) while one FGD (comprising of 6 VDC and PMC members) was held in each community. Beneficiaries were represented by CCSP supported orphan caregivers (3 per community) and CCSP supported orphaned children themselves.

The qualitative data collected through the key informant interviews and FGDs included:

- Purpose and objectives of the CCSP orphan support program
- Role and involvement of VDC and PMC
- Involvement of community members in the development of action plans
- Implementation of action plans
- Benefits to the orphans and community as a whole
- Sustainability of the program
- Networking with other stakeholders
- Positive and negative aspects of the program
- Challenges
- Suggestions and recommendations

The qualitative data collected from the caregivers included:
- Purpose and objectives of the CCSP orphan support program
- Personal overall impressions of the program
- Involvement in the drawing up of the action plan
- Knowledge of the resources given to the community
- Knowledge of how the resources were utilized
- Positive and negative aspects of the program
- Challenges
- Suggestions and recommendations

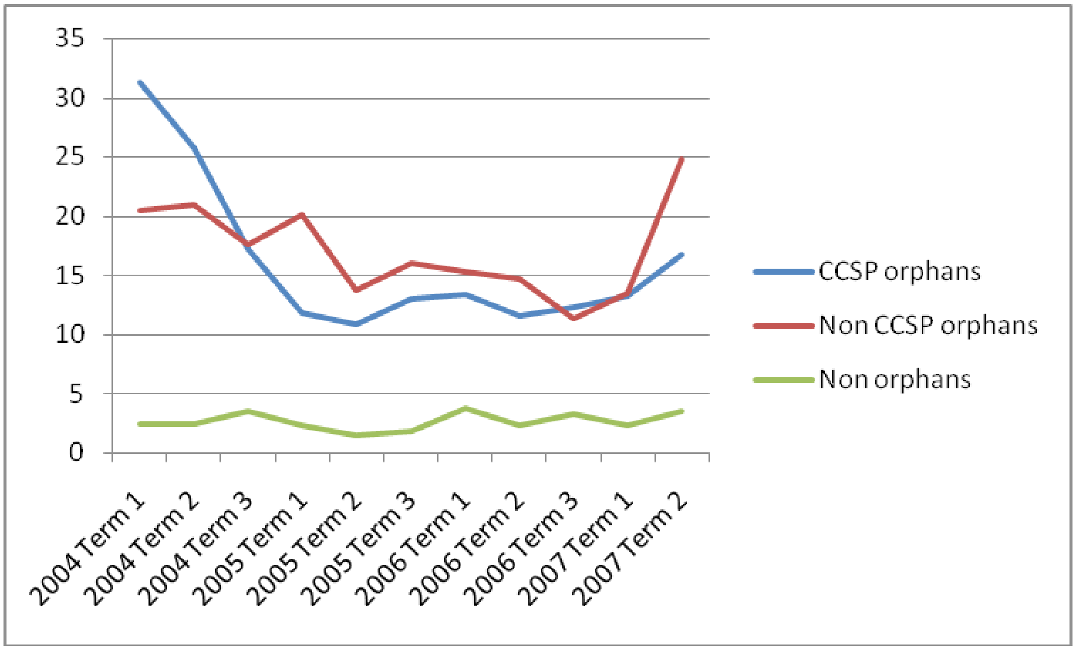
The qualitative data collected directly from the CCSP sampled orphaned children included:
- What the children enjoy doing
- Children's' greatest needs
- Sources of support
- Knowledge of orphan support programs
- Benefits from the orphan support programs
- Hindrances to school attendance
- What influences school performance

## QUANTITATIVE RESULTS

### IMPACT OF CCCT OVC SUPPORT PROGRAM ON SCHOOLING

#### Absenteeism

#### Figure 2: Absenteeism




The figure of 12 days was chosen after extensive discussion with teachers and community leaders. As most school terms are 12 weeks long, this cut-off for absenteeism represents 20% of school days missed.

Figure 2 shows that the absenteeism rates for Non-Orphans were low (<4%) and remained low during the course of the project implementation. This contrasted with the very high rates of absenteeism in both groups of OVCs at the beginning of the project. The CCSP Orphans had higher rates of absenteeism than the Non CCSP supported OVCs (p< 0.02). The figure shows that absenteeism among the CCSP supported OVCs fell from 31.3% to 11.9% within a year of starting the program and then stayed at a similar level over the next two years, remaining considerably worse than the Non-Orphans. The figure also shows the absenteeism rates for the non CCSP supported OVCs. These remained similar during the first year, remaining much higher than the Non-Orphans. However they fell slightly in year 2 and even further in year 3.

**Table 2: Mean days absent**

| | 2004 | 2004 | 2004 | 2005 | 2005 | 2005 | 2006 | 2006 | 2006 | 2007 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CCSP orphans | term1 | term2 | term 3 | term1 | term2 | term3 | term1 | term2 | term3 | term1 | term2 |
| Non CCSP | 8.18 | 7.47 | 6.50 | 5.72 | 5.18 | 5.91 | 5.71 | 5.48 | 5.86 | 5.49 | 5.25 |
| orphans | 7.26 | 7.23 | 6.93 | 7.78 | 6.57 | 6.95 | 6.78 | 6.07 | 5.83 | 6.11 | 8.46 |
| Non orphans | 3.17 | 3.33 | 3.28 | 3.56 | 3.46 | 3.69 | 3.55 | 3.40 | 3.92 | 3.11 | 3.78 |

Table 2 shows the Mean Days Absent in the three groups. The patterns were similar to those found in the analysis of the Proportion of days absent with significantly more days absent in both Orphan groups (p< 0.001). The table shows the Mean Days Absent in the three groups.

**Table 3: Proportion of CCSP OVC with high absenteeism (> 12 days/term)**

| | 2004 Term 1 | 2004 Term 2 | 2004 Term 3 | 2005 Term 1 | 2005 Term 2 | 2005 Term 3 | 2006 Term 1 | 2006 Term 2 | 2006 Term 3 | 2007 Term 1 | 2007 Term 2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CCSP orphans | 31.3 | 25.8 | 17.3 | 11.9 | 10.9 | 13.1 | 13.4 | 11.6 | 12.3 | 13.3 | 16.8 |
| Need for food | 31.8 | 31.2 | 21.5 | 21.3 | 17.7 | 17.9 | 21.2 | 20 | 24.4 | 19.3 | 31.1 |
| Need for clothes | 37.5 | 33.3 | 23.2 | 17.2 | 16.1 | 18.3 | 20.4 | 17.8 | 17.8 | 18.8 | 26.7 |
| Need for education | 34.5 | 27.5 | 13.2 | 8.6 | 5.7 | 8.6 | 6.8 | 4.2 | 5.7 | 7.9 | 8.3 |

During the interviews with the children, they were asked to rank their greatest need (food, clothes or education). The table shows that those who felt that food or clothes were their greatest need had much higher rates of absenteeism than those who felt that lack of education was their greatest problem.

## Academic Scores

The cut-off score of 250 (out of a possible maximum of 500) was used as poor academic scores.

**Table 4: Proportion of children with low scores (< 250 Marks)**

| | 2004 term1 | 2004 term2 | 2004 term 3 | 2005 term1 | 2005 term2 | 2005 term3 | 2006 term1 | 2006 term2 | 2006 term3 | 2007 term1 | 2007 term2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CCSP orphans | 55.2 | 56.0 | 52.4 | 57.1 | 52.6 | 47.9 | 45.7 | 45.4 | 44.8 | 50.9 | 47.2 |
| Non CCSP orphans | 42.4 | 42.2 | 44.0 | 48.8 | 51.8 | 45.3 | 49.2 | 51.1 | 47.5 | 48.6 | 42.9 |
| Non orphans | 40.2 | 39.2 | 35.4 | 42.7 | 38.4 | 39.3 | 43.3 | 46.9 | 42.0 | 49.8 | 49.2 |

Table 4 shows the % of CCSP supported OVCs with low scores was higher than Non CCSP supported OVCs and the Non Orphans at baseline (p<0.001). The CCSP supported OVCs improved towards the levels in Non CCSP OVCs in the second and subsequent years of the program. The proportion with low scores in the Non CCSP supported group and the Non Orphans did not have a particular pattern

## Mean Academic Scores

### Table 5: Mean scores

| | 2004 term1 | 2004 term2 | 2004 term 3 | 2005 term1 | 2005 term2 | 2005 term3 | 2006 term1 | 2006 term2 | 2006 term3 | 2007 term1 | 2007 term2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CCSP orphans | 250 | 247 | 258 | 247 | 254 | 255 | 251 | 255 | 261 | 251 | 257 |
| Non CCSP orphans | 258 | 257 | 258 | 250 | 254 | 243 | 248 | 249 | 247 | 247 | 252 |
| Non orphans | 267 | 269 | 268 | 261 | 270 | 264 | 257 | 255 | 256 | 251 | 252 |

Table 5 shows that the CCSP supported OVCs had consistently worse scores than Non Orphans in years 1 and 2. Similarly the Non CCSP supported OVCs were also worse than the Non Orphans. The CCSP supported OVCs scores improved during year 1, 2 and 3. Indeed their scores tended to be better than the Non CCSP supported OVCs in the second and third years of the program.

### Table 6: Mean academic scores according to Priority of Basic Needs

| | 2004 Term 1 | 2004 Term 2 | 2004 Term 3 | 2005 Term 1 | 2005 Term 2 | 2005 Term 3 | 2006 Term 1 | 2006 Term 2 | 2006 Term 3 | 2007 Term 1 | 2007 Term 2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CCSP orphans | 55.2 | 56 | 52.4 | 57.1 | 52.6 | 47.9 | 45.7 | 45.4 | 44.8 | 50.9 | 47.2 |
| Need for food | 58.7 | 58.1 | 54.8 | 55.8 | 55.9 | 53.2 | 49 | 51 | 51.6 | 52.1 | 53.7 |
| Need of clothes | 54.6 | 56.6 | 53.9 | 57.4 | 53.3 | 48.5 | 47.4 | 46.2 | 44.7 | 49.7 | 47.1 |
| Need for education | 54.1 | 54 | 49.4 | 51.5 | 44.7 | 41.2 | 37.7 | 38.1 | 37.3 | 43.1 | 37.6 |

This table shows the different responses in the subgroups of CCSP supported OVCs according to their expressed priority needs. Those who felt that lack of food was the most important did the worst and those who felt that education was the most important did the best.

### Fig 3 Proportion with low scores (< 250 Marks)

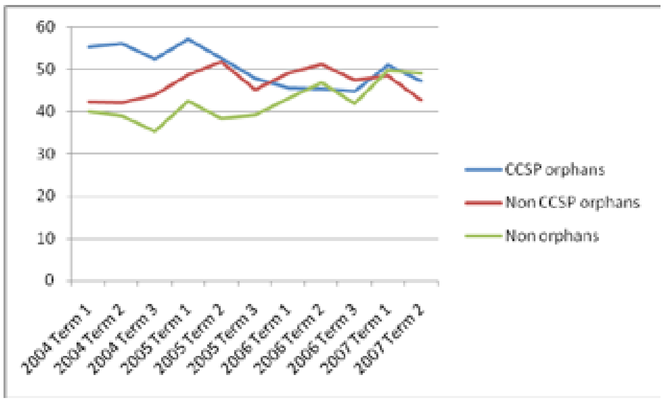
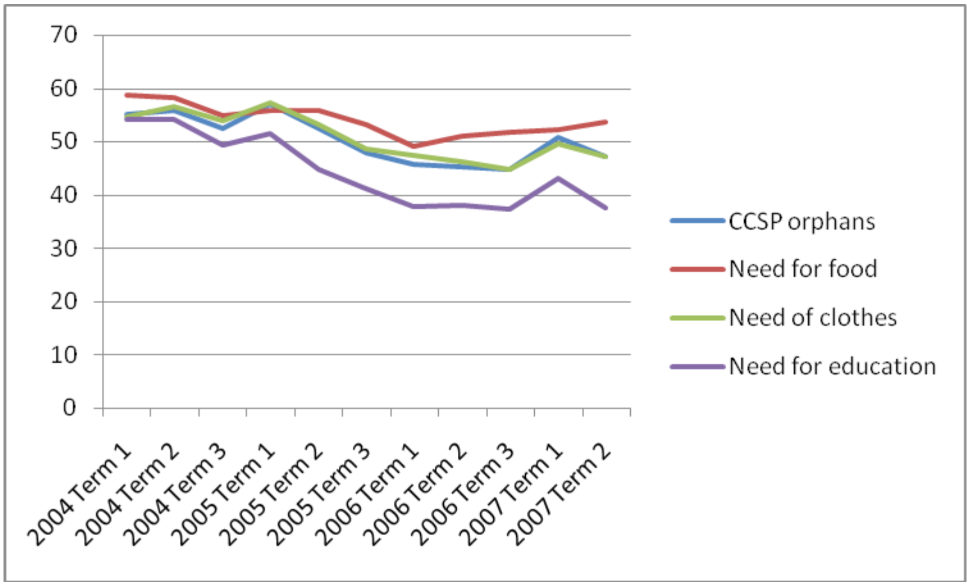


Figure 2 shows the fall in the % of CCSP OVCs who had low scores and relatively stable rates among the Non CCSP OVCs during the program. It also shows the slight deterioration among the Non OVC

### Fig 4: Proportion of CCSP OVCs with low scores (< 250 Marks)




This figure shows that the % of CCSP OVCs who had low scores was highest among those who perceived need for food or clothes than among those who felt that the need for education was their greatest need. The % with low scores fell during the program.

