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Examining the catalytic effect of aid on domestic resource mobilization for social transfers in low-income countries

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Working Paper 2015–3

Examining the Catalytic Effect of Aid on Domestic Resource Mobilization for Social Transfers in Low-Income Countries

Cécile Cherrier

prepared for the UNRISD project on
Politics of Domestic Resource Mobilization

February 2015



UNRISD

United Nations Research Institute for Social Development

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The project seeks to contribute to global debates on the political and institutional contexts that enable poor countries to mobilize domestic resources for social development. It examines the processes and mechanisms that connect the politics of resource mobilization and demands for social provision; changes in state-citizen and donor-recipient relations associated with resource mobilization and allocation; and governance reforms that can lead to improved and sustainable revenue yields and services. For further information on the project visit www.unrisd.org/pdrm.

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Acronyms

| | |
|-----------------|---|
| CT-OVC | Kenya's Cash Transfers for Orphans and Vulnerable Children |
| DFID | United Kingdom's Department for International Development |
| GDP | Gross Domestic Product |
| GTZ | Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation) |
| HIPC | Heavily Indebted Poor Countries |
| HIV/AIDS | Human immunodeficiency virus infection/acquired immunodeficiency syndrome |
| IFI | International Financial Institution |
| LEAP | Ghana's Livelihoods Empowerment Against Poverty |
| MMYE | Ghana's Ministry of Manpower, Youth and Employment |
| MP | Member of Parliament |
| NGO | Non-governmental organization |
| OAP | Old Age Pension |
| OECD | Organisation for Economic Co-operation and Development |
| OVC | Orphans and other Vulnerable Children |
| PRSP | Poverty Reduction Strategy Papers |
| PSNP | Ethiopia's Productive Safety Net Programme |
| PSSB | Mozambique's Programa de Subsídio Social Básico (Basic Social Subsidy Programme) |
| SACU | Southern African Customs Union |
| SCT | Social Cash Transfer |
| UNAIDS | Joint United Nations Programme on HIV/AIDS |
| UNICEF | United Nations Children's Fund |
| UNRISD | United Nations Research Institute for Social Development |
| USAID | United States Agency for International Development |

Abstract

Social transfers, a non-contributory form of social protection, present a great potential to tackle poverty and inequality, and support inclusive socioeconomic development. Yet, they also represent a long-term financial commitment, and in environments where they are most needed, national policymakers are often reluctant to introduce them. In reaction to this situation, foreign aid actors have been allocating resources to support the expansion of social transfers in low-income countries. Progress in terms of policy uptake has been slow, and there has been concern over the ability of aid initiatives around social transfers to translate into sustainable policy changes and contribute to more inclusive development patterns. Better understanding why governments come to adopt and finance certain types of social transfers—and what role, if any, foreign aid actors play—can usefully inform the formulation of strategies towards the expansion of basic social protection in countries where the process appears to have stalled. This paper is part of the UNRISD research project on ‘The Politics of Domestic Resource Mobilization for Social Development’. Its specific contribution is with regards to the catalytic effect of foreign aid on domestic resource mobilization for social transfers in low-income countries. The paper elaborates on a comparative analysis of the origins and features of six sizable social transfer schemes currently operating in low-income African countries. Findings suggest a catalytic effect of aid on mobilizing additional domestic resources for social transfers. But in light of these findings, the paper questions whether, at least in some cases, a narrow focus on social transfer instruments may have distracted public resources (domestic and foreign) away from deeper causes of poverty and marginalization, doing a disservice to the transformative agenda development partners claim to defend.

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Introduction

This paper is concerned with the political economy of financing social transfers in low-income countries, and more precisely with the dynamic between foreign aid and domestic resources. The term ‘social transfers’ shall refer here to a specific subset of social policy and social protection instruments. As understood in this paper, social transfers are non-contributory,¹ publicly funded, direct, regular and predictable resource transfers (in cash or in kind) to vulnerable individuals.² Thus defined, the term encompasses many different types of programmes, ranging from school feeding to food vouchers to cash transfers, which all represent a non-contributory form of social protection.

Social transfers present a great potential to tackle poverty and inequality, support inclusive socioeconomic development, and potentially strengthen the capacity and legitimacy of the state. In low-income countries, the frequent predominance of the informal sector coupled with high rates of poverty and inequality calls for alternatives to formal social insurance systems that rely on withholding taxes and contributions on employment income, mainly wages. Social transfers offer the prospect of reducing or preventing deficits in consumption among the poor and vulnerable, and may, in some cases, strengthen recipients’ capacities. But it is argued that, to be effective, social transfers need to be provided in a reliable and sustainable manner (Devereux and Sabates-Wheeler 2004). It is further theorized that regular and predictable social transfers provided by the state can contribute to the (re-)establishment of a social contract with its citizens, and build its legitimacy by demonstrating pro-poor policy priorities (Davies and McGregor 2009). Unlocking the full potential of social transfers thus require securing sustainable funding sources.

But social transfers also represent a long-term financial commitment, and in environments where they are most needed, national policymakers are often reluctant to introduce them. Public investments in social transfers, and social protection in general, remain relatively small in low-income countries, where social assistance interventions tend to be ad-hoc and temporary (ILO 2010). Near negligible resources are allocated to income support measures such as cash benefits to families with children, to those unemployed or to the poor. Low-income countries allocate on average less than 0.1 per cent of their Gross Domestic Product (GDP) to child and family benefits (ILO 2014). Limited fiscal space, concerns over fiscal sustainability, fears of creating a dependency syndrome among beneficiaries, and low implementation capacity are among the factors commonly cited to explain this underinvestment in social transfers (Samson et al. 2006).

In reaction to this situation, foreign aid actors have been allocating resources to support the expansion of social transfers in low-income countries, as part of strategies to alleviate poverty but also to quickly fill a large part of the sizable existing coverage gaps in basic social protection (ILO 2010). This trend accelerated in the aftermath of the 2008 food, fuel and financial crisis, notably with the launch of the global Social Protection Floor initiative and the subsequent adoption by the International Labour Conference of the Recommendation 202 (ILC 2012; ILO and IMF 2012). For over a decade now, development partners have conducted a range of activities to support the use of social transfers in low-income countries, such as capacity building, feasibility

¹ Meaning no direct personal financial contribution is required from individuals as a condition of entitlement to receive benefits—in contrast with social insurance schemes’ contributory benefits.

² Such a definition differs with that of the International Labour Organization, which considers all social security benefits to represent social transfers Behrendt et al. 2014, but is consistent with the way the term is used in various countries and international organisations—see Devereux and Sabates-Wheeler 2004; DFID 2005; Grosh et al. 2008.

studies, pilot projects to generate context-specific evidence of effectiveness, and direct financial support to nascent social transfer schemes.

These aid-supported initiatives have brought mixed results. On one hand, social transfers have been gaining importance in low-income countries. While a contraction was observed in high and middle-income countries from 2010 onwards, low-income countries have kept expanding social protection (ILO 2014). In sub-Saharan Africa for instance, public social protection and health expenditure increased from 2.4 per cent of GDP in 1990 to 4.2 in 2010-11 (ILO 2014: 297), and social transfer schemes are on the rise (Garcia and Moore 2012; Monchuk 2014). But, on the other hand, many recent social transfer initiatives have remained limited in time and space. There has been concern over the likelihood for these aid-supported advances to translate into sustainable policy change. Several studies suggested serious limitations in the capacity of aid actors to promote local ownership around social transfers and encourage a shift away from time-bound foreign aid grants towards sustainable domestic funding. These studies recommended paying more attention to the politics of national policymaking, looking beyond purely technical solutions, and better understanding the dynamics of power that drive decision-making.³

If it has become commonplace to accept that politics matters for the mobilization of domestic revenue for social transfers in low-income countries, it is much less clear what actual political processes are at play, and what this means for development partners. There is a need to further investigate the extent to which foreign aid can encourage sustainable and equitable mobilization of domestic fiscal revenue for progressive social transfer policies to contribute to positive social change, poverty reduction and more inclusive development patterns. One way to illuminate this issue is to uncover why governments of a low-income country did invest domestic public resources in social transfers, and examine the role, if any, played by foreign aid actors. Better understanding these dynamics can usefully inform the formulation of strategies towards the expansion of basic social protection in countries where the process appears to have stalled.

This paper is a contribution to the research project of the United Nations Research Institute for Social Development (UNRISD) on ‘The Politics of Domestic Resource Mobilization for Social Development’ (UNRISD 2012). The specific question it examines is whether foreign aid has any catalytic function in the process leading to the mobilization of domestic resources for social transfers in low-income countries. In order to answer this question, the paper proceeds as follow. An initial review of the relevant theoretical and empirical literature informs the formulation of hypotheses about the effect of aid in social transfer policy uptake. The paper proceeds with a description of the investigation process designed to conduct a comparative analysis of the origins and features of sizable social transfer schemes introduced in low-income countries. Next, theoretical propositions are confronted with the empirical findings of this multiple-case study. These findings raise a number of follow-up questions that are discussed in the subsequent section. Finally, the paper concludes with a summary of key findings and emerging implications for future research and policy.

³ Hickey et al. 2009; Devereux et al. 2010; Holmqvist 2010; Niño-Zarazúa et al. 2010.

Hypothesizing the Effect of Aid in Policy Uptake

This section conceptually explores the role foreign aid may play in the process leading the government of a low-income country to adopt and finance a certain type of social transfer policy. Building on the extensive theoretical and empirical literature on welfare states (largely informed by the experience of industrial countries) and the growing literature on social protection in developing countries, it considers salient aspects distinguishing social transfers from other types of social policies, along with specificities of low-income country contexts, to formulate working hypotheses. This section successively discusses: aid as a potential triggering factor of the process of policy uptake; the likelihood for aid initiatives around social transfers to bring about sustainable change; and the limits of a technocratic approach to policymaking as a possible explanatory factor for slow progress in terms of policy uptake.

