CHAPTER 1: INTRODUCTION

1.1 A Unique and Urgent Need for Social Protection

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

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

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

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

1.2 Children, Poverty and AIDS in East and Southern Africa

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

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

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

1.3 Social Protection and Cash Transfers

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

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

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

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

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

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

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

Increasing interest in cash transfers

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

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

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

Box 1: Unconditional Cash Transfers: A Working Definition

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

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

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

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

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

Excluded from our definition are:

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

Box 2: Conditional Cash Transfers: Experiences Around the World

A new generation of cash transfer programmes that have developed in Latin America in the last decade specifically target children from poor households. They are essentially human development programmes that do not just give households cash grants but a 'package' of interventions to increase child wellbeing, and make the grants conditional upon use of services. Examples include:

- *Bolsa Escola* developed in Brazil in 2003, expanded under President Lula.
- *Progresa (*now *Opportunidades*) in Mexico that offers consumption and school subsidies conditional upon attendance at health clinics, school and parenting sessions.
- *Chile Solidario* – an integrated services and cash programme
- Nicaragua's *Red de Proteccion Social.*

All aim to break the cycle of poverty by investing in human development. All target, usually by geographic area and wealth group, and incorporate monitoring and evaluation from the outset. Although they exclude a significant proportion of the poor, they have a significant impact on childhood (and likely intergenerational) poverty. Barrientos and DeJong (2004) document the financial stability of these programmes and their use of conditionality (as opposed to the provision of the 'package') as unresolved issues.

Other conditional cash transfers can be found in Bangladesh ('cash-for-education'), Turkey and Zimbabwe (the BEAM programme for school attendance, as documented by MTT, 2005). There are relatively few conditional cash transfers (CCTs) in operation in Africa and there is a debate about the relevance of the Latin America model for the east and southern Africa region (eg Gertler, 2005). More schemes are likely to be developed in coming years.

Source: Barrientos and DeJong, 2004

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

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

African governments and institutions and cash transfers[5]

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

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

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

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

1.4 The Approach to the Study

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

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

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

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

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

Approach taken in the case studies and analysis

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

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

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

1.5 Structure of this Report

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

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