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Assessing administrative capacity and costs of cash transfer schemes in Zambia: Implications for rollout

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ASSESSING ADMINISTRATIVE CAPACITY AND COSTS OF CASH TRANSFER SCHEMES IN ZAMBIA

IMPLICATIONS FOR ROLLOUT

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EXECUTIVE SUMMARY

BACKGROUND
The Ministry of Community Development and Social Services (MCDSS) has taken the decision to rollout in 2009 a national social cash transfer scheme (SCTS) to cover the whole country by 2012. Thus far, social cash transfer schemes are being piloted in five districts in Southern and Eastern Provinces. The schemes are using structures created for the implementation of the Public Welfare Assistance System (PWAS) which rise from community level all the way to the national level.

The adoption of pilot SCTS in Zambia follows the growing acceptance of social cash transfers as a means for assisting extremely poor households. Partly, this is due to the positive impact of conditional cash transfers in Latin America with respect to school enrolments, improved health and reduction in poverty levels for participating households. An evaluation of the Kalomo SCTS revealed a number of achievements with respect to impact on the beneficiaries including a rise in self-esteem and confidence among beneficiaries, reduced incidence of begging, increased food consumption, increased asset ownership and positive impacts for the local economy. Field work for this assessment although not focused on assessing impacts noted qualitative evidence of these findings.

Implementation of pilot schemes started in 2004 with the Kalomo SCTS followed by one in 2005 in Kazungula, 2006 in Chipata and in 2007 in Monze and Katete. The schemes have been implemented with some variation so that they “generate information on the feasibility, costs and benefits and negative impacts of a Social Cash Transfer Scheme…” (Zulu and Schuring, May 2007, p.1). Each of the pilot scheme has been designed to form a part of the learning agenda that would utilise lessons towards the design of a national social cash transfer. It is also being assessed as to the extent to which the PWAS structures are able to accommodate social cash transfer along existing social welfare activities.

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Peer review comments and inputs were received from Fabio Veras Soares and Melissa Andrade of IPC-IG and Charlotte Harland of UNICEF. The views, findings and recommendations expressed in this publication, however, are those of their authors alone. They do not necessarily represent the views of UNDP, its Executive Board or the UN Member States.
This assessment tackles an important question of whether the MCDSS and PWAS structures have the capacity to implement a national SCTS. It looks at three main aspects of capacity: (i) administrative capacity covering institutional, organisational and human resource capacity; (ii) physical assets and infrastructure; and, (iii) Cash transfer costs and financing. Information for the assessment was obtained through a review of various documents, focus group discussions held at all levels (national, provincial, district and sub-district level) and personal interviews of key informants. Field visits were undertaken to all the five districts with pilot and two districts in North Western Province without SCTS – Kasempa and Mufumbwe.

**KEY FINDINGS**

**THE SOCIAL CASH TRANSFER PROCESS**

The five social cash transfer schemes are using with some variation the targeting, approval and payment process which was developed for the Kalomo SCTS. The efficacy of the outreach and targeting process is mainly driven by the Community Welfare Assistance Committees (CWACs). They apply a means testing criteria that require them to identify and select the poorest 10 per cent households in the community.

However, this is faced with some challenges. The low literacy levels at community level have led to some difficulties in the application of the means testing criteria. The Katete SCTS which is a universal scheme had the least complicated means testing criteria which appeared to match existing capacities at district and sub-district levels. The voice mechanism that has been carefully worked in the process has not functioned as well as expected because of the culture of silence. Cases of nepotism and corruption have also been present, especially in the case of the Chipata SCTS which is an urban scheme. But there are also numerous complaints because the 10 per cent households selected beneficiaries are largely indistinguishable from many others not selected given the high levels of extreme poverty in communities.

The approval process is designed to scrutinise applications so that inclusion error is kept to the minimum. It requires a good capacity for information management. The extent to which it works is dependent on the functionality of the District Welfare Assistance Committee as it is responsible for approving recommended beneficiaries. In many districts visited, the DWAC met regularly although some districts with poor administrative coordination among government departments had a challenge in this regard.