### Table 7: Mean Scores for Boy vs Girls among CCSP supported Orphans

| | 2004 term1 | 2004 term2 | 2004 term 3 | 2005 term1 | 2005 term2 | 2005 term3 | 2006 term1 | 2006 term2 | 2006 term3 | 2007 term1 | 2007 term2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Male | 255.5 | 254.9 | 266.6 | 245.0 | 253.9 | 253.2 | 248.7 | 256.3 | 263.6 | 250.1 | 257.5 |
| Female | 244.5 | 239.8 | 249.1 | 249.2 | 253.8 | 257.7 | 254.2 | 253.0 | 258.9 | 252.7 | 256.8 |
| P-value | 0.265 | 0.124 | 0.093 | 0.665 | 0.987 | 0.657 | 0.521 | 0.729 | 0.625 | 0.767 | 0.938 |

This table shows that among CCSP supported OVCs the boys did better than the girls in the first year of the program but thereafter there was no difference.

### Table 8: Mean Scores for Boy vs Girl among non-CCSP supported orphans

| | 2004 term1 | 2004 term2 | 2004 term 3 | 2005 term1 | 2005 term2 | 2005 term3 | 2006 term1 | 2006 term2 | 2006 term3 | 2007 term1 | 2007 term2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Male | 255.6 | 252.4 | 249.2 | 249.8 | 253.2 | 244.8 | 244.8 | 247.7 | 244.8 | 243.5 | 253.3 |
| Female | 260.7 | 261.1 | 266.2 | 250.6 | 254.8 | 249.4 | 251.0 | 249.7 | 249.7 | 250.7 | 251.7 |
| P-value | 0.679 | 0.404 | 0.138 | 0.942 | 0.886 | 0.769 | 0.510 | 0.854 | 0.602 | 0.414 | 0.862 |

This Table shows that among Non CCSP supported OVCs, girls tended to have higher scores in the first year of the program but thereafter the scores were similar between boys and girls.

### Table 9: Mean Scores – for Boys vs Girls among non orphans

| | 2004 term1 | 2004 term2 | 2004 term 3 | 2005 term1 | 2005 term2 | 2005 term3 | 2006 term1 | 2006 term2 | 2006 term3 | 2007 term1 | 2007 term2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Male | 253.1 | 260.5 | 258.5 | 252.8 | 258.8 | 258.4 | 255.6 | 252.0 | 255.3 | 247.8 | 249.8 |
| Female | 281.6 | 279.1 | 277.9 | 270.7 | 258.6 | 270.8 | 259.4 | 259.0 | 256.0 | 254.6 | 254.9 |
| P-value | 0.007 | 0.070 | 0.056 | 0.058 | 0.019 | 0.202 | 0.698 | 0.454 | 0.945 | 0.429 | 0.506 |

This Table shows consistently higher scores for Girls than Boys among Non OVCs, especially during the first year of the program

### Table 10: Absenteeism (No of days absent) among CCSP supported orphans

| | 2004 term1 | 2004 term2 | 2004 term 3 | 2005 term1 | 2005 term2 | 2005 term3 | 2006 term1 | 2006 term2 | 2006 term3 | 2007 term1 | 2007 term2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Male | 7.1 | 7.2 | 5.9 | 5.5 | 5.5 | 5.8 | 5.6 | 5.4 | 5.8 | 5.2 | 5.6 |
| Female | 9.2 | 7.8 | 7.2 | 6.0 | 4.9 | 6.0 | 5.8 | 5.5 | 5.9 | 5.7 | 5.0 |
| P-value | 0.89 | 0.512 | 0.160 | 0.556 | 0.474 | 0.768 | 0.783 | 0.901 | 0.925 | 0.584 | 0.650 |

This table shows that among CCSP supported OVCs Girls tended to be absent for more days than Boys (NS). While the absenteeism improved during the course of the program, girls tended to be away from school more than boys throughout the program.

**Table 11: Absenteeism (No of Days Absent) among non CCSP supported orphans**

| | 2004 term1 | 2004 term2 | 2004 term 3 | 2005 term1 | 2005 term2 | 2005 term3 | 2006 term1 | 2006 term2 | 2006 term3 | 2007 term1 | 2007 term2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Male | 7.11 | 7.2 | 6.2 | 7.1 | 6.0 | 7.1 | 6.8 | 5.8 | 5.5 | 5.9 | 7.8 |
| Female | 7.40 | 7.3 | 7.6 | 8.4 | 7.1 | 6.8 | 6.8 | 6.3 | 6.2 | 6.3 | 9.0 |
| P-value | 0.820 | 0.953 | 0.268 | 0.353 | 0.373 | 0.855 | 0.999 | 0.612 | 0.509 | 0.718 | 0.474 |

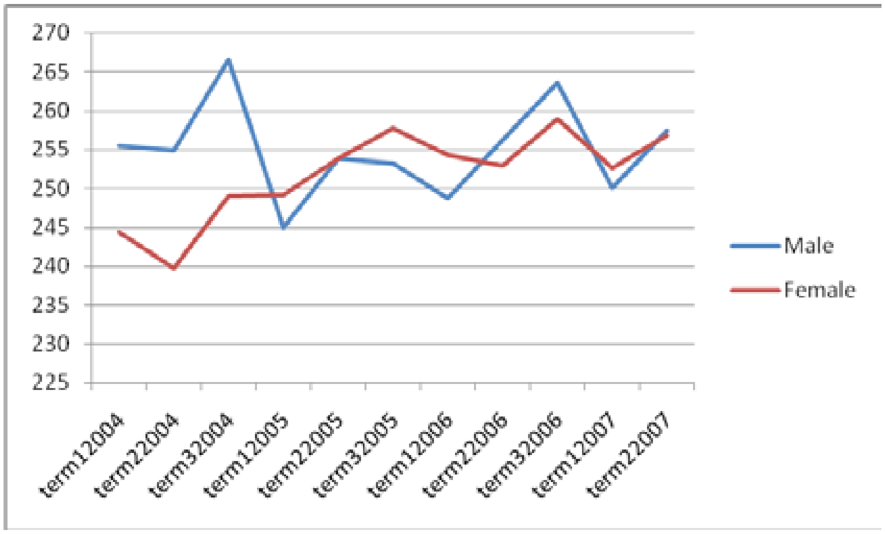
Table 11 shows similar absenteeism among Non CCSP supported OVCs between Boys and Girls throughout the program.

**Table 12: Absenteeism (No of Days Absent) among non orphans**

| | 2004 term1 | 2004 term2 | 2004 term 3 | 2005 term1 | 2005 term2 | 2005 term3 | 2006 term1 | 2006 term2 | 2006 term3 | 2007 term1 | 2007 term2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Male | 3.34 | 2.90 | 3.55 | 3.65 | 3.69 | 3.94 | 3.77 | 3.35 | 3.50 | 3.18 | 3.27 |
| Female | 2.98 | 3.79 | 2.99 | 3.46 | 3.21 | 3.41 | 3.28 | 3.45 | 4.41 | 3.03 | 4.34 |
| P-value | 0.526 | 0.120 | 0.295 | 0.729 | 0.361 | 0.317 | 0.385 | 0.845 | 0.200 | 0.755 | 0.187 |

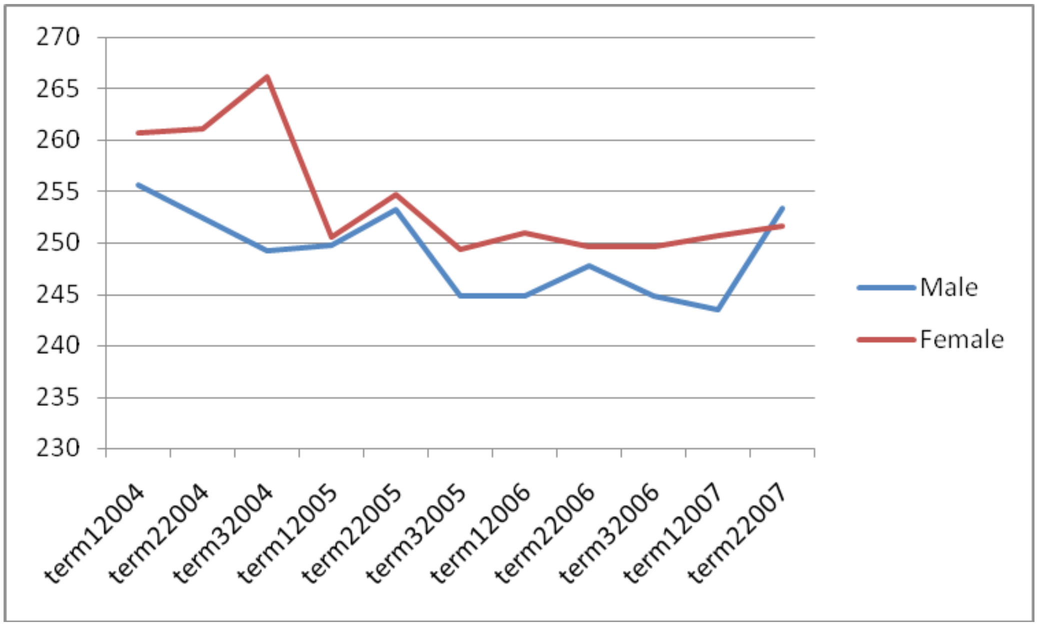
Table 12 shows similar absenteeism among Non Orphans between Boys and Girls

**Figure 5: Scores for CCSP supported orphans by gender**




This figure shows that among CCSP supported OVC girls did worse than Boys in the first year of the program but caught up wit the boys in the second and third years of the program.

**Figure 6: Scores for non CCSP supported orphans by gender**




This figure shows that among the non CCSP supported orphans, the girls performed better than the boys, consistently throughout the program.

**Figure 7: Scores for non orphans by gender**


This figure shows that among the Non orphans the Girls perform better than the Boys, consistently throughout the program

## INTERPRETATION OF QUANTITATIVE RESULTS

The school attendance and performance at baseline of CCSP supported orphans were clearly worse than Non CCSP supported orphans and Non orphans. We suggest that this indicates an effective selection system by the community groups (the VDCs and PMCs) in identifying the more marginalized and vulnerable children. It is recommended that further work on assessing the selection of vulnerable children would be worth doing in the future.

The performance of CCSP supported orphaned children improved during the course of the program as shown by the proportion of CCSP supported orphans getting low academic scores over time. The increase could be due provision of food, material and psychological support which made life much better for this vulnerable group.

The level of absenteeism remained uniformly low for non orphans through out the entire period whereas the level of absenteeism for both CCSP supported orphans and non CCSP supported orphans dropped although never catching up with non orphans. The drop could be attributed to the free primary education implemented in 2003. However the drop among the CCSP supported orphans was more dramatic. This could be due to the extra support mechanisms/ initiatives for the CCSP supported orphans.

Towards the end of 2006 and early 2007, the level of absenteeism among the CCSP supported orphans and Non CCSP supported orphans started increasing. This could be explained by the fact that schools on a whole started re-introducing some levies (tuition, activity, furniture etc) some of which they initially thought the government would support but that was never to be. However the increase is sharper for the non CCSP supported orphans who now appeared more exposed to external risks but hinting to a more cushioning effect among the CCSP supported orphans.

The CCSP supported orphans who said that they had a problem in getting enough food support performed worse off academically, implying that food availability was probably a key factor associated with school performance. These orphans with high food needs were most likely not going to school because of hunger and hence were busy looking for food. Similarly the CCSP supported orphans who exhibited a high need for education performed relatively better. This could be because their basic needs such as food had already been made to a greater extent. It was not possible to assess for sure whether those who felt that education was their basic need were from households where food, clothes and shelter had already been provided. However this data emphasizes that within the CCCSP supported Orphan group there were considerable differences in their response to the program.

The data shows important gender differences. Girls tended to be absent more initially and to do worse academically than boys in the CCSP supported group. As a result of the support given to the CCSP supported group there was improvement in the girls such that they achieved similar scores to the boys by the end of the program.

# QUALITATIVE RESULTS

## COMMUNITY'S PERCEPTION ON CCCT

### Knowledge and aims of the CCSP Orphan Support Program

The overarching aim most frequently reported was "to mobilize the community in orphan care and support". The aims involved two categories;
1) The provision of basic and immediate needs and
2) Building the capacity of the community in orphan care and support beyond just providing money. They saw the need for improvement of well-being for OVC that went beyond traditional basic needs of food, shelter clothing and education.

### Planning of CCSP orphan support program

There was a high level of understanding of the overall planning process of the program. People understood that eligibility for targeting communities was based on the scale of the problem in a community and they appeared to understand and accept that all communities would not be included in the program.

### Development of Community Action Plan

Key important aspects which were encouraging from a social development perspective were the involvement of the community members, the large number of people involved with the development of the CAP, the frequency of meetings, the openness to change and the experience of negotiating to achieve an acceptable CAP without having one imposed on them.

