CHAPTER 7. MAKING CASH COUNT

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

7.1 Going to Scale

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

Models for scaling up

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

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

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

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

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

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

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

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

Some challenges of scaling up

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

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

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

7.2 Investing in Management

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

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

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

7.3 Policy Processes that Prioritise Cash Transfers and Ensure Complementary Programmes

Prioritising cash transfers

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

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

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

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

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

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

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

Taking a holistic approach to social protection planning

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

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

7.4 Partnerships for Cash Transfers

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

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

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

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

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

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

7.5 Institutionalisation

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

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

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

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

7.6 Regular, Predictable Cash Transfers as a ‘Social Contract’

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

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

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