The payment process has been reformed to answer the difficulties experienced in beneficiaries getting the transfers. Therefore, localised pay point system was adopted after congestion at banks by beneficiaries, majority of whom could not read or write made bank official to despair and threatened their own efficacy in handling general client matters. It also helped to reduce distances for beneficiaries as pay point managers now collected cash from the bank and made payments within the communities. And yet other payment difficulties have emerged with serious delays in transfers being experienced starting in October 2007 pointing to general problems in financial management at national level.

The targeting, approval and payment process of a social cash transfer scheme brings about capacity demands that should be looked into before rollout begins. Two are critically important. First is the need to adopt a much simpler means testing criteria to match the level of literacy and skills available at community level. In the Katete SCTS beneficiaries are individuals over the age of 60 years old. Field observations indicated that there were fewer problems with this approach as the selection criteria was simple and well understood by all.
It was nevertheless feared by some that this excluded those below 60 years who were incapacitated as well. Those who favoured this system suggested that the old accounted for a higher proportion of the poor while they were increasingly taking up the responsibility of looking after the orphans and other vulnerable children. The second is the need to upgrade the skills of the ACC members so that they can provide intensive and better supervision and monitoring to CWACs.

**INSTITUTIONAL CAPACITY ASSESSMENT**

The MCDSS faces challenges to provide leadership on social protection to other players because of the weak space it occupies in Zambia’s institutional architecture. The situation has improved in recent times helped by the establishment of a Sector Advisory Group on Social Protection (SP-SAG). As a result, the Fifth National Development Plan included a separate chapter on social protection. This was based on the Social Protection Strategy adopted in 2005. Nevertheless, it has been observed that there has not been sufficient wider buy-in such that even the Ministry of Finance to which the SP-SAG reported does not seem fully persuaded about the contents and recommendations of the social protection chapter in the FNDP. Inadequate support to social protection by the political elites seems to be the underlying problem as there is no one to take Government to account concerning its responsibility to protect the extremely disadvantaged persons and households. In the past, there have also been questions of ownership within the MCDSS as donors at times dominated debate and pushed for initiatives on social protection in general and social cash transfers. It is nevertheless suggested that there has been improvement in this regard as MCDSS staff are now enthusiastic about the SCTS and are pushing as much for its scaling up.

The PWAS structure is elaborate. It is driven by committees of volunteers at various levels – community, ward and district levels. At all levels of Zambia’s governance hierarchy, there are corresponding committees into which PWAS committees feed. This elaborate and inclusive coordination structure provides ample opportunities for the MCDSS to sell and allow other agencies to buy into its agenda. Unfortunately this potential is not fully utilised. Coordination is weakest at national level because of the weak state of the limited influence that MCDSS has over other key ministries. Lack of operational resources at district level has eroded the coordination capacity of the District Social Welfare Offices (DSWOs).

The stalling of decentralisation means that line ministries’ district structures continue to be more vertically linked with their HQs than with other organisations in the district reducing the extent to which effective collaboration can take place.

An example is the multiplicity of committees that exist at sub-district level because each line ministry with activities at community level want its own committee established. Sub-district coordination is also affected by the fact that coordinating bodies, the Area Development Committee at ward level and the Village Development Committee at community level are new and have not been well established in some areas. They are also constrained by lack of resources.

Institutional constraints that the MCDSS faces are mostly beyond its capacity to resolve. However, it should take steps to lobby and political buy-in of the social protection agenda. A well researched case on the economic merits of social protection need to be undertaken and sold to the Ministry of Finance and the general public. But in general, there is need to fully implement the communication strategy recently developed by MCDSS.
ORGANISATIONAL CAPACITY ASSESSMENT

Part of the difficulties that MCDSS faces in providing leadership on social protection emanate from its own internal weaknesses. This is partly due to human resource constraints as discussed below. It is also due to the chronic under-funding of social protection that has reduced its functionality, also more fully discussed below. With regard to funding, amounts disbursed to districts for PWAS activities are so low that DSWOs rotate among ACCs the needed assistance to help the assistance not to be thinly spread out. But the amounts given to each individual is still very small.

Further weakening organisational capacity is the weak state of physical assets and infrastructure in districts and provinces to a certain extent. Most DSWO have inadequate accommodation such that increasing the number of staff will be a serious challenge. There are a number of districts without well functioning computers while internet connectivity is in only a few districts. The state of furniture and fittings is de-motivating members of staff. Therefore, the image of the MCDSS is not as favourable as is needed for a ministry that is supposed to champion and coordinate the critical agenda of social protection.