### Financial Administration

The detailed way and openness of the system established resulted in a very high level of public scrutiny and accountability of expenditure. The program had a clear and consistent financial system which had to be adhered to. The program gave a high standard of training to the community committees before funds were disbursed. Cheques were sent from program headquarter through the DSDO to the VDCs/PMCs. Cash was withdrawn to pay for activities which had been agreed on at a community meeting. The VDCs/PMCs were accountable to the DSDO who in turn was accountable to the program headquarter.

### Roles of the DSDOs

The DSDO had the responsibility for mobilizing the communities at the onset of the program and coordinating activities. Together with the inter-sectoral teams, the DSDO played a facilitating and role. A key role of the DSDOs was to link the community with the relevant government department
Activities carried out with Community Funds

The range of activities carried out by the OVC funds differed between the communities. The majority of communities focused on income generating activities (IGA) or food security activities whilst few communities spent their funds on basic needs such as housing, school fees and uniforms. The most popular activity was the dairy goat scheme. This had the advantage of giving responsibility and support directly to the OVC who benefited nutritionally and financially from the goats milk. While it was not possible to give precise figures on how much the capital cash transfer resulted in food production, the interviews gave a clear indication that food production had improved.

### Problems and challenges faced

Several communities wrote very ambitious action plans that would require millions of Kenyan shillings. When they realized the ceiling was ksh. 400,000 the communities had to re-design their CAP. While this was perceived as a difficulty by some, this was also worked as a stimulus for VDC and PMC members to apply for funding from elsewhere. Additionally, there were errors of communication and some communities did not receive their full quota of ksh. 400,000.

Other challenges to the project identified included; inadequate resources and the rising numbers of orphans. Volunteerism proved to be a recurrent problem, in particular when there were no immediate benefits to the person volunteering. Unexpected costs such as the treatment of diseased goats and oxen were also mentioned as a difficulty. Other difficulties mentioned included the delay in achieving benefits due to theft of animals, religious differences and political interferences. It was not possible to know how widespread these issues were.

Focusing on a limited number of orphans and caregivers sometimes caused some conflict and disagreements. Some caregivers felt that VDC members used the orphans as a mean to benefit from the program.

### Community Suggestions for Improving the Program

Many community members felt strongly that by coming together more as a community and increasing participation and partnerships, their difficulties would diminish. This acknowledgement ran alongside the suggestions that communities should draw on local resources which would subsequently lead to greater ownership. Interviewees were keen to see wider recognition of what they had achieved. They were very positive about reports and advocacy of their programs to a wide range of resource providers.

### Sustainability

There was continuation of activities of the CCST communities due to the capacity building and training which they received from the CCSP and the CCCT for OVC program. People were well aware of how the Action Plan had been developed. Sometimes this occurred using their own people only, at others they had asked for the advice of individuals and NGOs from outside the community.

### Concluding Comments

Obtaining community perceptions is never easy, especially when the implementing organization is involved in the evaluation. However, careful efforts were made to limit expectations and to encourage free expression. There were many inspirational examples of people and projects in which the needs of OVC were taken very seriously by communities. It is not possible to know whether all the development activities which had been “kick-started” by the CCCT would have been achieved in other ways including stipend based cash transfer. However we conclude that the provision of capital resulted in some remarkable projects, designed by communities which benefited their OVCs.

### OVC'S PERSPECTIVES
### Orphan perspectives of life

Play, sports or singing were mentioned by almost all the children as activities they enjoyed doing. They also enjoy spiritual activities such as going to church and singing in choirs. They expressed strong feelings of enjoyment about giving service to others. They achieve enjoyment in household tasks. Many of the children also mentioned caring and household duties as areas they needed support with. Interpersonal care from caregivers through the assistance of homework and psychosocial support was also mentioned.

Most of the orphans described their life as difficult, sad, lonely and without hope and parental love. Parental death was often mentioned as a turning point and route into poverty. The children also reflected on orphan hood as a period of hard work, abuse and teasing. Exploitative labour and abuse was identified. OVC are in need of basic food, clothes, shelter and education. It seems that the CCCT program gives a range of options for children to develop skills and generate income and food.

### Orphan perspectives on school attendance and performance

Disease and poverty stood out as some of the core reasons why the orphans missed school and performed poorly. This includes illnesses suffered by their caregivers and parents. Many children reported staying home caring for an ailing guardian or younger family member. Due to a lack of food, children reported being unable to concentrate in school. A lack of teachers and inadequate school materials left many schools and students ill-equipped for quality education.

Many of the responses reflected psychosocial issues such as a lack of concentration due to parental bereavement, insecurities about the future and fear about exams and teachers. Other children stated that lack of paraffin, to have light for studying, was the reason why they performed poorly in school. Any form of cash transfer needs to recognize why children are not going to school in their particular situation and whether the provision of cash will actually ameliorate the situation.

### Sources of support according to orphans

Children from all 10 districts were aware of CCSP and reported receiving some sort of benefit. Goats, beehives, school uniforms, oxen and ploughs, seeds, sheep and clothes were just some of the items that the orphans identified as benefits from CCSP. Children mentioned neighbours, friends, governmental, non-governmental and Faith-based organizations as other sources of support during hardship. These are still insufficient, judging by expressed needs of the children.

## Concluding Comments

Many adults in the communities where CCCT is working showed deep levels of concern, compassion and action. The information in this chapter highlights that children need more than the basic needs of food, shelter, clothes and education. They also need to develop skills and competencies in themselves and they need to gain confidence and value themselves. They are unlikely to achieve these if Cash Transfers focus on provision of basic needs alone. The results of our study indicate that the social mobilization of communities involved in Capital Cash Transfer enables children to benefit in a wide range of domains.

## OUTCOMES OF THE CCCT/OVC PROGRAM

### Benefits from CCCT activities and process

Improvement in food security has been reported. This was mainly due to purchase of dairy goats and oxen leading to improved crop production. There was evidently improved availability of cash in some of the households. There were examples of households with improved shelter. There were many cases of improved school attendance. The CCCT program resulted in considerable attitude and behavioural change. The greater focus on the needs of OVC was notable and there was a clear change from an attitude of “this is a disaster which is beyond our control” to “we can do something about this”.

There was recognition that government departments were responding positively by giving resources for orphan support. The psychosocial benefits of the CCCT program are amongst the strongest and most powerful benefits of CCCT. It is clear that the CCCT process had indeed built competence of communities and caregivers on orphan support. Many community members declared a sense of empowerment as a result of their involvement with CCSP. The CCCT process promoted generalized norms of trust and reciprocal help, high levels of civic engagement and a strong positive local identity.

### Changes observed in the community

Results show that there were changes within the community which continued long after the capital sum had been provided.

### Benefits for OVC caregivers

Although the target group of CCCT for OVC was orphans, in many communities focus was caregivers as well. The caregivers received a lot of information through PMCs and by networking with other caregivers.

### Support for OVC after the end of the CCCT

Many of the communities were successful in attracting funds from elsewhere using the same structure initiated by CCST. The ability to attract funds from other sources may be an indicator of sustainability and success in monitoring the outcome of future CCCT programs.

### LESSONS LEARNED FROM THE PROGRAM

The process of Planning and Financing of the CCCT/OVC program based on a baseline surveys with the participation of community was felt to be extremely important in strengthening community capacity. While most communities planned their CAPs according to the ceiling of ksh 400,000 there were several communities that planned for activities way above this amount. Evidently this provided the basis for a link with other support agencies. The structures at the community level and the technical teams were facilitated to implement and monitor OVC activities. This enhanced accountability and successful implementation of activities. It would be good if the expertise and experience of the technical teams could be used more effectively in future CCCT/OVC programs.

The CAPs were generally very carefully considered from the perspective of how to improve support of the OVCs. There was a great range of activities. The activities included paying for school levies, uniforms, books, and capital enterprises such as Posho mills, livestock keeping and other development activities. It would be good if in future CCCT/OVC programs there are development and use of training curricula and materials based on the experiences of the current CCCT/OVC program in communities. In particular it would be valuable to evaluate the benefits for OVC under the Stipend Based Cash Transfer Programs as compared to CCCT/OVC program

During the interviews with children, it became clear that they had very important views on life, school and resources that they needed and/or wanted. These insights into children's perspectives were particularly important and appeared to have been largely neglected in some areas in the assessment process and the planning of the CAPs. It would be valuable to assess and respond to what orphan children experience in their emotional and psycho-social lives in addition to the basic needs of education, food, healthcare and shelter. It would also be valuable if future OVC CAPs included activities on supporting/ mentoring orphans.

Children enjoyed doing the things that adults expect them to enjoy such as games and sport and attending social events. However it was striking that many orphans enjoyed looking after siblings and elderly relatives. They also enjoyed spiritual activities such as church and choir. Such activities gave them a sense of worth and achievement. It would be valuable to assess, in baseline surveys what children experience as enjoyable, worthwhile activities rather than assume that their lives are full of misery. Discernment on how community leaders and members can support orphans in these issues is recommended.

Children gave insightful reasons why they did not attend school regularly. These reasons included the need to look for food, care for sick relatives as well their own health. The availability of healthcare for orphans was not adequate. There is need to enhance the school health program.

While the abolition of school fees in 2003 has been welcomed strongly by poor families, the children identified many barriers that still stopped them from getting to school; lack of money for levies, uniform, books etc. It would be valuable if there was an urgent response by education authorities and community leaders to address such barriers. Children further identified several barriers which explained the reasons for their poor academic performance. Interviews showed how many of these barriers had been alleviated as a result of the CCCT/OVC program. It would be valuable to check the impact of different types of CAP on school performance.

Children and their caregivers mentioned a wide range of organizations other than the CCCT/OVC program that supported children in their community, especially with resources to enable them to attend school. These organizations were probably attracted by the reputation of good project management by the VDC and PMC. It would be valuable to assess the reasons for these organizations selecting particular communities for OVC support.

The variety of activities resulting from the cash transfer was remarkable. This indicated the way that ideas and plans were encouraged to arise from community groups rather than being prescribed by the DSDOs and other technical personnel. The potential for community attitudes and practices to change as a result of being involved in the CCCT/OVC program is considerable but not explored fully in this evaluation.

Perhaps the greatest response from the interviews and FGDs was the remarkably positive views expressed about how the community had changed as a result of the CCCT/OVC program. Care should be taken lest the responses are over-interpreted. These communities may have been hoping that if they answered in a “developmentally positive manner” they might get more funds. However, Danida had stopped funding several years previously and it was made clear that there were certainly no plans to reintroduce Community Based Capital Cash Transfer. It would be valuable to assess the sustainability of activities under stipend based cash transfer and the CCCT/OVC program with respect to the why certain activities continued. Do these positive views of the change brought about by the program reflect new opportunities arising from more money in society or are they at least in part, the result of social mobilization and social capital arising from the CCSP program?

There were many important features of life that were said to have improved such as health, poverty, food security, hope and feeling of self worth. Many of these are difficult to assess objectively in such a small study. It would be valuable to assess these variables in future studies.

There were consistent reports of caregivers receiving help from the CCCT/OVC program. This might seem at first sight to be a negative response as the program was supposed to assist orphan children. However in the traditional Kenyan cultures of the communities in the study there are frequent exchanges of resources between adults and children. It is believed that improved health and well being of adults is important in enabling children’s to development. It would be valuable to examine the importance of improving the welfare of the caregivers as a means of improving education, nutrition and health outcomes of children.

One of the advantages of doing this study some years after the funding had ceased was the opportunity to assess whether the social processes started by CSSP continued. The data showed clearly that the processes continued, supported by the DSDOs but without the added incentive of cash. It would be valuable to compare the impact of stipend based cash transfer and community based capital cash transfer on social processes. There were many impressive suggestions arising from the communities and it would be important to know whether there are particular suggestions that lead to improved welfare of Orphans. It would be valuable to assess the feasibility of these suggestions within the available GOK and donors’ resources for inclusion in future cash transfer programs.

Several chapters show that there were serious problems facing those orphans selected as being most vulnerable. Their higher rates of absenteeism give clear evidence that the VDC and PMC made correct choices of most vulnerable children. Impressively the school attendance rates improved in the second year of the program for both groups of Orphans (the vulnerable and not so vulnerable). However attendance of both CCSP supported OVCs and Non CCSP supported OVCs remained worse than Non OVCs throughout the program. However academic performance of CCSP OVCs caught up with the performance of non OVCs. Thus school performance is not necessarily determined by school attendance alone. It is clear that the CCCT/OVC program had positive impact on the situation of Orphans but did not completely eliminate their disadvantage compared with Non-Orphans. The most likely explanation is that CCSP supported orphans were from very poor families and the level of support was not sufficient to completely eliminate the inequality between orphans and non orphans. It would be valuable to assess in detail what exactly contributed to the marked improvement in the performance of CCSP supported OVC.

The data presented in this report identifies many positive results from social development activities, supported by community based capital cash transfer. These were not restricted to benefits for Orphans. It appears that understanding of how community groups work most effectively coupled with capacity building was a key part of the success of this program. It would be valuable to introduce community based capital cash transfers in other poor communities in Kenya who have been prepared and supported in social development processes and program management.