Aid as a Triggering Factor in Adopting a Social Transfer Scheme

Unlike some other forms of social protection, such as contributory social health insurance, social transfers need to be fully funded by public resources. Five main financing options can be considered by states willing to introduce a new social transfer scheme: reallocating spending; increasing revenues by raising taxes; tapping into new domestic natural resources; obtaining aid grants; and/or borrowing (Grosh et al. 2008; Ulriksen 2013). A common feature of most low-income countries is that they mobilize only a small share of their revenues through taxation, and face many tax policy challenges (Moore 2013). Many low-income countries remain dependent on commodity exports, and rely heavily on easy-to-collect taxes such as international trade taxes (UNRISD 2010: chap. 8). This makes them vulnerable to price volatility and the deterioration in the terms of trade observed over the past decades, and tends to crowd out other types of taxation. Trade liberalization, in particular tariff reduction, which has been a condition for countries to access loans by the international financial institutions (IFIs), has made it difficult for low-income countries to rely on trade taxes to finance social policies. This has made tax replacement crucial, but many low-income countries have struggled to replace the easy-to-collect sources of revenue with the hard-to-collect ones (value added tax, income tax, property tax). The context of high economic informality that prevails in most low-income countries generates a taxation trap—a vicious circle where a low taxation level weakens state credibility and capacity in providing public goods, further weakening the justifications for the citizens to pay taxes and contributing to maintaining high poverty levels (Sindzingre 2009).

In low-income countries, total public spending is usually in the range of 15-20 per cent of GDP (DFID 2011); the need for social transfers to be fully financed out of public resources thus presents a particular challenge to their adoption. Considering a complete package of basic social protection benefits, Behrendt and Hagemejer (2009) estimate that its introduction would require a level of resources that is higher than the current expenditure level in the majority of low-income countries. Even mineral-rich countries face serious challenges for financing social policies, such as the contradiction between volatile revenues from mineral rents and the fiscal requirements for stable long-term social spending, which are particularly difficult to manage in contexts of badly performing economy and weak or undemocratic state institutions (Hujo 2012). Behrendt and Hagemejer (2009) conclude that a considerable joint domestic and international effort is needed to ensure a basic level of social protection likely to bring about significant social development and a sharp reduction of poverty.

The high level of aid dependency of many low-income countries may make them particularly sensitive to international influence (Monchuk 2014)—for instance, having large aid-funded projects implemented by non-governmental organizations (NGO) can shape local practices and inform future policies. With globalization, countries tend to face many similar challenges, and increasingly learn from each other through international coordination and policy exchange. International development actors further encourage sharing and diffusion of good practices. Since the early 2000s, social protection has been moving up the global development agenda. It emerged from the recognition of the failure of safety net measures introduced during structural adjustments to adequately prevent and reduce poverty, and was substantiated by success stories from pioneering large-scale social transfer schemes in Latin America (Gliszczynski 2013). Permanent institutionalized social transfers were also praised as a viable and preferable alternative to ad-hoc food aid (Raisin 2001). As mentioned in the introduction, the trend grew further after 2008 when social transfers were identified as key instruments to mitigate the effects of the food, fuel and financial crises (World Bank 2008).

For each type of revenue, decisions would be made by a different set of actors in different bargaining spheres, and social transfer policies can be expected to be determined both by who benefits from them and who pays (Ulriksen 2013). Due to the connection between the politics of spending and the politics of financing, the perceived necessity for a (new) social transfer policy may emerge out of a primary concern over costs (to make social assistance more cost-effective/less costly) or needs (to expand basic social protection and cover other groups or needs). In the first case, policymakers may consider reforming an existing programme, while in the second case, they may envision the introduction of a new programme.⁴ Furthermore, the initial impulse towards a social transfer policy may come from either side of the social contract—the supply-side (state) or the demand-side (citizens) (Hagen 2008). In a low-income and possibly aid-dependent country, it may as well come from the donor side. Hence, a working hypothesis in regard to the origins of social transfer schemes in low-income countries is that:

Hypothesis 1—Social transfer schemes in low-income countries have four distinct origins, whether they result or not from the reform of an existing social scheme, and whether they have been initiated by domestic or foreign players.

Likelihood for Aid to Bring about Sustainable Policy Change

Social transfers represent a specific case in public social spending in that, unlike universal social services such as education and health, they are targeted (in a way or another) to sub-groups of the population. Political economy models of targeting postulate that the level of targeting and the corresponding budget for social spending are interlinked. Assuming that the budget is determined through majority voting and voters' response to targeting, they predict that universal transfers (that is categorical targeting as opposed to poverty-based targeting) are optimal.⁵ Schüring and Gassmann (2013) challenge the validity of these models in a low-income country context. They remind that, depending on the political system, citizens may have no influence on government decisions; voters' preferences may not translate into policy change; rich elites may be strong enough to force a decision in their own right; and in resource-constrained context, there might be no room to increase the budget. In addition, voters may not

⁴ Studying social pension reform in Asia, Hujo and Cook (2012) developed a similar argument.

⁵ de Donder and Hindriks 1998; Moene and Wallerstein 2001; Gelbach and Pritchett 2002.

decide on the only basis of self-interest; in particular, the impact of altruism should not be neglected. Attitudes towards the poor appear to be an important determinant of social transfer policy choices (Graham 2002). As early as with England's Elizabethan-era Poor Laws, a distinction appeared in public policy debates between the 'deserving poor'—people who are poor through no fault of their own, and are motivated, honest and hardworking—and the 'undeserving' sort. The perception that social transfers should not 'give something for nothing' is one reason behind the popularity of public works and conditional social transfer schemes observed in developing countries (Fiszbein and Schady 2009; McCord 2012).

The funding source of social transfers has bearings on the shape they may take. UNRISD research has stressed the importance of the type, and not simply the amount, of fiscal resources mobilized for creating and strengthening equitable and sustainable social policy systems. It has revealed that domestic sources of financing, such as taxation, foster stronger synergies between economic and social development as well as contribute to more accountable government than aid, or mineral rents (Hujo and McClanahan 2009; UNRISD 2010). Looking specifically at social protection policies, Ulriksen (2013) hypothesizes that if the revenue source is domestically controlled rent (for example, natural resources), social spending priorities would be set by the elite who tends to prefer minimal but broad-based spending to ensure legitimacy; and if the revenue source is development aid, priorities would be set by donors who may prefer short-term spending and visible developmental outputs. She highlights that rents would place citizens as beneficiaries, but not contributors; and foreign aid would result in a bifurcation of accountability, aid recipient countries becoming more accountable to donors than they are to their citizens. Ulriksen (2013) suggests that a broad and diversified tax base is an important mechanism for creating a reciprocal relationship between taxpayers and their government, and thus increasing social spending.

There are questions over the likelihood for aid-supported initiatives to eventually lead to higher shares of (sustainable and equitable) domestic funding for social transfers. Efforts to promote social transfers in low-income countries have received criticism for being ineffective in that regard or even damaging—for example, due to a proliferation of isolated pilot projects (sometimes for image promotion purposes), or a lack of consideration to existing social assistance models.⁶ Devereux and White (2008) suggest that in many low-income countries, much of the impetus for social transfers has come from foreign aid actors. This may have adverse crowding out or substitution effects. Aid may be associated with a reduction in domestic tax revenue (Morrissey 2009, 2012); and an excessive dependence on aid may undermine domestic policy space or accountability of state towards citizens (Sindzingre 2009; Ulriksen 2013).

Looking at the first years of social protection promotion by development partners, Hickey suggests that aid actors are unlikely to be able to 'promote progressive social contracts around social protection without significant reforms to the way in which aid currently works' (Hickey 2011: 2). In a rather provocative article, Freeland (2013) suggested that social protection works where there is a strong government (as in Ethiopia, Rwanda, Botswana or South Africa) and/or a strong civil society (as in South Africa or Bangladesh); but does not work where there are strong donors (as in Malawi or Zambia). A working hypothesis in regard to the likelihood for aid initiatives to bring about sustainable change in social, political and financial terms is that:

⁶ Devereux and White 2007; Hickey et al. 2009; Niño-Zarazúa et al. 2010; Devereux et al. 2010.

Hypothesis 2—A strong involvement of foreign aid actors in the origins of a social transfer scheme jeopardizes its social, political and financial sustainability.

Limits of a Linear Evidence-based Approach to Policymaking

Social transfers are about redistributing public resources; defining a social transfer policy is thus ‘self-evidently about a vision of society’ (Devereux and Sabates-Wheeler 2007: 2) as it implies clarifying which inequalities a society aims to reduce (or which privileges elite groups aim to maintain) through them. Member countries of the OECD (Organisation for Economic Co-operation and Development) have adopted different regimes to provide protection against risks, depending on their specific historical circumstances and topical policy aims; and cultures have proved important in shaping these social protection models (Vrooman 2012). Each type of social protection regime reflects a specific vision of society, notably a particular approach to the notion of social justice and a given understanding of the role of the state.

This is quite in contrast to the common belief among development partners that robust information on needs (poverty and vulnerability knowledge) and strong evidence of effectiveness, value for money and affordability are key to convince decision-makers to invest in social transfers. The main strategies implemented by development actors over the last decade to promote the use of social transfers in developing countries tend to reflect a linear and technocratic approach to policymaking. A common strategy has been to present theoretical arguments and empirical evidence on the impact of social transfers on poverty reduction and human development. To date, most of the robust empirical evidence on social transfers comes from Latin America, a context that differs in many ways from that of many low-income countries—firstly due to a difference of levels in the capacity to finance, administrate and monitor a social programme. Responding to the lack of national empirical evidence, development partners have launched pilot projects in an attempt to demonstrate that innovative forms of social transfers can be implemented and can generate positive results. A context of global recession has pushed policymakers in many developing countries or donor agencies to present ever stronger and more convincing arguments to justify how they set priorities for public spending. Recent years saw an increased use of cost-benefit analyses among development partners in a search to justify and maximize returns of public investments in social transfer policies (Cherrier et al. 2013).