Therefore, there is a vicious cycle. Even if an elaborate structure for coordination and consultation exists from national to community level, an under-funded MCDSS is organisationally weak to implement social protection activities and effectively mobilise and coordinate other players who must play a role. Better funding of the MCDSS as recommended below would go a long way in resolving its organisational weaknesses. Before rolling a social cash transfer to a district, it is important that it should have adequate physical assets and infrastructure. The MCDSS should also review and improve the M&E system to ensure that there is adequate and good quality information for strategic decisions.

HUMAN CAPACITY ASSESSMENT

The assessment finds that the Department of Social Welfare is understaffed. Except for Lusaka, the rest of the provinces do not have the full manpower establishment, especially in remote areas. Before the SCTS could be introduced in a district, there is need to recruit more staff if the implementation of the scheme is not to be negatively affected. Many people reported to feel that the demands (in terms of human resources) for social cash transfer schemes are high and their design underestimated this. As a result of the high demand, other services provided by the DSW were suffering in the district as attention turned to the implementation of the SCTS.1

DSW staff in non-pilot districts are also faced with the challenge of keeping their motivation high due to a number of reasons. They are embarrassed that they have to always seek help from other departments for things such as transport and computers. Further, the inability of PWAS to pay allowances to the officers operating it as is the case with the other GRZ activities has huge implications for their motivations. Therefore, MCDSS staff constantly gets attracted to non-PWAS related activities in the district or elsewhere to compensate for this.

A huge advantage of the PWAS structure is its cadre of volunteers at sub-district level in CWACs and ACCs. It also relies on partnerships with other organisations at district level from which it draws representatives sitting on the DWAC. Volunteers and partners help PWAS to implement welfare assistance cost effectively and apply its targeting, approval and payment process in a transparent and participatory manner. Many members have shown commendable commitment. But there are challenges as well including the question of incentives. For CWAC
and ACC members, this is an issue particularly because other government supported programmes give something to members of their community based committees. Therefore, PWAS activities are negatively affected whenever they coincided with those of other line ministries where some payment was made. This is worsened by the fact that community based committees are to a large degree being run by the same people who move from one committee to the other. They feel pressure for the time they spend on these activities which compete with their own livelihood activities. There are questions on how long these volunteers could go on without some form of incentive. Limited resources to carry out their work properly, including the low and irregular amounts of transfers demotivate committees.

The findings above suggest that the recruitment of staff to fill all the vacancies be completed as a matter of urgency. The MCDSS should also adopt a human resource development plan which continuously upgrades the skills of its staff. Lastly, an incentive system for the PWAS cadre of volunteers should be found.

**THE COST AND FINANCING OF CASH TRANSFERS**

Government funding of social protection in the past has been low and erratic. Between 1994 and 2006, it was less than 1 per cent of the GRZ total expenditure in most years. This is at the heart of the many problems that the PWAS faces and which a national social cash transfer scheme would face. Although in some years the GRZ has budgeted for what could reasonably support social protection activities, releases have been poor, as low as 10 to 12 per cent of the budget amount in some years. However, the GRZ has signalled intention to increase substantially funding for social protection in the coming years according to the Green paper released in November 2007 to range between 1.6 and 3.8 per cent of the total budget.

Based on the Kalomo SCTS experience, the cost of rolling out the SCTS is estimated to rise from US$9.3 million in the first year of rollout when fifteen districts are covered to US$44.4 million when the entire country is covered. This is a huge amount and there is justifiable concern whether the GRZ can sustain this without donor support. If the Ministry of Finance decides to hold the allocation for social protection constant at 2010 level, a national social cash transfer would constitute 70 per cent of the total social protection budget. But this is partly because the MTEF projects a decline of funding to social protection from K489.8 billion in 2008 to K245.5 billion in 2010. Keeping the budget for social protection constant at the 2008 level would mean that the national SCTS would constitute about 34.8 per cent when it has reached its full scale. This is still a huge proportion and would require a major restructuring in the social protection budget. Given that regularly disbursed social cash transfers would resolve so many problems among the incapacitated households, the opportunity of restructuring the social protection budget exists. However, it also requires that more funding is allocated to social protection by the Ministry of Finance. A window of opportunity lies in the expected windfall tax on mineral earnings, some of which could be allocated to social protection. The difficulty to anticipate this happening lies in how social protection thus far has attracted such little political support and how the Ministry of Finance remains unconvinced regarding its economic merits.