The vulnerable orphaned girls, who were away from school performed poorer academically at baseline. However their performance improved during the program implementation. It would be valuable to assess the parts of the program that were responsible for this remarkable change in performance.

## Policy Implications of findings from evaluation of CCCT/OVC program

### Selection of vulnerable children

A key question is the selection of vulnerable Orphans and how effective the selection process was. The CCCT program uses an established community based system of targeting in which community members who are familiar with the social and economic context of the households make the selection of vulnerable Orphans. This is based on community knowledge and is widely discussed by the OVC Support Committees and the community. Since this mechanism has proved successful in targeting the most vulnerable within the CCSP supported communities, other development agencies should consider it in the design of their targeting procedures for the vulnerable.

### Effectiveness of CCCT in reducing vulnerability of orphans and households

It was extremely interesting to see the range of innovative activities that were started as a result of the funds from the CCCT project. Many of these resulted in increased food production. While the CCCT study did not document precisely the increase in amount of food produced as a result of the capital cash transfer it was very clear from the interviews that food production had increased. CCCT is an effective means of increasing food production among poor households. It can therefore be introduced more widely as a means of increasing household food security through supporting innovations towards food production.

### Effectiveness of CCCT in developing social capital

Much of Kenyan society relies on doing things together. Often there are great plans for action but no financial capitals to enable the communities implement their plans. This is where the CCCT program has been extremely effective. The participatory process that enhanced involvement of the communities in developing specific activities for the support of vulnerable orphans made the communities to become "OVC competent". The CCCT evaluation showed that experiences and skills in planning and management had remained with the communities by 3 years after the formal process had stopped. This was clearly due to the sense of ownership the communities gained, facilitated through the participatory process something which is vital for the sustainability of the OVC care and support activities. The CCCT results give an experience and indeed suggest that existing community capacity can be tapped and where it is not present it can be developed for the effective support of vulnerable orphans.

### Effectiveness of CCCT in improving school attendance and academic achievement

A key well-recognized problem faced by vulnerable OVC in Kenya is their inability to attend school regularly. This leads to poor academic performance. The results of the CCCT evaluation showed that there are many pressures which stop orphans, especially vulnerable orphans, from attending school. The striking improvement in school attendance and academic performance among vulnerable Orphans as a result of the CCCT program was remarkable. CCCT is an effective means of improving school attendance and academic performance which may eventually lead to the reduction of inter-generational gap.

### Cost-effectiveness of the Community Based Cash Transfer

It was not within the framework of the present CCCT evaluation to assess cost effectiveness of the program. However within the communities studied there were on average about 50 vulnerable orphans. All communities received about $5,000 putting an average cost for supporting a vulnerable orphan to $100. Apart from that, there are the administrative costs at different levels of program implementation and training of community groups. Preliminary estimates of such costs amounts to about 30% of the capital cost, thereby providing a figure of $130/vulnerable Orphan. This seems to be cheaper in terms of delivery as compared stipend based cash transfer.

### Efficiency of CCCT – from the perspective of efficient use of money

The CCCT study was remarkable in that careful assessment showed extremely little evidence of corruption or theft. This is important because many national policy makers and donors have been concerned for probity in cash transfer systems. Majority of communities developed clear plans and put these into practice with clear lines of accounting and financial reporting. it was encouraging to see that the skills that communities acquired in project formulation and management assisted them in accessing funds from a wide range of sources other than the CCCT funds. CCCT as an effective, accountable means of transferring capital to poor communities

## Conclusion

The well documented National Plan of Action has a very large range of activities, with a high level of administrative activity, monitoring and evaluation. It depends on an efficient targeting of communities and households. It has clear guidelines for how much cash will be given and who is responsible for distributing the cash. The National Plan of Action has involved widespread consultation with key stakeholders. In light of the findings of the CCCT evaluation, there is need to identify areas in which the National Plan of action can borrow good practices for enhanced implementation of the programs. There are specific ways in which the CCCT program can provide experience especially for support to vulnerable orphans. These experiences could be incorporated within the future development plans.

# 6.4 Plugging the Holes: Mirroring Children in Uganda's Social Protection Agenda

**Simon Enamu**[207]

## Abstract

Social Protection interventions are essential to address the rights of children, particularly those with specific vulnerabilities. Well designed and executed Social Protection mechanisms can be effective in reducing child poverty and breaking the cycle of intergenerational diffusion of poverty. This paper adopts the broader definition of Social Protection which considers public and private interventions that respond to livelihood shocks, economic and social risks that drive and perpetuate poverty and vulnerability[208]. The full range of Social Protection interventions includes protective, preventive, promotive and transformative measures offered by the public and private[209] sectors. Social Protection must therefore address vulnerability associated with 'being poor' (for which social assistance is needed) and vulnerability associated with 'becoming poor' (for which social insurance is required)[210].

From the outset, I would like to reiterate that the situation of children must be understood, appreciated and considered in the design and delivery of Social Protection interventions in Uganda. This paper specifically underscores the following glaring issues that Social Protection actors must reflect on as they craft an inclusive Social Protection roadmap.

Children are the majority of the population: Children constitute over 55.4% (15.6 m) of Uganda's 28.2 million people[211]. By statistical inference, one can conclude that every action taken or not taken impacts on children more than any other demographic group. Discussions on poverty, Social Protection and national development in general must take into account the bigger part of the population - the children.

Children constitute the majority of the income-poor: Children make up over 50% (5.5 million) of people living in poverty (MoFPED, 2007). Child poverty is when a person below 18 years has a standard of living inadequate to ensure his/her right to survival, physical, mental, spiritual, moral and social and political development. An adequate standard of living is itself dependent on access to human, economic, organizational and political assets and resources that are controlled by the child or those responsible for him/her including the immediate family, community, state, and international community (SC UK, 2002). As noted above, a significant number of children in Uganda are far from attaining a reasonable standard of living. Uganda's efforts towards achieving "Growth, Employment and Prosperity for All"[212] and in realizing other commitments such as the Millennium Development Goals (MDGs) cannot be attained without addressing child poverty - hence the need to integrate children in national poverty eradication plans and interventions.

[207]Programme Officer, Policy and Research,Uganda Child Rights NGO Network
[208]Adapted from Devereux and Sabates, 2004
[209]See Devereux and Sabates, 2004 for deeper description of these measures
[210]This illustration is adapted from Devereux, Lwanga-Ntale and Sabates 2002:4
[211]Cited from Background to the Budget FY 2007/8
[212]Proposed theme of the National Development Plan (NDP)

Vulnerability of children: Children by their very nature are more vulnerable than other population groups. They start their lives as completely dependent human beings, are usually voiceless and have immature capacities. A major thrust of the Poverty Eradication Action Plan (PEAP) and the related Poverty Action Fund (PAF) was geared on interventions that directly address poverty. It has been argued that investing in vulnerable groups, more so poor children, is not directly addressing poverty but is rather a social welfare intervention. Evidence has, however, demonstrated that poverty reduction efforts that ignore the concerns of the vulnerable groups remain futile.

Child poverty has been kept invisible: I would like to disagree with the assertion that child poverty is invisible. To the contrary, child poverty has been kept invisible by poverty eradication strategies that focus at the household level with the assumption that children will automatically benefit from 'perceived household progress.' Intra-household dynamics that determine sharing of power and resources usually work to the detriment of children. As we discuss Social Protection today, we must come to terms with the fact that children's interests are not always synonymous with those of adults and that poverty does not impact on a child the same way it does on the household. Children are poor if they (boys and girls) are growing up without adequate access to financial and nutritional resources; opportunities to fulfil their potential in life; a nurturing family and community; emotional, personal and spiritual support; recognition and respect[213]. Addressing these realities in the context of the Social Protection agenda in Uganda is a prerequisite for delivering children[214] from the trap of poverty[215].

The intergenerational transfer of poverty; The likelihood of poverty existing in perpetuity in Uganda is uncontestable. Simply illustrated, today's poor children become poor adults who beget poor children… and the cycle continues. Incidences of poor child welfare indicators in Uganda are likely to embed the cycle of poverty. There is no way to break this cycle except when the problem of child poverty is understood, recognized and appreciated in its entirety. This calls for poverty reduction programmes that prioritize vulnerable groups of children and address existing context specific structural imbalances.

The active role of children in Social Protection: There has been a silent conspiracy to leave children out of poverty reduction discourses. Children are considered not independent economic agents – their perspective is therefore not relevant. I would like to draw your attention to the Silent Majority study[216] that underscored the central role of children in economic activities especially child-heads of households and the contribution working children make to the household economy. In addition, because children are impacted upon most by poverty, their perspectives are relevant and they require urgent attention.

## Which children need Social Protection?

While childhood by its very nature is characterized by vulnerability, some categories of children are more vulnerable and are in dire need of Social Protection than others. In this paper, the reader's attention is drawn to the following categories[217] of children.

Children aged between 0-7 years: Childhood poverty is perverse in the early years of life especially if such children are orphans. These children cannot survive on their own because they are young and require the care and support of adults. Their survival is dependent on the income source and livelihood of working adults in the household, in particular household heads. Vulnerable children in the age bracket

[213]Save the Children Study, The Silent Majority, 2003

[214]There must be a clear focus on gender related issues among children especially those that undermine equal benefit of girl children.

[215]Breaking the cycle of intergenerational transfer of poverty requires addressing the current child poverty.

[216]Save the Children UK, 2002: The Silent Majority: Child Poverty in Uganda

[217]These categories are adapted from the National Strategic Programme Plan of Interventions for Orphans and other Vulnerable Children (NSPPI 2004) and the Social Development Sector Strategic Investment Plan (SDIP 2003-2008)

0-7 years are usually adopted by relatives, but their chances of getting adequate parental care are slim. Such children are engaged in labour, including baby-sitting, and are denied education. Children aged 0-7 Years in poor households often suffer from malnutrition, indecent clothing, inadequate parental care and stay in temporary shelters. Social Protection interventions in this area must be developed and delivered within the remit of a comprehensive Early Childhood Development (ECD) policy framework and programmes.

Orphans: The HIV/AIDS pandemic and the impact of armed conflict have combined to exacerbate the problem of orphans in Uganda. It is estimated 1.8million children have lost either one or two of their parents, and ¼ of all households in Uganda contain an orphan[218]. Traditional fostering in the country had in the past helped to cushion the orphan problem. A multiplicity of factors including the increased orphan numbers, decimation of caregivers and the weakening of the extended family system have combined to undermine traditional coping mechanisms. Children have been affected economically, socially and psychologically including malnutrition, reduced access to education and health care, child labour, migration and homelessness and being pushed onto the streets where they suffer harassment from urban and police authorities. The Uganda Chronic Poverty Report 2005) estimates that a majority of the 27% chronically poor persons in Uganda are orphans and other vulnerable children. 16% of all households containing orphans are headed by elderly caregivers[219].Evidence suggests that girl orphans often marry very early and/or are sometimes subjected to sexual abuse.

Children with Disabilities: Though the exact number of children with Disabilities (CWDs) in Uganda is not known, UBOS (2002) estimates that there are between 800,000 and 1,200,000 children with at least one form of disability. Disabled children are a vulnerable group in Uganda because the population's attitude toward disability is negative, largely driven by ignorance and superstition. This results into stigma and discrimination within and without the family. In some societies, CWDs are looked at as "unfortunate", a burden on society, a curse to the parents and society and representing a 'problem' to be dealt with separately from other children's issues. Reports are abundant of CWDs being locked inside houses or being denied socialisation opportunities with other children in the family and community. An example of the stigmatisation and isolation is evident in a study report[220] from Kisoro district which revealed that in this part of the country, CWDs were never given "proper names identifying them with the respective clans". As a result, they grow to be disempowered adults, unable to take decisions, solve problems or take initiative. As a consequence many disabled children lack self-esteem and confidence which, in later adult years, contributes to high unemployment figures, and consequently to poverty[221]. There is glaring evidence linking CWDs to chronically poor families[222]. Many CWDs lack access to services like education, health care and information. The official strategy for addressing needs of CWDs is integration in Government programmes though the reality is often far-fetched from policy position.

Children on the Streets: There is no comprehensive information on the number of street children in Uganda or the rate at which this phenomenon has been growing. Although some studies have estimated numbers in the capital city and in major towns, this information is probably not up-to-date and the phenomenon is highly volatile. The rise in numbers of street children has previously been attributed to the breakdown of the extended family relationship due to a combination of economic hardships, insecurity and HIV/AIDS. Studies have shown that many street children have parents and the presence of street

[218]Uganda Bureau of Statistics, (2003a). Child Labour in Uganda: a report based on the 2000/2001 Uganda Demographic and Health Survey
[219]UNICEF the state of Women and Children in Uganda
[220]NCC and MGLSD: Report on child poverty monitoring indicators
[221]See Charles Lwanga-Ntale (2003): "Chronic Poverty and Disability in Uganda", Paper presented to the Conference on Staying Poor, University of Manchester, for the Chronic Poverty Research Centre.
[222]Ibid.

children is a fair reflection of the failure of traditional and conventional child protection mechanisms. It is estimated that Uganda's urban centres host 10,000 children who have made the streets their habitual place of abode. Kampala, the capital city, has the highest number. Majority of these are boys in a ratio of 7 boys to 3 girls (Kasirye, Light foot, 2002). Street life exposes children to abuse and exploitation, including sexual harassment, and the attendant risks of HIV infection, no or poor shelter, lack of food, medical care and education services, child labour, drug abuse, survival-induced crime and continued harassment by law enforcement agencies.