Above-cited studies questioning the ability of aid initiatives around social transfers to encourage sustainable policy change criticize the technocratic, linear and economic approach to policymaking prevailing among development partners. Confronting the theory behind aid actors’ mainstream thinking around the ‘politics of influencing’ with evidence gathered around the ‘politics of what works’, Hickey et al. show that this approach does not seem to be supported by evidence (Hickey 2009; Hickey et al. 2009). These studies recommend foreign aid actors to pay more attention to elite interests and the dynamics of power that drive policymaking—since social transfers are often used for populist or clientelist reasons. The slow progress in terms of policy uptake reported by these studies also invite to better understand what counts as ‘good’ evidence in the eyes of decision-makers. A recent study on the use of research evidence in humanitarian decision-making found that the influence of evidence is limited by previously decided strategic priorities, is considered selectively by decision-makers, is influenced by personal experiences and is typically used to justify rather than determine interventions (Darcy et al. 2013). This suggests that the uptake of the evidence base may be closely

linked to ideology as well as informal and implicit personal knowledge. Consequently, a working hypothesis in regard to the approach to policymaking around the allocation of public resources for social transfers is that:

Hypothesis 3—Ideology and personal knowledge play a role at least as important as empirical scientific evidence in the decision to allocate public resources to social transfers.

Methods for Exploring the Origins of Social Transfers

The approach adopted to look into these hypotheses has been to examine cases of (at least partial) success in terms of policy uptake: cases where a domestically (co-)funded and permanent (or multi-year) social transfer scheme is delivered at scale in a low-income country context. This section outlines the methods used to conduct this empirical investigation into the origins and resulting features of social transfer schemes in low-income countries.

CASE SELECTION. In this study, a social transfer scheme is treated as the unit of analysis—as opposed to a social transfer system or country. Policy outcome criteria guided the selection of a set of social transfer schemes introduced in low-income countries of sub-Saharan Africa, a region where the public social protection expenditure as a share of GDP has remained the lowest in the world (ILO 2014: 297). All the selected schemes have reached a sizable scale and are partially or fully domestically funded. This enables looking into the first hypothesis related to the origins of social transfer schemes—impetus from domestic vs. foreign actors; introduction of new schemes vs. reform of old schemes. The selected cases are: Ethiopia's Productive Safety Net Programme (PSNP); Ghana's Livelihoods Empowerment Against Poverty (LEAP) programme; Kenya's Cash Transfers for Orphans and Vulnerable Children (CT-OVC); Lesotho's Old Age Pension (OAP); Mozambique's *Programa de Subsídio Social Básico* (PSSB); and Zambia's Social Cash Transfer (SCT) scheme. This selection also provides a representation of various degrees of involvement on the part of development partners with, at one end of the spectrum, Lesotho's OAP which was introduced without donor support, and at the other end, Ethiopia's PSNP which has benefited from substantial external assistance. This enables looking into the second hypothesis related to the sustainability of policy changes induced by aid-initiatives. Finally, having ideas as an explanatory factor (see the analytical framework below) allows looking into the third hypothesis, which concerns the type of knowledge informing policy decisions.

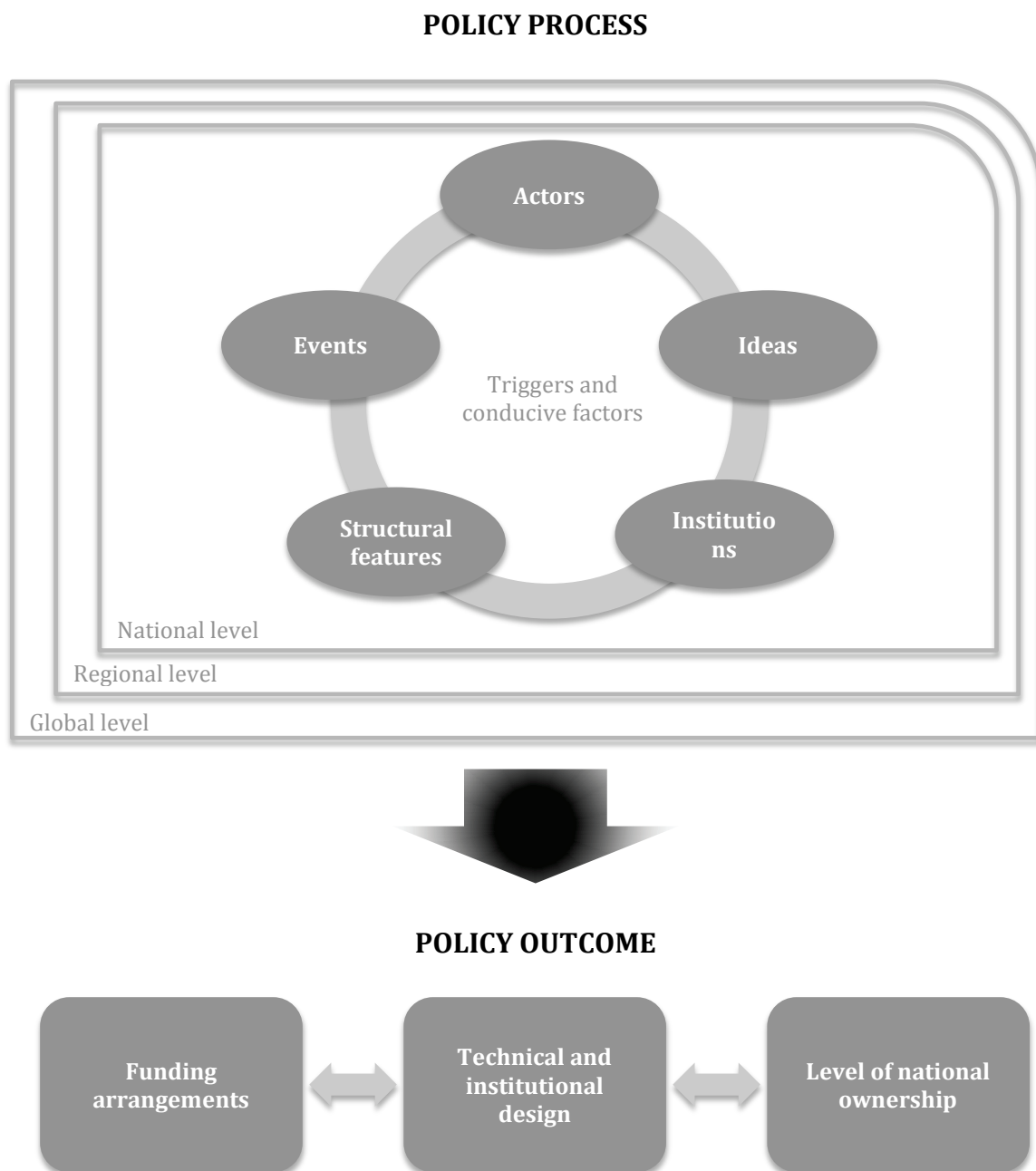
ANALYTICAL FRAMEWORK. A simple framework was developed to guide data collection and analysis for this paper through a retrospective process tracing approach (George and Bennett 2004; Collier 2011) aimed at tracking the pathways that led to the mobilization of public resources—domestic revenue and/or official development aid—to introduce the selected social transfer scheme.⁷ The starting point for within-case analysis is the introduction of the selected social transfer scheme at scale, or in its current form if it is still at an early development stage. The framework invites to examine the following key aspects of the adopted policy (*policy outcome*⁸): funding arrangements; technical and institutional design; and level of national ownership. It then considers the triggers and conducive factors that have led to this policy outcome (*policy*

⁷ The proposed framework builds on the Drivers of Change approach adopted by the United Kingdom's Department for International Development (DFID 2004), as well as Hickey's work to conceptualise the politics of social protection (Hickey 2006; 2008; 2009; 2011).

⁸ The term 'policy outcome' refers here to the resulting shape of the social transfer policy/scheme, and not to the impact of that policy.

process), categorizing them into: events, actors, ideas, institutions and structural features. Doing so, it focuses on distinguishing, as much as possible, between influencing factors of national, regional or global nature. Figure 1 illustrates this analytical framework.

Figure 1. Analytical Framework of the Determinants of a Social Transfer Policy



Source: Author.

The starting point in the analysis is to consider the shape of the adopted social transfer scheme. The framework invites to examine three interrelated aspects, meant to help appreciate the social, political and financial sustainability of the scheme (see Figure 1). First, when considering the *funding arrangements* for social transfers, it is important to quantify and qualify, as much as possible, the different sources of revenue mobilized. In particular, one may look at the share of budget covered by domestic resources, the sustainability of the different funding sources, and the future prospects—that is, in case of short/medium-term commitments, whether there is likely access to long-term

financing. Second, examining the *technical and institutional design* of the scheme, it is particularly interesting to consider the likely stability of its institutional anchorage, along with the likely social and political acceptability of its design on the long run. Third, the *level of national ownership* over the scheme is assessed to appreciate its prospects—since enhanced national ownership would improve the ability to mobilize domestic funding (for instance, through taxation), and thus the sustainability of the scheme. The concept of ownership, although widely used, remains imprecise and difficult to grasp. In a first attempt to gauging the level of national ownership of a scheme, three core indicators easily measurable from basic project data were considered.⁹ These are presented in Table 1 below.

Table 1. A First Approach to Assessing the Level of National Ownership

| Dimension | Core indicator | Threshold | Value |
|-------------|---|---|-------------------------|
| Legal | Nature of the document setting eligibility and operational rules | <ul style="list-style-type: none"> • Law/decree • Adopted national policy only • Project document only | High Moderate Low |
| Financial | Percentage of scheme budget covered by domestic resources | <ul style="list-style-type: none"> • Over 70% • Between 30 and 70% • Below 30% | High Moderate Low |
| Operational | Profile of the main bodies responsible for the delivery and oversight of the scheme | <ul style="list-style-type: none"> • National bodies only • Both national and international bodies • International bodies only | High Moderate Low |

Source: Author.

