CHAPTER 6. MAKING CASH TRANSFERS WORK FOR CHILDREN

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

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

6.1 Do You Have to Target Children to Reach Them?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.2 Do Transfers Have to be Conditional to Benefit Children?

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

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

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

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

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

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

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

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

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

Value and regularity of transfer

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

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

Enabling access

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

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

Is cash always the right intervention for children?

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

National (and local) information systems and monitoring systems

Information and monitoring systems are required to:

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

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

6.4 Key Programming Approaches for Reaching MVC

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

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

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

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

Universal social pension (eg Lesotho Old Age Pension)

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

A scheme could maximise impact on vulnerable children by:

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

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

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

A scheme could maximise impact on vulnerable children by:

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

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

All (poor) children through a child support grant

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

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

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

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

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

Some issues to be aware of:

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

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