Child labourers: In Uganda, child labour is high and has attracted government and public attention. According to Uganda National Household Survey 2005/6, there are 2.7 million working children accounting for 16% of children in Uganda. These children are engaged in different kinds of work especially in the informal sector. Children work in restaurants and bars as waiters and waitresses, cooks and cleaners. They wash cars, porter goods, clean offices, work in kiosks and markets and hawk on the streets. They farm, look after livestock, pick tea and harvest coffee. Children work in mines and quarries, make bricks, dig sand and clay and some children, especially girls, are involved in domestic labour and sex work. Child prostitution alone is estimated to involve 12,000 children (MGLSD, 2002). Some of this work is exploitative while some sis hazardous and often damaging to the health, safety and morals of children. Children's labour has a gender dimension too. About 69% of the working children are girls, most of these being engaged in domestic work. In many poor households, girl children are the first to be taken out of school when labour demands at home increase or when family income becomes meagre. In a number of cases, female children who are withdrawn from school are forced into early marriages, or begin working as housemaids or become sex workers. These children greatly require Social Protection.

Children infected and affected by HIV/AIDS: HIV/AIDS is a global threat to children and their families. An estimated 6.4% (800,000) Ugandans aged 15-59 are living with HIV/AIDS, with a prevalence rate of 7.5% among women and 6.4 among men. Young girls and women are more vulnerable to HIV/AIDS predominantly due to socio-cultural reasons that create and perpetuate gender inequalities. As a result, women 15-24 years are four times more likely to become infected with HIV than their male counterparts[223]. Uganda is home to nearly one million children orphaned by HIV/AIDS in addition to children whose parents are sick and dying from the disease[224]. The Orphan population will continue to rise as more HIV-positive parents become ill and die from AIDS. An estimated 110,000 children are living with HIV/AIDS. Of these, only 10,000 of the 50,000 children in need of ARVs can access them (MOH, 2007). Moreover, there are no specific ARVs for children complicating administration (dosage) of adult ARVs to children. Recent reports indicate that the rate of Mother to Child Transmission (MTCT) of HIV has risen. Children account for over 16,000 of the 70,000 new infections annually (MOH, 2005).

Besides exacerbating the number of orphans in Uganda, HIV/AIDS affects children in other ways including abuse by relatives/guardians, increase in the number of street children who are prone to abuse and exploitation including involvement in sex work, loss of inheritance rights, discrimination and stigma, increase in the number of child headed households and child labour to support oneself and the family.

[223]MOH 2005: National Sero- Survey

[224]UNAIDS, UNICEF and USAID 2004: Children on the Brink, A joint Report of New Orphan Estimates and a Framework for Action

Children affected by armed conflicts: The conflict in Northern and North-Eastern Uganda has condemned a big proportion of children into poverty and a myriad of other vulnerabilities. The conflict has escalated child and infant mortality rates, malnutrition, school drop-outs and increased incidences of child labour. 65.8% of the population in the region fall below the poverty line and account for over one-third of the country's poor, compared with 20.3% in the Central region, 28.1% in the Western region and 36.5% in the Eastern region. The conflict resulted in massive population displacement. About 1.5 million people[225] were displaced by the conflict by 2004[226] and lived in very squalid conditions in IDP camps defined by poverty, limited access to services and productive assets, and hopelessness[227].

In addition, the war has been notoriously known for the abduction, maiming and horrendous crimes committed against children. Combatants directly targeted the children: boys being abducted to be recruited as child soldiers while the girls were taken as sex slaves for the soldiers alongside taking part in active combat. Many children in Northern and North-Eastern Uganda are orphaned and left with deep emotional scars and trauma from direct exposure to violence, displacement, poverty and/or the loss of loved ones (CSOPNU, 2007). It is such conditions that compelled a former UNICEF Executive Director, Ms. Carol Bellamy, to remark that the conflict-affected areas of Northern Uganda were "pretty much the worst place on earth to be a child"[228] To address these varying but interlinked forms of vulnerability, there is need for proper planning, critically identifying the neediest as well as designing relevant Social Protection interventions.

Children from poverty stricken families: Children from poor and often large families are more prone to poverty, abuse and exploitation than those from economically sound families. Such children are at risk of remaining uneducated or dropping out of school and of starting work at a tender age.

Children from minority ethnic groups; These include children belonging to the Batwa of South Western Uganda and Nubians in North-Western Uganda. Peculiar problems faced by these children include landlessness and limited access to social services. They live by begging, sale of labour, and general isolation from the outside world. Addressing their concerns requires putting into force the equity dimensions of Social Protection.

The girl child: Female children are more disadvantaged than their male counterparts. Prior to the onset of the Universal Primary Education (UPE) programme, boys were given priority to attend school while female children were left home to assist mothers. Although this trend is changing, many girls still drop out of school much earlier than boys do. The pattern is, however, reversed in most pastoralist communities (such as in Karamoja) where male children are usually prevented from attending school in order to look after cattle or run other family errands. Child labour also exemplifies a gender-inspired division of labour where domestic servants are dominated by girls; children involved in commercial sex are largely girls, while children engaged in fishing and commercial agriculture are largely boys.

[225]WFP, 2004

[226]This number has reduced to 944,000 IDPs by June 2008 (IASC-Uganda, July 2008)

[227]Once tagged the most neglected humanitarian crisis in the world

[228]Carol Bellamy 2005, Former UNICEF Executive Director's Address at a UN news conference in New York (October 18th 2005)

## 3. Where are the holes in Social Protection for children in Uganda?

### Education sector

The major thrust of education reforms in Uganda have been geared towards increasing access -affordability, gender equity and physical access. The main interventions include the introduction of Universal Primary Education (UPE) in 1997, Universal Secondary Education (USE) in 2007 and adaptive alternative education programmes[229] for different groups. Other specific provisions include scholarships[230]and bursaries[231], school feeding[232] and a 50% fiscal discretion on School Facilities Grant (SFG) under UPE for districts in Northern and North-Eastern Uganda. Under the Universal Secondary Education (USE) Programme, Boarding Schools are eligible to participate.

Despite gains in net enrolment in the primary school up to 91.7%[233] in 2006 (MoES 2006), retention and completion rates remain below 50%. Ministry of Finance, Planning and Economic Development (MoFPED) 2004 data shows that out of the 2,159,850 pupils who enrolled in P1 in 1997, approximately 33% reached P6 by 2002 and 22% reached P7 in 2003. Figures indicate that out of 1,610,008 pupils who enrolled in P1 in 1999, approximately 47% reached P6 by 2004 and 30% reached P7 in 2005, while out of the 1,637,651 cohort who enrolled in P1 in 2000, approximately 35% reached P6 by 2005 and 28% reached P7 in 2006.

The major challenges include limited physical access, affordability especially of non-tuition costs[234], lack of universal feeding programmes and general limited flexibility of the programmes to meet the needs of vulnerable children. For instance, net primary school enrolment for Northern Uganda is 74% way below the national average, and the secondary school Net Attendance Ratio (NAR) is 5% in Northern Uganda compared to 44% in Kampala. USE guidelines provide that only pupils who completed P7 in the previous school year are eligible for the programme in the subsequent year. This, in effect, locks out children who completed P.7 in the past years but were unable to enroll in secondary school due to unavoidable circumstances. This is despicable when a school like Kock Ongako S.S in Gulu district managed to enrol only 19[235] students in SI. in 2007. USE in its right was prioritized ahead of vocational education and training that has the potential to reduce the unemployment scourge in Uganda. Whereas there are a number of NGOs supporting education of disadvantaged children in Uganda, many of them have found it difficult to mobilize resources as primary and to some extent secondary education are understood to be ‘free.’ They have eventually scaled down or stopped the support. Another factor responsible for poor completion rates is limited attention to Early Childhood Education (ECE). On average, the P1 to P2 attrition rate was 32% for the period 1997 to 2006, implying that only 68% of pupils did progress from P1 to P2 every year. At such an early time, this attrition rate is high and can be attributed partly to failure to address early childhood concerns - making children ready to transit and making schools ready for children to enter and complete. Only 23% of children in rural areas access pre-primary education compared to 63% of their urban counterparts. Disadvantaged children such as those affected by armed conflict, children with disabilities, girl children and those from low income families cannot access quality ECD programmes.

[229]These include Alternative Basic Education for Karamoja (ABEK), Complementary Opportunities to Primary Education (COPE), Basic Education for Urban Poverty Areas (BEUPA) and Child Centered Alternative Non-formal Community based Education (CHANCE)

[230]A number of NGOs provide education sponsorship for disadvantaged children including FAWE-U, Compassion International, Windle Trust, Build Africa Uganda etc.

[231]Government introduced Bursary Scheme for IDP children and a national bursary scheme that targets two bright but disadvantaged children per Sub County.

[232] Implemented in the support selected schools in Northern Uganda with of WFP

[233]Of these, 49% and 51% were girls and boys respectively

[234]These include feeding, child labor, limited facilities for CWDs,

[235]MoES 2007: Results of the USE headcount.

## Child health and nutrition

The major reforms in the health sector include the abolition of user fees (includes free ARVs), special[236] recruitment of health personnel for Northern Uganda and Karamoja region, support to people living with HIV/AIDS under the CHAI programmes, the Vulnerable Groups scheme of NUSAF and the National Minimum Health Care Package (NMHCP). Though there is a link between poverty and lack of access to health services, there is an unresolved debate about whether abolition of user fees is the best way to increase accessibility. Lack of direct cost for the service may obscure the limits to accessibility imposed by related costs and availability of the service in the right quantity and quality. Removing cost sharing and ensuring availability of services is important in increasing access to health services by the population. The reality, however, is that health facilities in Uganda are short of the requisite personnel and supplies - the elusive white elephants in the name of health centres and hospitals. According to the Uganda Demographic and Health Survey (UDHS) 2006, infant mortality rate(IMR) is said to have reduced from 88/1,000 live births in 2001 to 76/1,000 live birth in 2006. Similarly, under-five mortality rate (UMR) decreased from152/1,000 live births in 2001 to 137/1,000 live births in 2006. This is attributed, among others, to improved social economic status (reduced poverty at house hold level), improved nutrition, improved exclusive breast feeding and increased coverage of immunization services, improved treatment-seeking behaviours for childhood diseases like malaria, diarrhoea and upper respiratory infections. Despite these modest gains, the child's right to an adequate standard of health is far from being realized.

Malnutrition has bedeviled the country and is likely to retard children's mental development. The importance of adequate and nutritious food for the growing child cannot be underestimated. Under-nutrition places children at increased risk of illness and death and has also been shown to be related to impaired mental development. In fact 50% of the under-five deaths in Uganda have underlying malnutrition (Ministry of Health Policy Statement 2007/08). According to the 2006 UDHS, 5% of children were wasted at the time of the survey[237]. One in every 5 children is under-weight, which reflects the effects of both acute and chronic under-nutrition. Nutritional statistics in Uganda vary by background characteristics. For example, rural children are almost 50% more likely to be stunted and 54% more likely to be underweight than urban children. By region, the proportion of children who are underweight ranges from 12 per cent in Kampala to 28% per cent in the North. In Karamoja, this proportion rises to 49%. From a rights perspective, these variations are not acceptable as children must have adequate nutrition irrespective of region or setting.

The lingering impact on the minds of those who survive malnutrition often goes unnoticed. WFP notes that hunger in childhood can cause irreversible mental stunting, lower intelligence quotients (IQs) and reduce learning abilities. Even if malnourished children are able to go to school, they are often unable to concentrate on their lessons. When affecting whole regions, the effects go beyond affecting individuals to affecting the country as a whole. "A population of hungry, unskilled adults creates a generation of children too hungry to grow, learn or develop the capacity to fight hunger, and who then go on to have their own hungry children. As a result, they become not an asset for development but in fact a drain on efforts of countries to develop," said Sheila Sisulu, Deputy Head of the WFP[238].