Proceeding with the retrospective process tracing analysis, the framework is intended to help organizing the different triggers and conducive factors identified. This analysis is meant to clarify whether a country context presented any preconditions for success, what actually initiated the policymaking process (that is, what pushed national decision-makers to consider a social transfer option) and what brought it to a close (that is, what led to the decision to introduce a national social transfer scheme, see Figure 1). *Structural features* may explain which types of social transfers are perceived as socially and political acceptable, financially sustainable or administratively deliverable. A specific *event* may be at the origin of the process or accelerate its conclusion. The first (audible) call(s) for social transfers may come from very different *actors*. Different *institutions* may govern these actors' attitudes and interactions—formal and informal rules, power structures, vested interests and incentives, as well as political and public administration processes. Policy choices may be further explained by specific *ideas* and ideational processes that affect the ways actors perceive their interests and the environment in which they intervene.¹⁰

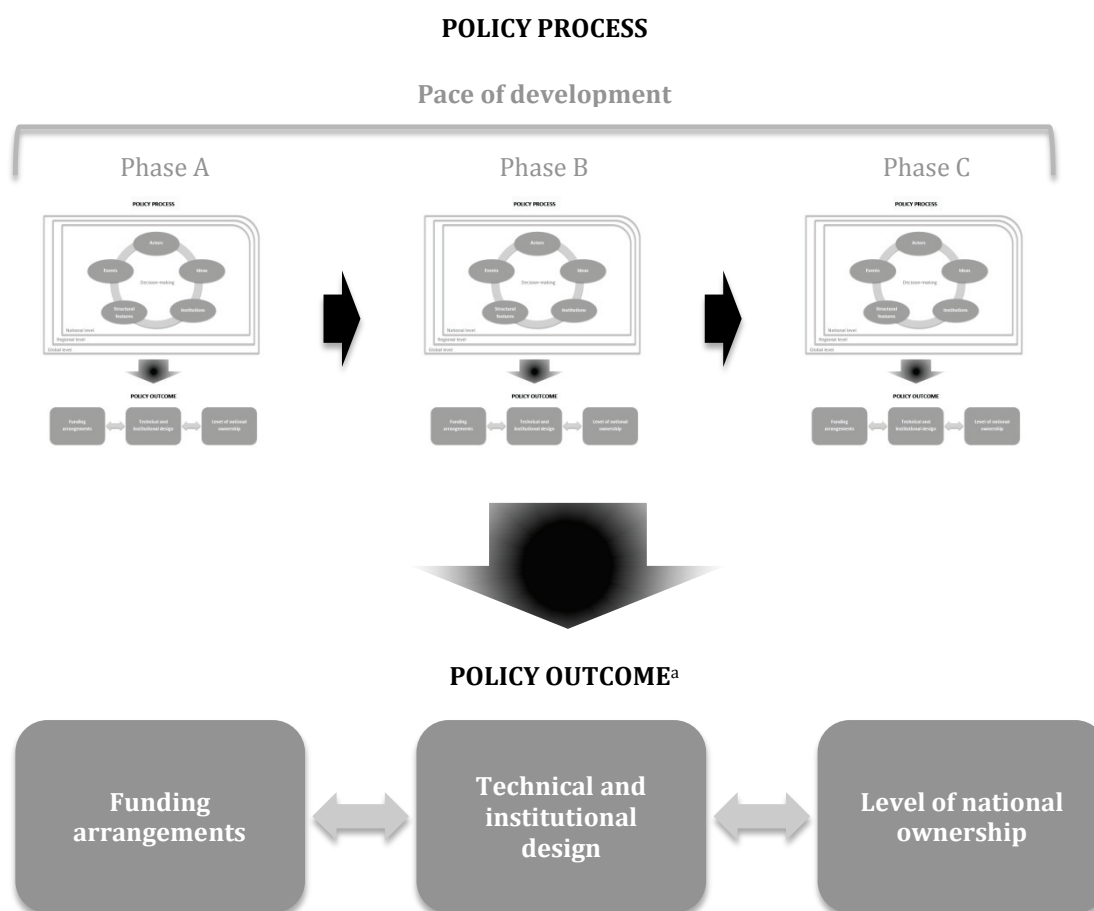
WITHIN-CASE ANALYSIS. The analytical framework presented above is focused on the dynamics that lead to the introduction of a social transfer scheme, that is, its conception phase. However, while some social transfer schemes will have been introduced at scale, others will have been developed in a progressive manner, through successive phases of testing and refining, until they reach their intended full scale. The policymaking dynamics are likely to differ within each phase—new actors may get involved; new ideas, for instance, in regard to the result of an initial pilot phase may inform decisions; etc. In such a case, the framework is used to guide phase-specific

⁹ This choice of indicators echoes with the three pre-requisites to the introduction of a social transfer scheme Samson et al. (2006) distinguish, namely: political will, fiscal space, and technical and administrative capacity.

¹⁰ Ideas are defined here as 'causal beliefs', which can have both cognitive and normative components; that is, ideas can be as much about 'knowledge' as about the 'proper action' to take Béland and Cox 2011.

analyses. A major change in funding arrangements and/or design would mark the transition from one phase to the next, within the broader conception phase. This is illustrated in Figure 2.

Figure 2. Using the Framework for Within-Case Phase-Specific Analysis



^a Scale-up scheme or current status of the scheme if the broader conception phase is still ongoing.

Source: Author.

Through this phase-specific analytical approach, a first investigation into the origins and features of the selected schemes informed the development of causal stories focused on actors (with capacities and vested interests), institutional framework (in terms of incentives and constraints) and their interaction (processes) to mobilize public resources for social transfers. A second level of analysis consisted in evaluating the influence, if any, of foreign aid actors among all the triggers and conducive factors previously identified. This influence could be direct (for instance, financing a pilot phase) or indirect (for instance, contributing to new global ideas around social transfers). Last, each of the working hypotheses was confronted with empirical research findings. This process was repeated for each of the selected cases.

ACROSS-CASE ANALYSIS. Across-case analysis was structured around the three core questions that motivated the study and are behind the hypotheses introduced above: To what extent has foreign aid been a triggering factor in the emergence of these sizable social transfer schemes? To what extent does a strong involvement of foreign aid actors in the origins of a scheme may, or not, jeopardize its social, political and financial sustainability? What are the limits of a linear evidence-based approach to policymaking to encourage sustainable policy change?

Empirical Evidence From Six African Cases

This section elaborates on a comparative analysis of the six selected cases. Case analysis was based on secondary data drawn from an in-depth review of white and grey literature—academic publications, evaluation reports, strategy papers, activity reports, operational manual, media articles, etc. Table 4 provides an overview of findings, summarizing key elements of the schemes’ origins and features—coverage, funding arrangements, technical and institutional design, level of national ownership. This section is structured around the three hypotheses introduced above, considering in turn triggering factors (looking into hypothesis 1), sustainability of the resulting schemes (looking into hypothesis 2), and sources of knowledge informing policy decisions (looking into hypothesis 3).

Triggering Factors in the Emergence of the Schemes

Development partners were found to have played a meaningful role in the process leading to the establishment of all but one of the selected schemes. Unwrapping the origins of these schemes established international financial institutions as important players in the mobilization of resources for social transfers in low-income countries—in addition to international donors and organizations directly engaged in social protection—for instance, through their public spending reviews. However, it was often not possible to establish clearly whether the initial impulse (that is the very first idea to consider a social transfer policy instrument) came from foreign aid actors or domestic players. Rather, foreign aid actors tended to give weight to existing national proponents—for instance, by supporting the ministry of social affairs. The first hypothesis thus needs to be revisited. Storylines emerging from the analysis of the origins of the selected social transfer schemes (Table 4, column 1) are categorized in four broad types. This tentative typology is summarized in Table 3. The four origin stories and their illustrative case(s) are briefly presented below.

Table 2. Tentative Typology of Origin Stories of Social Transfer Schemes

| Policy | Storyline | Main characteristics | Illustrative cases |
|--------|---|--|--|
| I | Domestic initiative to expand antipoverty or social protection provisions rooted in national historical, geographical and cultural factors | <ul style="list-style-type: none"> • Context of historical welfare legacies • Process initiated by ruling elites with ministry of finance's leadership • Design defined within state bodies • Domestically funded | • Lesotho's OAP |
| II | Reform of a domestically funded social policy initiative as a process of retrenchment, economic restructuring or a demand for increased coverage | <ul style="list-style-type: none"> • Context of retrenchment or social unrest • Process initiated by ruling elites with ministry of finance's leadership • Design defined within state bodies • Domestically funded with some aid co-funding | • Mozambique's PSSB |
| III | Aid-supported initiative to expand antipoverty or social protection provisions informed by global poverty reduction and social protection agendas | <ul style="list-style-type: none"> • Context of PRSP-framed development • Process promoted by aid actors and ministry in charge of social protection • Design defined between government and aid actors • Substantial levels of aid support | <ul style="list-style-type: none"> • Ghana's LEAP • Kenya's CT-OVC • Zambia's SCT |
| IV | Aid-supported initiative to restructure recurrent aid-funded emergency transfers in a context of protracted crises | <ul style="list-style-type: none"> • Context of recurrent large-scale crises • Process promoted by aid actors and ministry in charge of rural development • Design defined between government and aid actors • Substantial levels of aid support | • Ethiopia's PSNP |

Source: Author.

The case of Lesotho's OAP is an example of a social transfer scheme that has emerged as a domestic initiative rooted in national historical, geographical and cultural factors. It is often cited as a demonstration that social transfers are affordable even in low-income countries. It is the interesting case of a country faced with limited resources, which nevertheless introduced, without donor support, a universal pension to all citizens aged 70 and over. The plan for a universal pension was on the left-wing ruling party's manifesto since 1993—year of the restoration of democracy, probably out of concern for equity between Basotho residing in Lesotho and fellow Basotho living in surrounding areas of South Africa and entitled to the South African Old Age Grant. The case is illustrative of what Niño-Zarazúa et al. (2010) labelled the 'Southern Africa model' in that it emerged as a domestic initiative, is based around categorical grants and is fully funded out of domestic resources.