[236]This was an initiative of GoU supported by the UN Agencies.
[237]Wasting is failure to receive adequate nutrition in the period immediately before the survey and is typically a result of recent illness episodes especially diarrhoea
[238]WFP 2006: World Hunger Series 2006: Hunger and Learning

### Child protection

Children must be guarded against all forms of abuse, neglect and exploitation. The GoU has been swift in ratifying international instruments that protect children. These include the United Nations Convention on the Rights of the Child (UNCRC, 1989), the Optional Protocols to the UNCRC on the involvement of children in armed conflict (2002) and on the sale of children, child prostitution and child pornography (2002), the ILO Conventions 182 on the Worst Forms of Child Labour (1999) and 138 on the Minimum Age for Admission into Employment (1973). It is a signatory to the African Charter on the Rights and Welfare of the Child (ACRWC, 1990), the Millennium Development Goals (2000) and A World Fit for Children Declaration (2002). The country has put in place domestic legislation to promote the implementation of these international instruments. The Uganda Constitution and the Children Act (Cap. 59) have provisions emphasizing children's right to be protected from all forms of social and economic exploitation. The national Orphans and other Vulnerable Children policy and the National Strategic Programme Plan of Interventions for Orphans and other Vulnerable Children identify vulnerable groups and specify measures for addressing their needs. These commitments must be reflected in national and local Government plans, programmes and budgets. Though plans and programmes like the PEAP, Northern Uganda Social Action Fund (NUSAF), Northern Uganda Reconstruction Programme (NURP I and II), Northern Uganda Rehabilitation Programme (NUREP), the Community Based Rehabilitation (CBR) Programme and the Peace, Recovery and Development Plan for Northern Uganda (PRDP) all aim to improve the living conditions of vulnerable persons in Uganda, including children, the challenge with most of these interventions has been misuse of the available resources and failure to target children as a special category. To-date, violations of children's rights prevail including street children[239] without adult care, abuse of children in conflict with the law[240] and engagement in child labour, deprivation of orphaned children of their assets by "greedy relatives and family friends"[241].

### Economic reforms and income generation activities

Provisions here are mainly guided by the PEAP, the Prosperity for All (PfA) initiative and targeted programmes like NUSAF and the PRDP. They include micro-credit (soft loans), Income Generating Activities (IGAs), for instance credit, livestock and self-help groups and associations, and Vulnerable Groups scheme under NUSAF.

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These aim at increasing income levels and fighting poverty among families. However, interest rates on loans are usually high for the poor, opportunities for business are very few and such schemes are blemished by corruption. Additionally, these interventions are driven by the assumption that children will automatically benefit from household prosperity.

### Psycho-Social support

Psycho-social support deals with identified psycho-social needs such as stress, skills and linkages to resources and attachments. These are usually ignored in rehabilitation and reconstruction programmes. Children in areas of armed conflict suffer from trauma associated with violence within the households and the community.

[239]UCRNN, 2008 (unpublished report) notes that these children are now referred to as Ghetto boys and girls in Gulu municipality

[240]A common practice among officials is to commit errant children to adult prisons and subject them to harassment by adult offenders, and in a number of cases they are also sexually abused.

[241]Republic of Uganda – Ministry of Finance, Planning & Economic Development (2002): Deepening the Understanding of Poverty, Kampala.

### Disaster Management

Whereas Uganda has a long history of political turmoil and instability, not so many natural disasters have occurred. The conflicts occurring in the last 25 years have led to massive internal displacements especially in the Northern and North-Eastern Uganda. Children have been the worst affected in all these conflict areas. The country is ill prepared in this area and a fire-fighting approach is used where a few safety nets like blankets, tents, water, food and medical treatment are provided mainly by development partners (UNICEF, WFP, and UN-OCHA et cetera) and NGOs in times of disasters and emergencies. Uganda lacks a policy on disaster preparedness and response and the Department of Disaster and Refugees is seriously under-funded.

## 3. Conclusions and recommendations

Universal programmes do not necessarily benefit all vulnerable children. UPE, USE and other such universal schemes must give special attention and where applicable provide affirmative action for vulnerable children. The following specific recommendations are made;

- Keep policy guidelines flexible and relevant to context, for example, aggregates for USE should admit students who sat PLE in the past 3 years
- Revisit the ‘free education’ connotation and allow NGOs, and communities to play a part in financing education.
- Compulsory school feeding for all disadvantaged children in the country
- Provide support for non-tuition costs for disadvantaged children.
- Invest in the purchase and manufacturing of ARVs specifically for children.
- Integrate complementary education programmes in national education policy frameworks and plans.
- Invest in pre-primary education, the foundation of long life learning and development.
- Implement the proposed cash transfer scheme, backed by a robust implementation strategy.
- Government must offset costs of service delivery; Abolition of user fees and tuition must be followed by increased public investment in these sectors.
- A national therapeutic feeding programme for critically malnourished children should be developed and implemented.

Proactive measures for managing disasters and emergencies need to be adopted by Government. In particular Government must:

- Put in place a national disaster preparedness and response policy/ plan/strategy.
- Increase budgetary allocations to the Ministries and Departments primarily responsible for addressing disasters and emergencies.

Informal Social Protection by communities, NGOs and FBOs that relate to community needs in a holistic way must be revitalized and strengthened immediately. While statutory intervention should guarantee the widest coverage, difficulties in reaching rural populations or oversight of particular groups may mean that effective delivery of certain forms of Social Protection to the most vulnerable children can only be assured by local communities.

There is an intricate link between child participation and Social Protection. Rather than just being seen as beneficiaries, children should effectively participate in community-delivered Social Protection.

There is an array of policies and programmes in all sectors including education, health and social areas that have component(s) on Social Protection. For maximum impact, these need to be harmonized and well coordinated to ensure vertical and horizontal linkages. Government should:

- Continue to develop capacity of all relevant actors to plan, implement, monitor and evaluate Social Protection interventions.
- Develop a comprehensive policy framework including guidelines for mainstreaming Social Protection across sectors.
- Mainstream child protection in the broader Social Protection framework.
- Channel resources towards Social Protection so as to absorb many vulnerable children. Government should ensure that each ministry should set aside a pre-determined percentage of their annual budget for Social Protection programmes in their sectors.
- Strengthen data management: A knowledge base built through research and compilation of a database should be created and updated periodically on Social Protection schemes at national, district and community levels. These data needs could be met by designing an Integrated Vulnerability Module for incorporation into the Uganda National Household Survey.

# Glossary

*Child:* Any person below the age of 18

*Child Poverty:* Is where children grow up in households with inadequate resources to provide for their material needs, where families and communities are unable to nurture and protect them and where children are unable to develop their full potential

*Child Labour:* Any work that is harmful to the health, safety and morals of the child and interferes with the child's ability to attend school

*Disaster/Emergency:* A situation which poses an immediate risk to health, life, property or environment. Most disasters/emergencies require urgent attention to prevent worsening of the situation.

*Early Childhood Development:* The continuous process of human development, physically, socially, emotionally and mentally from the time of conception to the initial stages of formal schooling.

*Orphan:* Any person below the age of 18 who has lost one or both parents

*Poverty:* The inability to satisfy a range of basic human needs and stems from powerlessness, social exclusion, ignorance and lack of knowledge as well as shortage of material resources.

*Social Protection:* Public and private interventions that respond to livelihood shocks, economic and social risks that drive and perpetuate poverty and vulnerability

*Street children:* Any person below the age of 18 who has made the streets their habitual place of abode. It includes children of the streets (permanent) and children on the streets (temporary).

*Vulnerability:* A Situation of being susceptible to suffer from undesired economic, socio-cultural and political risks.

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# 6.5 Perspectives for Social Protection in West and Central Africa

**Anthony Hodges**[242]

This paper discusses a series of challenges (both constraints and opportunities) for building stronger Social Protection systems in West and Central, a region where formal Social Protection systems have historically been extremely weak but where the need for mechanisms to protect and empower the vulnerable is perhaps greater than anywhere else. Poverty rates remain very high across most of the 24 countries in the region, and progress towards achieving the Millennium Development Goals (MDGs) has lagged behind all other regions of the world.

After a brief review of the main factors of vulnerability and the rationale for Social Protection in West and Central Africa, including for children in particular, the paper briefly describes the existing Social Protection systems in the countries of the region, highlighting their current limitations but also drawing attention to emerging new opportunities. It then discusses five sets of structural factors that need to be taken into account in efforts to strengthen Social Protection in West and Central Africa (WCA). These factors concern the extent of poverty, the nature of inequity, supply-side weaknesses in basic social services, fiscal space and governance/administrative constraints. The paper ends with a discussion of the concept of 'child sensitive Social Protection', highlighting in particular the challenge of developing integrated approaches to Social Protection, combining social transfers, social insurance, social welfare services and an adequate policy and legal framework.

## Vulnerability, risk and poverty

In many of the countries of the West and Central Africa (WCA) region, more than half the population lives below the officially defined absolute poverty line, while 20-25% live in extreme (food) poverty, a standard of living inadequate even for meeting basic nutritional needs. The poor are caught up in a web of deprivations and limited opportunities that mutually reinforce one another and make it difficult to climb out of poverty.

They are also highly vulnerable to a wide range of risks. These include natural disasters (droughts, floods, locusts and failed harvests), economic shocks (such as the global food price crisis), civil wars and political instability, and health shocks (including HIV/AIDS). The poor are deprived of the resources and opportunities (assets, savings, insurance, access to credit or new forms of livelihoods) needed to cope with such risks and shocks. In short, poverty and vulnerability are inextricably inter-linked. Not only do external shocks tends to worsen the situation of the poor in the short term, but they often force the poor to resort to coping strategies that undermine still further their capacity to improve their situation in the long term: they may sell their livestock or withdraw their children from school.

[242]Chief, Economic and Social Policy, West and Central Africa Regional Office, United Nations Children's Fund (UNICEF)

Children are especially vulnerable in this context, because of their age and the risks to their survival and their physiological and emotional development. In income poverty terms, children are over-represented among the poor and extreme poor, due to the higher fertility rates among the poor[243]. Children brought up in income-poor households are more likely to suffer serious nutritional deficiencies, as well as poor housing conditions, poor sanitation and lack of access to potable water – all of which put their health at risk and compromise their well-being and development. They are less likely to receive medical care when they are sick and more likely to drop out of school early or in some cases never to be enrolled at all. Furthermore, they are more exposed to the risks of exploitation, including child labour and trafficking. Furthermore, all these deprivations and lost opportunities in childhood have life-time consequences, increasing the likelihood of poverty in adulthood and the transmission of poverty to the next generation. This throws into relief the centrality of children in strategies for reduction of vulnerability – and thus Social Protection programming.

It is important to note that vulnerability is not exclusively economic in nature. Social and cultural factors also play a role, and at the micro (household) level vulnerability is often a complex interplay of different factors, including gender relations, discrimination and power imbalances. Children, again because of their age and their dependence on adults, can be vulnerable to adverse intra-household dynamics, including abuse, as well as one of the greatest risks of all – the disintegration or loss of the family environment, the basic social unit for the care and upbringing of children. This is a particularly important in the context of the HIV/AIDS crisis and in certain war-affected countries.

## Social Protection in West and Central Africa

Notions of solidarity and mutual help were strong in traditional African societies and, despite urbanization and changes in the nature of the family, still remain important across WCA. Evidence of the resilience of these informal mechanisms of Social Protection comes from some of the household income and expenditure surveys, and studies based on them – see for example a study on private transfers between households in Mali (Ministère du Développement Social et al, 2008) and the World Bank poverty diagnostic in Congo (World Bank, 2008). In Mali, 18% of the revenue of poor households comes from private inter-household transfers. Urbanization may be eroding extended family obligations, but migration has resulted in rising remittances, particularly in some West African countries, from family members living and working abroad. Remittances in West and Central Africa were estimated at $10.4 billion and $2.7 billion respectively in 2006 (IFAD, 2008, cited in Holmes, 2008). In addition, savings and credit associations, often known as tontines, or susu in the case of Ghana, act as informal micro-finance institutions, although there is some debate as to whether such mechanisms are accessible to the poorest. Susu groups in Ghana are estimated to involve about one third of the population (Bortei-Doku Aryeetey and Doh, 2007).

A more recent development has been the rise of mutual or community health organizations, which in many countries in WCA provide a mechanism for community-based (or in some cases profession-based) risk-pooling to avert the consequences of catastrophic health costs. However, there are again doubts about the access of the poor to these schemes, because of the premiums that have to be paid to obtain membership and coverage, and overall memberships in such schemes is unlikely to exceed 5% of the population in any country in the region.

[243]In Congo (Brazzaville), for example, 54% of children live in income poor households compared with 47% of adults (Notten et al, 2008, based on ECOM 2006 household budget data).

What then of more formal Social Protection systems? In the vast majority of WCA countries, the 'modern' state-run systems consist almost entirely of contributory social security regimes for formal sector workers (and to some extent their families). These usually provide retirement pensions, maternity benefits, sick pay, disability allowances and in a few cases health insurance to their members. In some countries, the benefits are very low, irregularly paid or difficult to access. Moreover, since the vast majority of the population depends for livelihoods on farming or the urban informal sector, these systems usually exclude 80% or more of the population, including almost all of the poorest and most vulnerable households. The extent of exclusion is evident from the following country examples:

- In Guinea, the Caisse Nationale de Sécurité Sociale enrols only 2% of the population (Guinea, 2008).

- In Cameroon, the Caisse Nationale de Prévoyance Sociale and the 'régime des fonctionnaires' (civil service scheme) cover approximately 10% of the population, and benefits do not include health insurance (Cameroon, 2008).

- Coverage of the two similar schemes in Côte d'Ivoire is also about 10%.

- In the Congo (Brazzaville), the Caisse Nationale de Sécurité Sociale and the Caisse de Retraite des Fonctionnaires reach 15% of the population and, due to the financial problems of these schemes, benefits are low and irregularly paid (Congo, 2008).

- In Togo, less than 20% of the population is covered by the social security system run by the Caisse Nationale de Sécurité Sociale (Togo, 2008).

- The social security systems in Senegal (IPRES, CSS and FNR) cover about 20% of the population (Senegal, 2008).

Broader social insurance is almost non-existent in West and Central Africa, the most notable exception being Ghana, where the government enacted legislation in 2003 to set up the Ghana National Health Insurance Scheme (NHIS). This is intended to provide universal access to health insurance, and by 2008 had enrolled 42% of the population (Sultan & Schrofer, 2008). There are continuing concerns, however, that this scheme will not reach the poor, due to the requirement to pay a premium of approximately USD8 a year.

Social transfer schemes are in their infancy in West and Central Africa. These are limited to small pilot programmes, of which the most significant are:

- Ghana's Livelihood Empowerment against Poverty (LEAP) Programme. Launched in March 2008, roll-out was accelerated in response to the food price crisis and is due to reach 53,000 households by the end of 2008 (Ghana, 2008). Even at its planned enrolment of 164,000 within five years, LEAP will still only reach one fifth of those below the extreme (food) poverty line (Sultan & Schrofer, 2008).

- Sierra Leone's Social Safety Net Programme. Launched in 2007, this aims to reach 16,000 extremely vulnerable households.

Social welfare services, including child protection programmes, are another important dimension of Social Protection frameworks. However, in WCA countries these are invariably small, fragmented and poorly coordinated with other Social Protection programmes, an issue to which we return in the final section of this paper.

There are other programmes and policies with a Social Protection character. These include fee exemptions and abolition of user charges for certain basic social services in some countries (see below), as well as food aid, supplementary nutrition and other forms of humanitarian assistance, provided mainly by external donors and NGOs, and school feeding programmes.

Overall, it is fair to conclude that formal Social Protection systems are extremely weak, leaving poor populations dependent on informal traditional solidarity mechanisms and, in times of acute crisis (natural disasters and war), on humanitarian relief. Nonetheless, new opportunities are arising. Many countries include vulnerability assessments and Social Protection components in their Poverty Reduction Strategy Papers (PRSPs) and a few have developed national Social Protection strategies, plans or policies:

- Burkina Faso adopted a Plan National d'Action Sociale (PNAS) in April 2007 and is now drafting a three-year implementation plan.

- Cape Verde adopted a National Social Protection Strategy in 2006 and has instituted a social pensions scheme.

- Although it has not yet been formally adopted, Ghana's National Social Protection Strategy was finalized in 2007 and became the basis for launching the LEAP cash transfer programme in April 2008. As noted above, Ghana has also launched the NHIS.

- In Mali, Social Protection is part of a broader social development policy, which includes a strong focus on extending health insurance coverage through the new Assurance Maladie Obligatoire (AMO) and the Fonds d'Assistance Médicale, which helps the poor to access health insurance.

- Senegal's National Social Protection Strategy aims to extend health insurance to 50% of the population by 2015 and also establish a system to insure rural populations from the risks of natural disasters. The Sesame programme, launched in 2006, provides access to free medical services for all elderly persons over the age of 60.

Several other governments in the region have declared their intention of developing national Social Protection strategies. The biggest challenge, however, is to translate strategic intentions into operational plans and then launch and implement programmes. With the partial exception of Ghana, most countries are still far from reaching this stage.

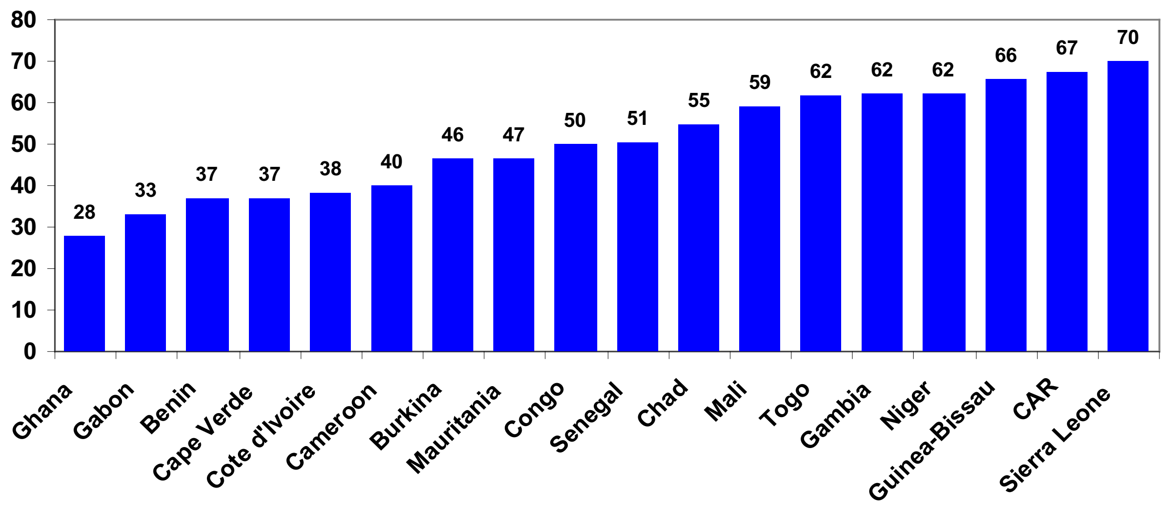
## Structural factors affecting Social Protection options in WCA

This section of the paper discusses five characteristics of the situation in West and Central Africa that have far-reaching implications for the potential scale and nature of Social Protection programmes in the region. Although conditions across countries are not homogeneous, and in some respects differ widely, the overall situation is characterized by: (1) the extensive nature of poverty; (2) the phenomenon of 'top inequity'; (3) large supply-side deficits in basic social services; (4) constraints on fiscal space (with the striking exception of the oil producers); and (5) weak governance and administrative capacity, especially in the so-called 'fragile states'.

## The extensive nature of poverty

One of the most distinctive characteristics of most WCA countries is the scale of monetary poverty. National poverty data, based on consumption expenditure measures of absolute poverty (a basket of food and non-food items required for basic survival), show that poverty is not concentrated in a small marginalized or 'left-behind' part of the population, but is a broad phenomenon, often encompassing the majority of the population. Figure 1 shows that in many WCA countries the national poverty headcounts are above 50%. In some countries (Togo, The Gambia, Niger, Guinea-Bissau and the Central African Republic) poverty incidence is higher than 60% and in Sierra Leone it is as high as 70%

**Figure 1: Poverty rates in West and Central Africa (% of population; data from last household budget survey)**




This has big implications for the design of Social Protection programmes, and cash transfer programmes in particular. The poverty profile is completely different from that in Latin America, for example, where cash transfers have been targeted to reach excluded minorities of poor people. The extent of poverty in West and Central Africa suggests two options:

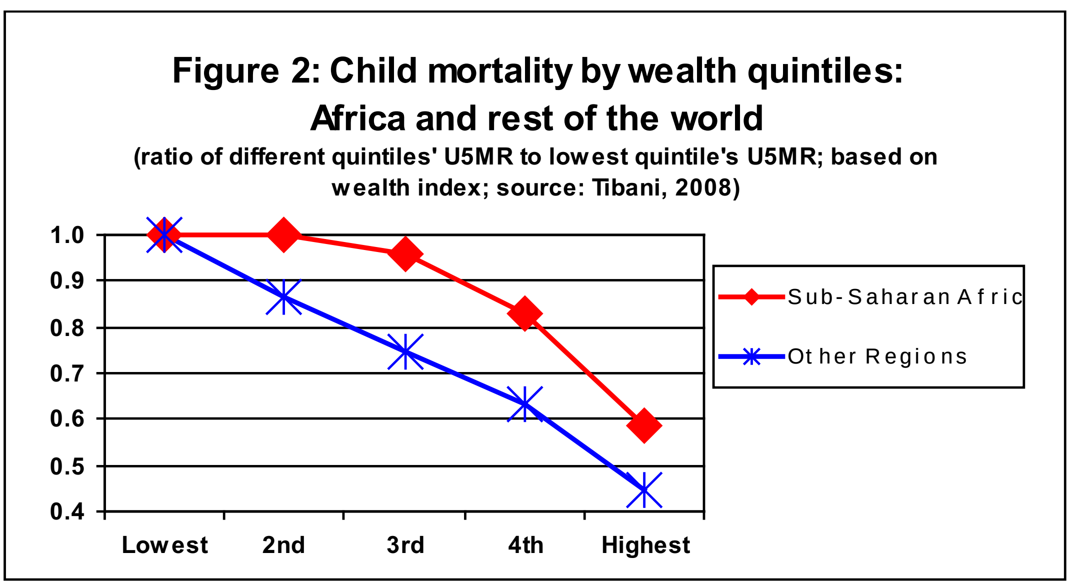
- A universal approach. It makes little sense trying to target 40 to 70% of the population, especially given administrative weaknesses, exclusion risks and the costs of targeting, so a universal approach would appear to be more appropriate. But is it affordable? This is a subject to which we return below.

- Targeting the ultra-poor/destitute. This is the approach that the small pilot cash transfer programmes have opted for, not only in Ghana and Sierra Leone, but elsewhere in low-income African countries, including Kenya, Malawi and Zambia. Given a tight resource constraint and limited political support for 'hand-outs', all these programmes focus on transferring resources to small numbers of ultra-poor households. In Ghana, LEAP specifically targets caregivers of orphans and vulnerable children (in particular AIDS-related orphans and children with disabilities), persons with severe disabilities (with no productive capacity) and elderly people with no other means of subsistence support. Sierra Leone's Social Safety Net Programme has provided transfers to the aged in particularly difficult circumstances and will be extended to other specific groups, such as separated children (Scott, 2008). These programmes employ a mix of categorical targeting (to the elderly, disabled and/or OVCs) and community-based targeting to identify those meeting the categorical criteria who have no other means of support. Both schemes have also been launched in limited geographical areas. Very little is yet known about the effectiveness and efficiency of these new programmes, and in particular about the quality of their targeting methods, which will be an important priority for future research.

## 'Top inequity'

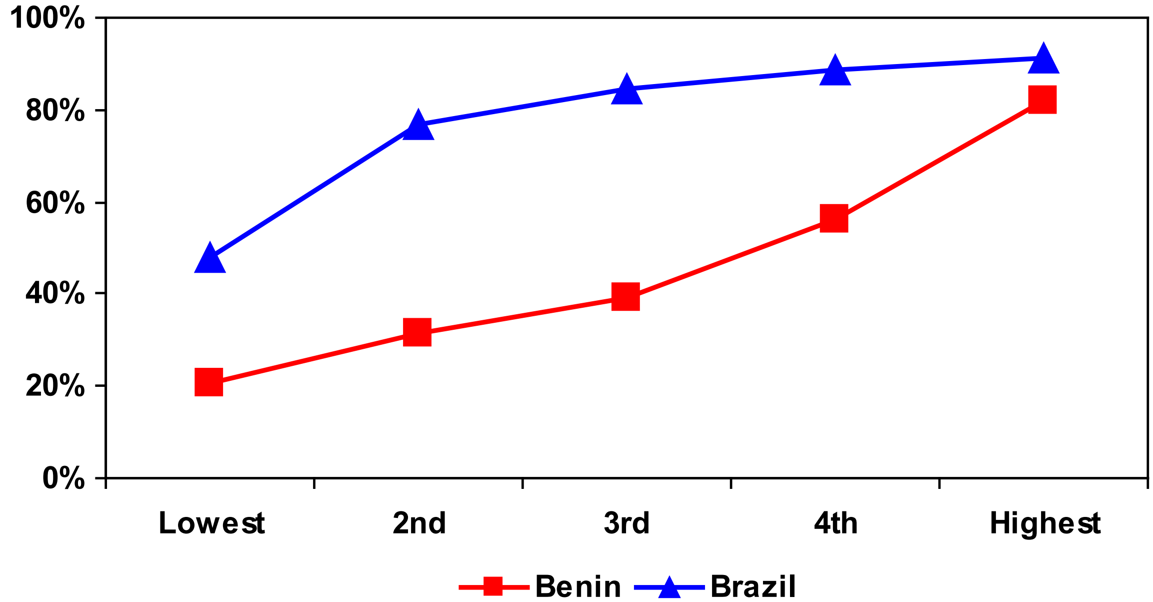
'Top inequity', which is closely related to the extensive nature of poverty, refers to a situation where a small minority is much better off than the broad mass of the population. This contrasts with a situation of 'bottom inequity' where a small minority is much worse off than the rest of the population. Broadly speaking, WCA countries demonstrate 'top inequity' in many key deprivation indicators, since only individuals in the top quintile (based on a wealth or asset index) or at best the top two quintiles are appreciably better off, while the differences in deprivation are fairly similar for those in the bottom three or four quintiles. This contrasts with the situation in most other regions of the world, as can be seen from the following two examples.

The first, on child mortality, shows the ratio of under-five mortality rates (U5MR) in each wealth quintile with the U5MR for the lowest quintile, contrasting Sub-Saharan Africa with other regions of the world. As can be seen from Figure 2, U5MR in Sub-Saharan Africa is almost as high in the second and third quintiles as it is in the lowest quintile – a stark contrast with the situation elsewhere in the world.