Mozambique's PSSB is a social transfer scheme that has resulted from the reform of a pre-established domestically funded social policy initiative. It is one of the earliest-established cash transfer scheme in a low-income African country.¹¹ It began in 1992 as an emergency programme to aid poor urban dwellers after food subsidies were removed. Major changes in programme management and design have been made over the past decade, including a broadening of the programme's targeted population. The PSSB has been funded by the Mozambique government and has received technical and financial support from a number of development partners.

The cases of Ghana's LEAP, Kenya's CT-OVC and Zambia's SCT exemplify how, in a period when Poverty Reduction Strategy Papers (PRSP) frame the development of less

¹¹ The programme was formerly known as the GAPVU (*Gabinete de Apoio à População Vulnerável*) cash transfer programme until 1997 (when it was taken over by the National Institute for Social Action), and as the PSA (*Programa de Subsídio de Alimentos*) until 2012 (when it was restructured within a comprehensive national social transfer system).

developed countries, a social transfer scheme may emerge out of specific aid-supported initiatives informed by global poverty reduction and social protection agendas. Each case, however, reflects particular aid dynamics to the expansion of social transfers. Ghana's LEAP programme emerged as a poverty reduction measure out of the PRSP process linked to the Heavily Indebted Poor Countries (HIPC) initiative; it has been financed from debt relief funds. Launched early 2008 as a pilot programme, the programme has been progressively scaled up over the years with financial and technical assistance from aid actors. In Kenya, the idea behind the CT-OVC programme was promoted, with lobbying support from the United Nations Children's Fund (UNICEF), in the run-up of parliamentary elections. The scheme arose as a response to the rapidly increasing number of orphans and other vulnerable children (OVC) associated mainly with effects of HIV/AIDS. Development actors took a light approach, and instead of pushing for any golden standards, they let members of parliament (MPs) and civil servants define a rough design adapted to the national context in a home-grown trial-and-error approach (Pearson and Alviar 2009). Piloted in 2004 as the first state-run cash transfer scheme in Kenya, the programme has been progressively scaled up since. By contrast with the Kenyan case, the development of Zambia's SCT scheme has been a long and bumpy road. Until the recent announcement of a sevenfold increase in national budget allocation to the scheme, a lack of government commitment to social protection generally, and to social cash transfers in particular, had persisted in spite of the fact that aid-funded pilot projects had been running since 2003. Harland (2011) suggests that this long stagnation may be partially explained by a national context broadly unfavourable for pro-poor policies, but also by the attitudes of aid actors—this is briefly discussed in Box 1 below.

Last, Ethiopia's PSNP is an example of a social transfer scheme that has resulted from the restructuring of recurrent aid-funded emergency transfers in a context of large-scale protracted crises. It was launched at full scale in 2005 after decades of food aid received through annual emergency appeals. It was developed as part of a broader multi-year food security programme overseen by the Ministry of Agriculture and Rural Development and focused on graduating people from food insecurity. It has remained highly aid-dependent for design, funding and delivery.

Social, Political and Financial Sustainability of the Schemes

In terms of policy outcome, evidence questions the second hypothesis that a strong involvement of foreign aid actors in the origins of a social transfer scheme jeopardizes its social, political and financial sustainability. Though in most cases donor dependency remains high, two positive trends are observed. First, the predictability and reliability of aid tend to improve thanks to multi-year commitments and pooled funding mechanisms. Second, the share of domestic contributions is on the rise. In Ghana and Kenya, there are even plans to achieve full domestic funding in the medium term. Meanwhile, aid funding allows a faster expansion of the scheme. Even in contexts of strong aid actor engagement, some degree of national ownership was observed, which makes the mobilization of domestic resources to maintain the scheme more likely.

The case of Lesotho's OAP is notable in that the scheme has remained entirely funded out of domestic resources—with no technical or financial support from development partners. When the country decided to introduce the OAP in 2004, its overall fiscal balance had turned from a deficit to an increasing surplus, reflecting the temporary rise in receipts from the Southern African Customs Union (SACU) and improvement in domestic revenue collection following the launching of the Lesotho Revenue Authority. Yet, Lesotho's medium-term outlook was clouded by several downside risks, including

a further loss of trade preferences for the export sector and a decline in SACU receipts relative to GDP (IMF 2005). The intention to remain independent of donor assistance was, however, clearly expressed by the Minister of Finance in Parliament (Pelham 2007). It was suggested that the OAP was a backhanded way to increase tax revenue—the Minister of Finance suggested that rather than raising the size of income tax by a large amount, the government could lower the income level at which people start paying taxes and increase it incrementally (Second Reading of the Pensions Bill, 18th November 2004 cited in Pelham 2007). The decision to adopt a pure categorical targeting approach may be seen as a step in that direction. Lesotho's OAP was announced some 18 months after the Lesotho Revenue Authority became operational. The scheme is overseen directly by the Department of Pensions situated within the powerful Ministry of Finance and Development Planning, rather than the Department of Social Welfare in the Ministry of Health and Social Welfare. This further suggests that the pensions were primarily conceptualized as an economic and political instrument rather than a poverty reduction or social welfare measure.

The other schemes reviewed have remained highly dependent on donors, who cover at least a third of the budget (Table 4, column 3). However, it is hard to imagine that donors would suddenly withdraw their support and let them fail. Ethiopia's PSNP for instance is one of the largest African social transfer schemes, the primary instrument of social protection in the country, and has become an international flagship programme. In Ethiopia, Ghana, Kenya and Zambia, pooled funding mechanisms have been established and donors have committed funds on a multi-year basis. In Kenya and Ghana, donors provided substantial additional funds to allow a faster expansion of the programme with the prospect that the scheme would be fully domestically funded in a few years' time. In Kenya, while encouraging increased external funding, government officials made sure to resist any expansion that could not be domestically maintained in the absence of donor funding (Ikiara 2009). This progressive rollout strategy of the CT-OVC scheme is a reflection of the proactive yet cautious attitude by the Kenyan government to ensure predictable and long-term budgetary commitment and avoid creating chronic fiscal deficits. Over the years, the government has dramatically increased its financial commitment. This has not been directly associated with increased taxation due to the fear of making the scheme unpopular to Kenyan taxpayers (Ikiara 2009). It occurred in a context of sustained economic growth, along with a reallocation of expenditures. Over the period 2005-2010, the annual GDP growth averaged 5 per cent (World Bank 2013), and the relative share of government funding for social transfers dropped from over 57 per cent to 19 per cent for relief and recovery social transfers (largely food-based) while it increased from 2 to 43 per cent for social cash transfers (including CT-OVC) (Republic of Kenya 2012: 18).

All the scaled-up social cash transfer schemes reviewed here can be qualified as being, to differing degrees, nationally owned, even in contexts of strong aid actor engagement. The degree of national ownership was approached through the three core indicators presented in Table 2. Findings are summarized in the last column of Table 4. The fact that most of these initiatives have received substantial technical and financial support from development aid actors created the perception that many of them were donor-driven. But the cases reviewed here suggest that national leadership and political commitment remain necessary conditions for the emergence of permanent scaled-up social transfer schemes. Decisions to introduce a sizable social transfer scheme tend to occur within broader strategies of state-led social protection and pro-poor policy extension, possibly as part of deliberate moves to put the state in a role of primary welfare provider. Related social assistance bills were passed into law in Lesotho,

Mozambique, Ghana and Kenya. In Kenya, cash benefits targeted to the poorest children are becoming a part of the fabric of Kenyan society. This occurs in a broader context of social protection expansion, which includes several other cash-based programmes (Hunger Safety Net Programme in the arid and semi-arid lands which are not covered by the CT-OVC scheme, Older Persons Cash Transfer, Urban Food Subsidy Cash Transfer, Persons with Severe Disability Cash Transfer). In Lesotho, too, the OAP was not introduced in isolation but as one of the first steps in a nascent social protection system, which now also includes a Child Grants Programme.

Role of Evidence in Policymaking

Findings support the third hypothesis that non-propositional knowledge is at least as important as scientific evidence in informing policy decisions around social transfers. They illustrate the dynamic relationship between two main sources of knowledge: propositional or codified knowledge (formal, explicit, derived from research, concerned with generalizability) and non-propositional or personal knowledge (informal, implicit, derived primarily through personal experience) (Eraut 1985, 2000). They also reveal the roles played by both ideas attached to an organization's mandate and history, and ideas attached to a person's own life trajectory.

In all the cases reviewed, the necessity to introduce a social transfer scheme came, at least partially, from an increased awareness on possible (alternative) responses to needs in protracted crisis contexts. Foreign aid actors appear to have significantly contributed to creating or encouraging this awareness, notably through the production and dissemination of assessment reports. In Ethiopia, the USAID (United States Agency for International Development) technical report 'Beyond the Merry-Go-Round to the Relief-Development Continuum' (Raisin 2001) was instrumental in mobilizing actors to recognize the nature and scale of the food crises, and the need to go beyond ad-hoc humanitarian assistance. In Southern Africa, the communication strategy around the report issued jointly by UNAIDS (Joint United Nations Programme on HIV/AIDS), UNICEF and USAID 'Children on the Brink' (UNAIDS et al. 2002) helped create a momentum on the raising issue of OVC in the growing HIV/AIDS pandemic. In Ghana, having a detailed design and budget, along with a progressive rollout strategy—developed as part of technical assistance activities supported by the United Kingdom's Department for International Development (DFID)—did help convince the Minister of Finance to allocate funds for an initial LEAP pilot (Sultan and Schrofer 2008).

However, other findings suggest that the uptake of the evidence base may be closely linked to ideology. Hickey (2011) draws attention to the fact that different theoretical and ideological approaches to social protection thinking have very different implications for the forms of social protection that would be promoted. The liberal tendency would broadly favour approaches that are targeted and conditional, whereas the social approach would tend to prefer more universal and unconditional approaches. Such ideological divide was at the core of the initial debates around the Ethiopia's PSNP, when the World Bank would support a poverty-based and productive approach, whereas DFID would advocate for a more protective approach. Despite an apparently neutral focus on technical evidence, development partners tend to show ideological positions. In Ethiopia, DFID was viewed by some donors as adopting an ideological rather than evidence-based position when advocating for a cash-based option, which was not necessarily based on adequate field research (Hickey et al. 2009). In Zambia, the initial lack of political commitment can be attributed to a fundamental ideological misalignment between SCT proponents and the Minister of Finance. The drastic change

recently observed occurred under a new government, after the left-wing Patriotic Front gained access to power with a pro-poor agenda (Harland 2011).

Findings also suggest that personal knowledge may be at least as important as scientific evidence in informing policy decisions around social transfers. The reported impact—for instance, in the cases of Ghana’s LEAP and Kenya’s CT-OVC—of educational field visits of pre-pilots and exchange visits to other parts of the world where cash transfer schemes were already well established highlights the importance of personal experience to inform policy decisions. Interestingly, the political push for the expansion of the Kenyan CT-OVC pilot occurred before any robust scientific evidence of its effectiveness had been produced, and even before all major design and implementation questions had been answered. A small pre-pilot was launched late 2004 with government and donor funding. Having a pilot on the ground encouraged policy debate; educational field visits enabled Members of Parliament (MPs) and government officials to judge for themselves of the relevance of the approach. The understanding that people were not misusing the cash led to a Cabinet decision, validated by Parliament, to create a budget line for scaling up the pilot beyond the initial three districts (Pearson and Alviar 2009).

The rather good prospects in terms of financial, social and political sustainability that emerge from this comparative analysis contrast with the findings of studies conducted a few years ago¹²—for instance, on Zambia’s SCT—which raised serious questions over the likelihood for aid-supported initiatives to translate into sustainable policy change. This introduces time as an important factor in policy uptake process. It may be the time required for social transfer proponents to build trust with decision-makers, and convince them of the potential and feasibility of a social transfer policy option. The recent acceleration may reflect a ‘bandwagon effect’¹³ with the adoption of a social transfer policy indicating that a ‘tipping point’ (Sinek 2009) has been reached in the spread of policy ideas.

Furthermore, the fact that some aid efforts appear successful, in the medium run, in leading to policy uptake may suggest another type of double discourse among aid actors (Eyben 2010). While aid agencies may present a project as purely technical (and apolitical), staff may adopt in their daily work politically-smart advocacy strategies. Already, this comparative analysis reveals different ways for aid agencies to approach policymaking and engage in social transfer issues. This is illustrated by a few cases presented in Box 1.

¹² Hickey et al. 2009; Devereux et al. 2010; Holmqvist 2010; Niño-Zarazúa et al. 2010.

¹³ An accelerating diffusion through a group of a pattern of behaviour, the probability of any individual adopting it increasing with the proportion who have already done so (Colman 2009).

Box 1. Different Aid Strategies to Support the Use of Social Transfers

In Ghana, the idea of a social cash transfer scheme emerged from the Ministry of Manpower, Youth and Employment (MMYE) that was then a rather weak ministry with limited implementation capacity. Forming alliances outside of government, with development partners, enabled the MMYE Deputy Minister to negotiate with the Ministry of Finance and other Cabinet members. Then, from the start, development partners provided technical and financial support to strengthen capacity, as mismanagement would possibly result in a loss of political backing. In return, positive social spending analyses by IFIs encouraged donors to mobilize additional resources. Still, maybe more than funding, delivery capacity remains a key limiting factor in the expansion of the scheme.

Aware of this capacity issue, development partners supporting Kenya's CT-OVC expansion engaged with parliamentarians and adopted a rather pragmatic approach with a two-track scale-up process, whereby a pre-pilot relatively rudimentary model would be expanded to new districts while capacity would be built to test and evaluate a more sophisticated model in existing pilot districts (Pearson and Alviar 2009).

By contrast, considering the development of Zambia's SCT, Harland (2011) argues that the way development partners attempted to promote social cash transfers undermined for some years emerging national commitment to social protection. A tendency to stand for one preferred solution—presented as technically best but often largely reflecting a donor's ideology—tended to cause situations of deadlock. Stakeholders struggled with the new social protection terminology, concepts and instruments—each development partner having its own jargon and objectives (Hickey et al. 2009). Unlike in Ghana and Kenya, the Zambian Ministry in charge of social protection could not convince the Ministry of Finance to approve substantial investments in social cash transfers, even with sustained support from aid actors. This long stagnation can be explained partially by a national context broadly unfavourable for inclusive development policies—a focus on economic growth and rent seeking dynamics have limited the space for pro-poor policies in Zambia (Schüring and Lawson-McDowall 2011). But the pilot project approach narrowly focused on cash transfers initially adopted by donors may be another explanatory factor. Harland (2011) suggests that the donor-driven pilot project approach aimed at generating scientific evidence and developing a 'turnkey model' had damaging effects. The decision to work the design and implementation process through an international NGO, rather than national bodies, may have been poor preparation for a scaled-up national policy. Furthermore, capacity-building efforts by donors were limited to Ministry's capacities required to deliver the pilot project (Harland 2011).

Source: Author.

Table 3. Overview of Selected Social Transfer Schemes in Sub-Saharan Africa

| Country, scheme name, start date | [1] Origins | [2] Coverage | [3] Funding arrangements | [4] Technical & institutional design features | [5] Level of national ownership |
|---|--|---|---|---|---|
| Ethiopia Productive Safety Net Programme (2005) | Type IV <ul style="list-style-type: none"> • Context of large-scale protracted food crises • Emerged as a measure to better assist the predictably poor • Promoted by Ministry of Agriculture and Prime Minister • Substantial technical support from aid actors • Launched at full scale a few months before 2005 general elections | Scaled-up <ul style="list-style-type: none"> • National level rollout • 1.6 million households or 7.2 million people or about 20.4% of the economically active population in 2006 • 242,000 households benefiting from the direct support component in 2010 • 6.9 million persons in 8 out of 10 regions, as of May 2013 | Domestic & aid resources <ul style="list-style-type: none"> • Trust Fund: World Bank, USAID, CIDA, DFID, Irish Aid, EC, WFP, etc. • Government (8% in 2008) | Poverty-targeted <ul style="list-style-type: none"> • Focused on graduation out of poverty • Direct food/cash transfers and public works • Poverty-based targeting • Hosted within the Ministry in charge of agriculture • Rationing design • Countercyclical funding | Low <ul style="list-style-type: none"> • No legal basis • High aid-dependency • Delivered with international bodies |
| Ghana Livelihoods Empowerment Against Poverty (2008) | Type III <ul style="list-style-type: none"> • Context of HIV/AIDS pandemic • Emerged as a poverty reduction measure out of PRSP process linked to HIPC initiative • Promoted by Ministry of Manpower • Substantial technical support from aid actors • Launched with a progressive rollout plan a few months before 2008 general elections | Sizable, scaling-up <ul style="list-style-type: none"> • Piloted in all regions • 74,000 households or 1.5% of the population, as of 2013 • Progressive scaling-up: target of 200,000 households by 2015 | Domestic & aid resources <p>Pre-pilot, 2006:</p> <ul style="list-style-type: none"> • UNICEF <p>Pilot, 2008-2012:</p> <ul style="list-style-type: none"> • Government (HIPC initiative funds) <p>Rollout, indicative breakdown for 2014:</p> <ul style="list-style-type: none"> • Government (63%) • DFID (26%, grant, 2012-2016) • World Bank (10%, credit, 2010-2016) | Poverty-targeted <ul style="list-style-type: none"> • Focused on poverty reduction • Conditional cash transfers • Mix of categorical and poverty targeting: OVC caregivers, over 65 and disabled • Hosted within the Ministry in charge of social protection • Rationing design | Moderate <ul style="list-style-type: none"> • Weak legal basis • Largely domestically funded • Delivered by national bodies |

| Country, scheme name, start date | [1] Origins | [2] Coverage | [3] Funding arrangements | [4] Technical & institutional design features | [5] Level of national ownership |
|---|---|--|---|--|--|
| Kenya Cash Transfers for Orphans and Vulnerable Children (2004) | Type III <ul style="list-style-type: none"> Context of HIV/AIDS pandemic UNICEF lobbying in the run-up of 2002 parliamentary elections Promoted by newly elected Minister of Home Affairs Pre-pilot with MPs and Ministry in 2004 Launched with a progressive rollout plan | Sizable, scaling-up <ul style="list-style-type: none"> Progress towards nationwide coverage 152,000 households, as of May 2013 Progressive scaling-up: additional 100,000 households anticipated in 2014 | Domestic & aid resources Pre-pilot, 2004: <ul style="list-style-type: none"> Government (tax) UNICEF and SIDA Rollout, indicative breakdown for 2013: <ul style="list-style-type: none"> Government (31%, tax) Trust Fund: UNICEF & DFID (30%, grant, until 2016), World Bank (39%, credit & grant, until 2016) | Poverty-targeted <ul style="list-style-type: none"> Focused on child protection and human development Cash transfers Mix of geographical, categorical and poverty targeting: OVC caregivers Hosted within the Ministry in charge of social protection Rationing design | High <ul style="list-style-type: none"> Legal basis (Social Assistance Bill) Increasing domestic funding Delivered by national bodies |
| Lesotho Old Age Pension (2004) | Type I <ul style="list-style-type: none"> Context of HIV/AIDS pandemic Cabinet's decision made as part of 'politics as usual' to provide a helping hand to the elderly affected by the HIV pandemic, and probably to ensure equity with beneficiaries of South Africa's Old Age Grant, as well as political credibility of the new regional administration No pressure or support from aid actors Launched at full scale | Full scale <ul style="list-style-type: none"> National coverage 80,000 beneficiaries or 4% of the population, as of 2011 Full scale | Domestic resources only <ul style="list-style-type: none"> Government (100%) | Categorically targeted <ul style="list-style-type: none"> Unconditional cash transfers Pure categorical targeting: citizen over 70, not entitled to any other public pension or benefit (individual targeting) Hosted within the Ministry of Finance and Development Planning Implemented through Lesotho Postal Services and other public bodies Benefit level successively adjusted to inflation Entitlement design | Very high <ul style="list-style-type: none"> Legal basis (Old Age Pensions Act) Fully domestically funded Delivered by national bodies |