The second example (Figure 3) contrasts the access of under-five children to key health interventions between Benin, a typical West African country, and Brazil. As can be seen, the curve is almost flat in Brazil above the first quintile, where health service deprivations are much worse, whereas in Benin deprivations diminish only gradually between the first and third quintiles and then rise more steeply, especially in the fifth quintile.

**Figure 3: Percentage of under-5 children receiving 6 or more health interventions: Benin and Brazil**
**(source: Victora et al, The Lancet, 2005)**




The ‘shape of the curves’ matters. What they tell us is that, to have a significant impact on children’s access to health services and child mortality, and thus accelerate progress towards MDG4, it is necessary to focus across the first three to four quintiles. A narrower, more finely targeted approach does not make much sense.

In education, universalist approaches enjoy a wide consensus, although many WCA countries have not yet implemented free primary education in practice. In health, where user fees were introduced in the 1980s and are still widely practised, there is growing recognition of the barriers they constitute for access to health services. This is attested to by data from many of the Demographic and Health Surveys on the reasons people do not use health services.

There are two main options for health financing: first, national health insurance, on the model of Ghana’s NHIS, or tax-based public provision of free or heavily-subsidized services. The main concern about the health insurance approach is the equity risk, namely that those in the lower deciles of the population will have difficulty affording the premiums required to participate. This has already led to modifications in Ghana, with an announcement in May 2008 that all children under 18 and all expectant mothers will have access to free medical services, irrespective of whether or not their families are enrolled in the NHIS. Other WCA countries have introduced more limited free services, for children under five, or for specific interventions (malaria treatment, caesarian operations, insecticide-treated bednets, etc).

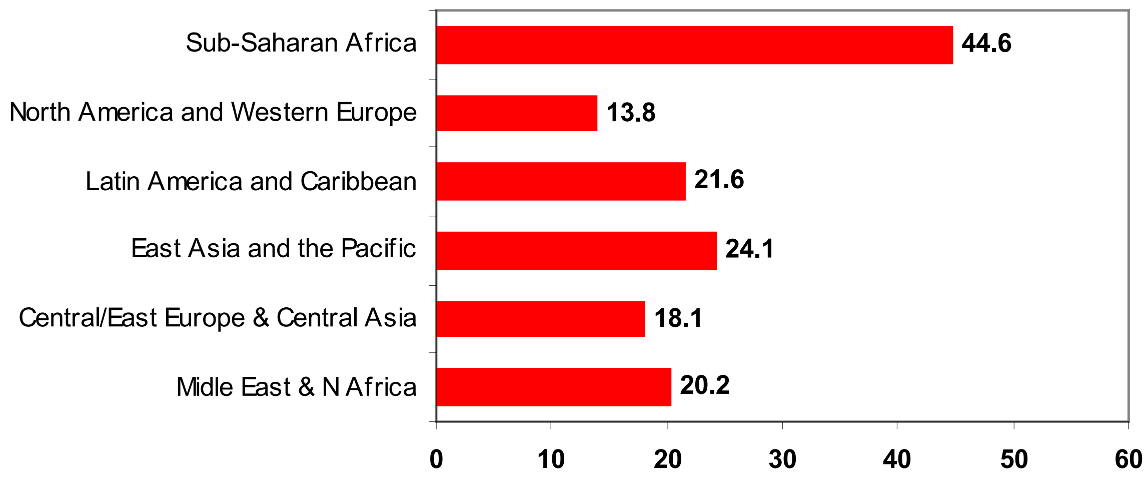
## Supply side deficits in basic social services

One of the main motives for cash transfer programmes in many parts of the world, including Latin America, has been the importance of overcoming demand-side barriers of access to basic social services (fees, transport costs and opportunity costs). These programmes, often accompanied by conditionality in terms of school attendance, vaccinations, child growth monitoring or take-up of other basic services, have been widely hailed for raising school attendance, curbing school drop-out and improving health and nutrition outcomes (Rawlings and Rubio, 2004).

Unlike most of Latin America, however, Sub-Saharan Africa (and much of West and Central Africa in particular) still suffers from huge deficits in the supply of basic social services in terms of both availability and quality. Human resources in the education and health systems provide a good proxy measure for this. Figure 4 shows that the pupil-teacher ratio in primary education in Sub-Saharan Africa is more than twice as high as in Latin America. There is a similar huge difference in the numbers of doctors, nurses and other health workers.

**Figure 4: Pupil teacher ratio in primary education, 2004**

(Source: UNESCO)



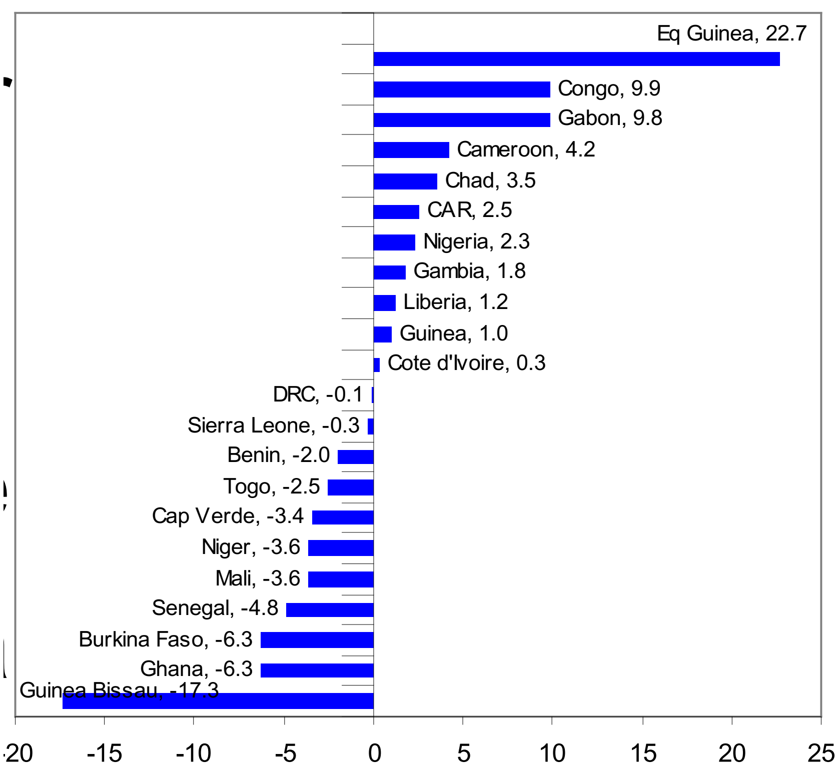

What are the implications of this? First, conditionality in cash transfers would seem to be completely misplaced in Sub-Saharan Africa, but it is surprisingly common in the design of cash transfers (e.g. in Ghana's LEAP programme). Second, the deficits in supply of basic social services highlight the real world trade-offs with which governments have to contend in allocating resources among or between competing priorities within a hard budget constraint.

## Fiscal space for Social Protection

Government expenditure on Social Protection is extremely low in Sub-Saharan Africa: an estimated 0.3% of GDP in the case of social assistance programmes, which is far lower than in any other region of the world (World Bank, 2006). Although data are not readily available, the percentage is probably even lower in West and Central Africa. Some analysts have argued that targeted cash transfer programmes rarely need cost more than 0.5% of GDP (see for example Stewart & Handa, 2008). Others have argued that a range of basic programmes could be provided for 1.5% to 2.0% of GDP and suggested that this is by and large affordable. But how much budgetary room is there to expand spending on Social Protection in these countries?

There is something rather arbitrary about specifying a benchmark percentage of GDP. Levels of GDP (and GDP per capita) vary considerably within a region like WCA, which has a mix of oil-rich and resource-poor countries. Many countries run persistent overall fiscal deficits and remain heavily aid-dependent, whereas a handful of oil-rich countries are enjoying unparalleled surpluses because of soaring world oil prices. Many countries have competing priorities, not just between Social Protection and basic social services, but with infrastructure and other pressing needs for economic growth, creating difficult choices about trade-offs.

Overall, as Figure 5 shows, there is a world of difference between the handful of large oil producers, countries like Equatorial Guinea (SSA's first high-income country) and Congo and Gabon (both middle income countries) and the rest. Oil-rich countries like Nigeria and Cameroon, with large populations fall in-between.




*Source: IMF, 2008*

At the risk of simplifying, it would seem plausible that countries like Equatorial Guinea, Congo and Gabon, which had overall fiscal surpluses of 23%, 10% and 10% respectively in 2007, could easily afford to introduce quite generous Social Protection programmes, costing well above 0.5% of GDP, even bearing in mind the risks of future oil revenue downturns and the need to build up reserves for the future and avoid boom-bust cycles. Indeed, social transfer programmes in particular could be particularly attractive as a means of income redistribution (and improved social cohesion) in countries that, because of the capture of oil rents by elites, are especially inegalitarian. At the opposite end of the spectrum, it is obviously quite difficult for low-income countries running permanent fiscal deficits to embark on major new spending programmes, especially as these are countries which often have major competing priorities for basic social service delivery, infrastructure and support to agriculture and other productive sectors.

## Governance and administrative capacity

The fifth factor that needs to be taken into account is the poor governance environment and low administrative capacity that characterizes most of West and Central Africa. Out of the 24 countries in the region, 14 are classified as 'fragile states' by the World Bank. Corruption is pervasive in many countries, and most score poorly on Transparency International's Transparency Perceptions Index: Out of 180 countries overall, all but four WCA countries are in the bottom 80 and 13 WCA countries are in the bottom 40.

In terms of administrative capacity, the ministries responsible for Social Protection are among the weakest, with low levels of funding and relatively little clout vis-à-vis Ministries of Finance. Social Protection programmes are often dispersed across different ministries, such as social affairs or social development ministries, social security ministries, and ministries responsible for the family, women and children, and coordination is usually weak or non-existent. Throughout the region there is a dearth of qualified and experienced social workers for delivering programmes. In short, there are serious capacity constraints for the implementation and scaling-up of Social Protection programmes in WCA countries, as well as institutional risks that could lead to the diversion of resources or the manipulation of eligibility criteria in targeted programmes.

There are two major implications. First, it is important to minimize the administrative burden of Social Protection programmes by avoiding complex programme designs and eligibility processes. Where affordable, universal approaches are clearly more practical and less risky than programmes requiring heavy investments in systems and skilled staff for complex targeting procedures or for monitoring of conditionality. Second, it is not enough to design and roll out individual programmes without giving due attention to systemic capacity building, including, where necessary, the clarification or rationalization of organizational mandates, the strengthening of coordination mechanisms to achieve effective complementarity and synergies, investments in management information and M&E systems, and the training, recruitment and motivation of social workers and other necessary staff.

## Child sensitive Social Protection

Finally, we return to the point of departure: the centrality of children in strategies for the reduction of vulnerability. Not only do children constitute about half of the total population of West and Central Africa, but, due to their age and dependency, they are more vulnerable than adults, and subject to a range of economic and social risk factors, which often reinforce each other in complex ways. In addition to constituting violations of child rights, deprivations in childhood can have life-course consequences, trapping individuals in poverty and contributing to the inter-generational transmission of poverty – one of the main arguments for investment in children from a human capital development perspective.

For all these reasons and others, including a recognition of the potential role of Social Protection in accelerating progress towards the child-focused MDGs, there is growing awareness of the importance of placing children at the heart of Social Protection programming. A number of international agencies has come together to draft a joint statement on 'child sensitive Social Protection' (UNICEF et al, 2008), which is currently in the process of review.

This statement, along with work by a number of researchers for the Better Care Network and the International Task Team on Children and HIV and AIDS (Giese, 2007; Temin, 2008; IATT, 2008), emphasizes the social nature of the risks faced by vulnerable children, highlighting in particular the risks associated with the loss of family, notably in high HIV/AIDS prevalence countries.

The main policy message is the need for an integrated approach to Social Protection in order to address the multiple dimensions of child vulnerability. Different types of intervention are needed: protective and responsive services and legislation as well as transfers and insurance. In particular, specialized social welfare services are needed to reach children who are particularly vulnerable due to problems of abuse, exploitation and discrimination, or the breakdown or loss of family.

From this perspective, there are dangers in pursuing an exclusive focus on cash transfers without giving adequate attention to the development of social welfare services. Cash cannot solve all problems of child vulnerability and risk. Cash transfer programmes, by virtue of their resource requirements (including the time of social welfare officers), can lead to the 'crowding out' of social welfare services – a problem that has been acknowledged in South Africa and has recently become a source of concern in Ghana's Department of Social Welfare. Experience from across the world shows that, without complementary services, transfers often do not reach the poorest and most vulnerable children due to problems of documentation (birth certificates or identity cards), lack of information, migration or the absence of adults to access the transfers (in the case of street children and child-headed households). There is also some evidence of unintended perverse incentives, in the case of children being taken into care for financial gain and then neglected, abused or exploited.

In short, an integrated approach is needed, in order to exploit the opportunities for complementarity and synergy between cash transfers and social welfare services. Social welfare services can be employed to ensure that cash transfers reach the poorest and most vulnerable children, enhance child protection outcomes and avoid negative impacts. An integrated approach means developing comprehensive national Social Protection strategies, rather than piece-meal approaches, preventing the 'crowding out' of social welfare services and applying an integrated, holistic approach to capacity building, especially in ministries that have responsibility for a range of benefit programmes and services.

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