| Country, scheme name, start date | [1] Origins | [2] Coverage | [3] Funding arrangements | [4] Technical & institutional design features | [5] Level of national ownership |
|--|--|---|---|---|--|
| Mozambique Basic Social Subsidy Programme (1992) | Type II <ul style="list-style-type: none"> • Context of social unrest • Reform of food subsidies • Major changes in management and design over the years • Technical and financial support from aid actors | Sizable, scaling-up <ul style="list-style-type: none"> • 218,000 direct beneficiaries and 454,000 indirect beneficiaries, as of 2010 • 265,000 beneficiaries, as of 2012 • Target of 310,000 beneficiaries | Domestic & aid resources PSSB, as of 2014: <ul style="list-style-type: none"> • Government (over 70%) • DFID • Netherlands | Categorically targeted <ul style="list-style-type: none"> • Unconditional cash transfers • Targeted at poor households with no adults able to work • Initiated by the Ministry of Finance, later transferred to the Ministry in charge of social protection • Rationing design | High <ul style="list-style-type: none"> • Legal basis (Law on Social Protection) • Largely domestically funded • Delivered by national bodies |
| Zambia Social Cash Transfer Scheme (2003) | Type III <ul style="list-style-type: none"> • Context of HIV/AIDS pandemic • Donor-driven pilot projects and initial scale-up plan • Supported by Ministry of Community Development and included in National Development Plan • Included in political manifestos in 2011 general elections • Significant increase of government allocation announced in 2013 | Sizable, scaling-up <ul style="list-style-type: none"> • Progress towards nationwide coverage of 10% poorest • 61,000 households in 19 districts, as of 2013 • Progressive scaling-up: target of 189,000 households in 31 districts in 2014 | Domestic & aid resources Pre-pilot, 2003: <ul style="list-style-type: none"> • GTZ Rollout, as of Dec 2013: <ul style="list-style-type: none"> • Government • DFID • UNICEF • Irish Aid • ILO | Poverty-targeted <ul style="list-style-type: none"> • Focused on poverty reduction • Cash transfers • Mix of geographical, categorical and poverty targeting • Hosted within the Ministry in charge of social protection • Rationing design | Moderate <ul style="list-style-type: none"> • No legal basis • Largely aid-funded but increasing domestic funding • Delivered by national bodies |

Source: Author

Discussing Findings from the Empirical Case Studies

Findings raise a number of follow-up questions. In particular, they invite to reflect on three aspects: the role of citizens in the shaping of social transfer policies; the realization of the rights-based perspective to social protection; and the contribution of social transfer policies to the transformative agenda of social protection. These are discussed below.

Citizen-State Relations

In all the cases reviewed, policy decisions around social transfers have been primarily taken in closed policy spaces, in the executive branch, often in dialogue with donors (or creditors). Like with other progressive policies, it is not completely surprising to see that the initiative tends to come from the supply side of the social contract. Hickey (2011) uncovers that political society (politicians, parliamentarians and political parties) rather than civil society tends to be the key driver for pro-poor policies in developing countries. In the case of social transfers in low-income countries, aid actors promoting social transfers could be seen as playing the role of needy citizens' representatives, giving a voice to the powerless in policy spaces. However, their legitimacy and capacity to do so is open to debate. For instance, cash transfer faddism among aid actors may lead to neglect longstanding national social policies, and ignore historical and cultural choices of society vis-à-vis social protection. In Ghana, when the LEAP was announced to the public, it had to face criticism that 'free hand-outs' would be 'wasted' by poor people. LEAP's cash-based and poverty-targeting features contrasted with the historical approach to social policies in Ghana, which had been largely supply-based and categorical (national health insurance scheme, school feeding, education capitation grants, etc.). The Ministry of Manpower, Youth and Employment (MMYE) had to launch a strong advocacy and communication campaign to win public support and ensure the programme could go ahead (Sultan and Schrofer 2008).

If in most cases, citizens do not appear to have actively claimed for the introduction of a social transfer scheme, the catalytic effect of elections—observed at some point in all the reviewed cases—implies that citizens have nevertheless played some role as voters. In Kenya, discussions that led to the introduction of the CT-OVC scheme started in the run-up of the 2002 parliamentary elections, encouraged by a UNICEF-supported lobbying strategy (Pearson and Alviar 2009). In Ghana and Ethiopia, the scheme was launched a few months before general elections. In August 2012, prior to the general elections, Ghanaian President Mahama re-launched an expanded LEAP programme with a promise that the benefit level would be tripled. In Lesotho, the benefit value was increased every election year.

The recent acceleration in the development of Zambia's SCT may suggest that having proposals for social transfers on political manifestos (frames for state-citizens relationships) is more decisive than having them included in PRSPs (frames for state-donor relationships).¹⁴ Social transfers were mentioned in a chapter on social protection—drafted by the MCDSS with support from German Agency for Technical Cooperation (GTZ)¹⁵ and DFID—included into the Fifth National Development Plan

¹⁴ The drastic change recently observed was also made possible by the coming to power, as Vice-President, of the spouse of a former UNICEF staff member who has been one of the main proponents of Zambia's SCT.

¹⁵ GTZ was merged in 2011 into the new structure called GIZ (*Deutsche Gesellschaft für Internationale Zusammenarbeit*, German Agency for International Cooperation).

2006–2010 (second PRSP). This, along with the creation of a budget line for social protection, represented the integration of social protection into national goals. But domestic funding levels stayed low. For some years, Zambia continued to be criticized for a lack of political commitment to social protection, including within the Ministry of Community Development and Social Services (Schüring and Lawson-McDowall 2011). In 2010, a gradual expansion of the SCT scheme along with increasing national budget allocations was included in the Sixth National Development Plan 2011–2015. It was targeted to reach 69,000 households by 2015, with foreign aid still expected to cover around two thirds of the costs. During the run-up to the 2011 general elections, references to the SCT scheme and commitments to social protection appeared in all the major political party manifestos (Harland 2011). The left-wing Patriotic Front gained access to power with a pro-poor agenda. In September 2013, rather unexpectedly, Vice-President Guy Scott announced a significant increase of funding for the SCT scheme in the 2014 national budget, a decision hailed by opposition MPs. The new allocation is seven times higher than what had been planned in the National Development Plan.

Social support is crucial to the sustainability of a tax-based scheme. Mechanisms need to be established to ensure greater citizens' participation in the early (or subsequent) development phases of a scheme. This may be supported by proactive communication strategies, coupled with effective monitoring and evaluation measures, to dismantle myths, disseminate results and build trust in the scheme. Increasingly, civil society representatives are invited to take part in policy consultation processes. But, as Cornwall stresses: 'Enhancing citizenship participation requires more than inviting or inducing people to participate. [...] [It] requires giving people access to information on which to base deliberation or to mobilize to assert their rights and demand accountability.' (Cornwall 2002: 28) The prevailing technocratic, linear and economic approach to policymaking among development partners (Hickey 2009) has tended to give (international) technical experts the primary voice in the design of a scheme. In many cases, citizens—taxpayers or people in need of assistance—have played little to no role in the decision to opt for a social transfer policy, or in initial design choices. This may evolve in the future as the schemes become increasingly domestically funded and discussed in mass media. In the meantime, donor-supported initiatives will possibly have engendered path dependency.

Rights-Based Approach

Financing and spending decisions associated with the introduction of a social transfer scheme may modify the extent and nature of state-society relations. Predictable transfers constitute a 'social contract' that binds a state to its citizens; and introducing a new scheme can be seen as a means of extending this pact to vulnerable citizens (Hickey 2011). In countries with an existing social contract between the state and (sub-groups of) citizens, the challenge lies in sustaining the contract while including new beneficiaries and keeping costs down (Monchuk 2014). In Lesotho, the introduction of the scheme at scale and the adoption of the Old Pensions Act within a few months after first payments were made elevated OAP benefits to the status of a right. The case of Lesotho's OAP shows the value of categorical targeting from a rights-based perspective. Eligibility criteria are clear and transparent. Pensions have fostered a sense of citizenship among beneficiaries by allowing them to contribute to their community; they are seen as an entitlement in the eyes of beneficiaries and other citizens (Pelham 2007). Contrary to most poverty-targeted schemes, the benefit level has been successively increased fivefold in ten years, way ahead of inflation. Such decisions were eased by the

predictability of financial requirements allowed by the simple demographic targeting approach.

There are questions over the extent to which foreign aid helps promote a rights-based approach to social protection. Development partners tend to encourage rationing, poverty-based targeting and progressive rollout strategies. Contrasting with the case of Lesotho's OAP, Ghana's LEAP design (largely developed during discussions between governments and donors around poverty reduction strategies) includes tight poverty-based targeting, conditionality and progressive rollout strategies. A rationing mechanism is used where beneficiaries are accepted until a given caseload that exhausts a fixed budget is reached—as opposed to an entitlement design, as is that of Lesotho's OAP, where any citizen meeting eligibility criteria can claim his or her benefits. The LEAP case illustrates options frequently promoted to make a scheme more affordable and politically acceptable, as well as to account for limited implementation capacities—options that include gradual expansion strategy, narrow eligibility criteria, limited enrolment campaigns, restrictive conditions, and absence of indexation for inflation. Such a cautious approach demonstrates policymakers' awareness that benefits provided within a social transfer scheme are not simple ad-hoc handouts, that can be stopped any time, but that they are due to become *de facto* (if not *de jure*) entitlements in the eyes of beneficiaries. Still, while understandable in the context of low-income countries, such an approach does not support an entitlement design.

Of particular concern to governments is how to guarantee adequate resources in times of covariate shocks, such as macroeconomic crises or natural disasters. If social transfers are to efficiently protect those in need, larger budgets are required in times of crisis—when government revenues also tend to decrease—to increase caseload and/or benefits. But social transfer spending in developing countries has tended to be procyclical rather than countercyclical; and Grosh et al. (2008) note that prospects for achieving countercyclical financing for social transfers in developing countries seem slim until social transfers are fully funded in stable times and volatility is lower than has recently been the case. While foreign aid can boost funding in times of crisis—as seen in Ghana in 2008 for instance, a government could not rely on donors to meet the level of countercyclical financing required to ensure an entitlement design to a poverty-targeted scheme.

The rights-based perspective is at the core of the Social Protection Floor initiative, which advocates for the development of a 'set of basic social rights, services and facilities that the global citizen should enjoy' (ILO and WHO 2009: 4). Signatories of the International Covenant on Economic, Social and Cultural Rights are committed to ensure the realization of human rights to their 'maximum available resources' (United Nations General Assembly 1966: Art. 2). Measures need to be put in place to gradually improve the rights-based design of social transfer schemes, and eventually move towards social guarantees—for instance following the concrete guidelines developed by Sepúlveda and Nyst (2012).

Transformative Agenda

A narrow focus on social (cash) transfer instruments may be doing a disservice to the transformative agenda foreign aid actors claim to defend. It was suggested that social protection should not only provide 'economic protection' against livelihood shocks but be socially 'transformative' with measures seeking to address concerns of social equity and exclusion (Devereux and Sabates-Wheeler 2004). One might question how

transformative social transfer schemes actually are. For instance, it is unclear whether the social cash transfer approach promoted in Zambia and Ethiopia is genuinely tackling the power imbalances in society that encourage, create and sustain vulnerabilities, or whether it simply represents a mean of increasing consumption and basic welfare outcomes among the poorest, without significantly addressing the dynamics of marginalization (Harland 2011; Lavers 2013). Relying on community organizations to select beneficiaries, collect and distribute benefits, and review and manage eligibility, may indeed maintain power imbalances underlying marginalization.

Furthermore, the prevailing emphasis on social cash transfers may generate damaging effects, particularly a ‘rob-Peter-to-pay-Paul’ effect, with significant increase in domestic budgets for social cash transfers funded through a reduction in other pro-poor expenditures. In Zambia, over-focusing on social cash transfers distracted resources and attention from other viable social protection measures—such as the Public Welfare Assistance Scheme, without achieving (at least then) the goal of a national scale-up (Hickey et al. 2009). In Ethiopia, the PSNP contributes to counter failing agricultural policies, but Lavers (2013) warns that a narrow focus on social transfers distracted attention and resources away from deeper causes of poverty and marginalization, such as the sensitive land issue. This underlines the importance for aid actors of engaging better with the national politics around social protection and pro-poor spending issues, as well as understanding better (and addressing better) the power imbalances in society that create and sustain poverty and vulnerability.

Some authors—see for instance Adésinà (2010) and Deacon (2010)—have raised more fundamental questions around what they perceive as an hegemonic ideology behind aid actors’ efforts to expand social protection systems in developing countries. They argue that, generally speaking, development partners’ approaches to social transfers have built on the following paradigm: a strong focus on poverty reduction and on providing support to the poorest; a focus on risk and vulnerability; cash transfer as the policy instrument of choice; a preference for means-testing; and a disconnection between the social and the broader economic aspects of development policymaking (Adésinà 2010; Barrientos 2010). Adésinà even denounces what he calls an ‘aggressive policy-merchandising’ by development partners in the African context, and calls for a return to a ‘wider vision of society that embeds social policy with a wider development strategy’ (Adésinà 2010: 4). This critique points to the importance of conceptualizing social and economic policies in tandem, and to move away from approaches that target the poor exclusively towards more universal and integrative approaches.

Conclusions

This paper is part of the UNRISD research project on ‘The Politics of Domestic Resource Mobilization for Social Development’ (UNRISD 2012). Its specific contribution is with regards to the catalytic effect of foreign aid on domestic resource mobilization and domestic ownership of social transfers in low-income countries. This paper has attempted to better understand why a low-income country may decide to adopt and finance a social transfer policy, and what role foreign aid may play in that process. It has highlighted potentialities and limits of common theoretical models to deal with this specific question. This has led to the formulation of working hypotheses around the catalytic effect of aid, and the development of a simple framework for guiding an empirical exploration of the triggers and processes behind the mobilization of public (domestic and/or foreign) resources for social transfers in a low-income country context. Using this framework, the paper has examined the origins and features

of six sizable social transfer schemes operating in sub-Saharan Africa. Confronting theoretical propositions with empirical findings, it has reflected on some lessons to be drawn with regard to the politics of domestic resource mobilization.

The empirical evidence reviewed here suggests a catalytic effect of aid, rather than a crowding out or substitution effect, on mobilizing additional national effort for social transfers.¹⁶ Overall, development partners were found to have played a meaningful role in the process leading to the establishment of the selected social transfer schemes. Influential aid actors have included both international financial institutions (for instance, recommending the reform of an expensive subsidy policy) and agencies specialized in social protection (for instance, advocating for a coverage extension). Contrary to our working hypothesis, it was not always possible to establish whether the first impulse had come from aid actors or from domestic players. Rather, foreign aid actors appear to have given weight to existing national proponents—for instance, a weak ministry of social affairs. In terms of policy outcome, evidence questions our second hypothesis derived from the literature that a strong involvement of foreign aid actors in the origins of a social transfer scheme jeopardizes its social, political and financial sustainability. All the sizable schemes reviewed here could be qualified as being, to differing degrees, nationally owned, even in contexts of strong aid engagement. In most cases, donor funding remains high, but the share of domestic contribution is on the rise, and there are good prospects to see all these schemes fully domestically funded in the near future. Indeed, decisions to scale-up a social transfer scheme would tend to occur within broader strategies of state-led social protection and pro-poor policy extension, possibly as part of deliberate moves towards state as primary welfare provider. Challenging the evidence-based discourse, but confirming our third working hypothesis, non-propositional knowledge has been found to be important in informing such policy decisions.

In relation to the three key research themes of the UNRISD project on ‘The Politics of Domestic Resource Mobilization for Social Development’, this study highlights some interesting aspects.¹⁷ First, in terms of contestation and bargaining over resource mobilization and social provision, empirical findings show that dialogue over social transfer provision have, so far, occurred primarily between governmental and aid actors. A narrow focus on social transfer instruments may have distracted resources away from deeper causes of poverty and marginalization, such as land rights and access, doing a possible disservice to the transformative agenda development partners claim to defend. The dominant poverty reduction discourse has tended to shape policy outcome (away from social cohesion concerns for instance) often resulting in tight poverty-based targeting, conditionality and progressive rollout strategies. Second, in regard to institutional development, the paper underlines the role played by aid actors to help upgrade institutions entrusted to deliver social assistance. Dynamics supported by aid actors have tended to strengthen the voice of ministries in charge of social affairs, and encourage the adoption of innovative mechanisms for more transparent and accountable delivery systems. Third, the paper illuminates some changes in the relationships between citizens and the state and between the state and donors. So far, policy decisions around social transfers have been primarily taken in closed policy spaces, in the executive branch and in dialogue with donors (or creditors). However, the fact that

¹⁶ This echoes Morrissey's (2009) study that has shown through econometric analyses that aid increases social spending.

¹⁷ The UNRISD project aims to explore the challenges and possibilities of improving poor countries' ability to raise domestic resources for social development. It is articulated around three key themes: i) contestation and bargaining that connect the politics of resource mobilisation and demands for social provision; ii) changes in state-citizen and donor-recipient relations associated with resource mobilisation and allocation; and iii) governance reforms and institutional development for revenue mobilisation and service delivery (UNRISD 2012).

elections appear as an important conducive factor suggests that citizens also play a role as voters. With schemes increasingly being funded out of domestic resources, state-citizens dialogue over these questions may intensify in the future.

These initial reflections and findings must be approached with caution due to the limited number of cases reviewed and the sole reliance on secondary data. As an immediate next step, additional case studies and deeper analysis are being conducted to enrich, revise and fine-tune the findings presented in this paper. In addition, an inductivist investigation is being carried out into the personal experience of practitioners directly involved in policy processes, which aims to inform a people-centred analysis of policymaking.

Findings are also not to imply that all aid actors' efforts to promote social transfers have been successful. This study was not designed to assess their effectiveness, or to explore potential negative effects of aid on the national capacity to institutionalize social transfers. The starting point of the analysis has been the successful scale-up of a scheme (examining whether aid has played any role), rather than the introduction of an aid initiative aimed at promoting social transfers (assessing whether it has been successful or not, and whether it has had any negative effects). Researching these other aspects specifically will be important to further inform a broader reflection on what development partners should or should not do to support the expansion of basic social protection in low-income countries.

Already, this paper has shed light on possible negative effects associated to aid initiatives aimed at promoting social transfers. It underlines the value for aid actors of engaging in politics to support the emergence of permanent, scaled-up and nationally owned social transfer schemes. It also highlights the need to better understand the dynamics of power that drive decision-making, as well as what counts as 'good' evidence in the eyes of decision-makers. The recommendation for development partners to become more attuned to politics is not new. It would be worthwhile to gain a deeper understanding of what prevents donors and other development agencies from engaging better and more systematically with national politics, history and culture, specifically in the social protection field. Moreover, the further advance in the promotion of social transfers in developing countries by aid actors invites a closer examination of associated opportunities and risks, especially in low-capacity country contexts. Having social transfers higher on development partners' agenda could translate into poverty alleviation for millions, if supported by effective strategies and sufficient resources. It also presents the risk of an excessive policy push from aid actors that would jeopardize the ability of recipient countries to develop their own social policies, possibly hampering their overall development into aid *independent* countries.

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