Actions to enhance the standing of the MCDSS within the institutional framework of Zambia’s governance system would help to lobby for social protection and put it on the national agenda to the extent that it could attract better funding.
CHAPTER 1: INTRODUCTION

1.1 BACKGROUND AND OBJECTIVES

This report presents findings of an assessment of the administrative capacity and costs of cash transfer schemes in Zambia and their implications for the rollout. The background to the assessment is that in November 2006, the Ministry of Community Development and Social Services (MCDSS) adopted an Implementation Framework for Scaling Up a National System on Cash Transfer. The resulting framework document outlined a rollout road map of a national social cash transfer to take place over a four-year period from 2009 to 2012.2 But before scale-up could start, the MCDSS needed by the end of 2008 to develop “a nationally agreed implementation plan and mechanisms for a national social assistance programme” (MCDSS, November 2006, p.4).

Such a plan was to be based on the experience obtained from five pilot social cash transfer schemes in Kalomo, Monze, Kazungula, Chipata and Katete. The pilot schemes are testing different modalities of social cash transfer as part of a learning agenda that would lead to a unified model. All the schemes are utilising the social protection delivery structure created for the Public Welfare Assistance System (PWAS) described in Chapter 2. The expanded social cash transfer is expected to utilise the PWAS system as well. A key question has been whether the MCDSS in general and the PWAS structures in particular have adequate capacity to sustain such an expanded social cash transfer system.

The assessment of the experience of the pilot five schemes needed to answer the following four main questions:

- What targeting system would have the maximum merit for including the most deserving beneficiaries?
- Will such a system have significant positive and sustainable outcomes?
- Is there adequate capacity to administer such a system in all districts of Zambia at all levels – national, provincial, district and community levels - and how could this be built where there are deficiencies?
- Is it fiscally feasible to sustain such a system in terms of cost and available funds?

The assessment carried out for this report addresses the last two questions, i.e. administrative capacity and fiscal feasibility, although the first two are kept in the background throughout as they inform the questions addressed more directly. For example, the nature of the targeting system adopted would benefit or be constrained by the available capacity to implement it. Specifically the objectives of the assessment were to:

- Assess the administrative requirements of PWAS and of cash transfer schemes as a part of PWAS, in order to draw conclusions about the implications of expanded service provision;
- Provide an overview of physical assets and infrastructure in sample districts;
• Analyse the direct and indirect costs of providing regular cash transfers to incapacitated groups, and the implication on the national budget of implementing such a scheme nationally;
• Consider the differentiation of the implications for expanded programming in rural and urban areas; and,
• Recommend rollout criteria in terms of institutional preparedness.

1.2 SCOPE AND COVERAGE OF THE ASSESSMENT

Following the objectives above, the assessment tackled three areas with great bearing on an organisation’s capacity to design and deliver services in a sustainable way: (i) administrative capacity; (ii) physical assets and infrastructure; and, (iii) cash transfer costs and financing.

1.3 DESCRIPTION OF APPROACH

Three main approaches were utilised to gather information for capacity assessment. The first was a literature review of documents pertaining to PWAS, social cash transfer schemes in the five districts and policy documents on social protection such as the National Social Protection Strategy and the relevant sections of the Fifth National Development Plan. Evaluations, reviews and special studies were also reviewed. Literature on the theory and practice of social protection in general and social cash transfers in particular were also reviewed to provide the needed international perspective.

The second were Focus Group Discussions at each level of assessment, i.e. at national, provincial, district and community levels. FGDs consisted of carefully selected groups of people who had experience and insight in the functioning of the PWAS structure and social cash transfers. At national level, the FGD included Department of Social Welfare Staff (DSW) at the Headquarters who were joined by Provincial Social Welfare Officers (PSWOs) from Southern and Eastern Provinces. This FGD provided insight on link to national policies, funding mechanisms and institutional coordination arrangements. At provincial level, the FGD were with staff in the PSWO office. There were two types of FGD at the district level, i.e. with the staff in the District Social Welfare Office (DSWO) and with members of the District Welfare Assistance Committee (DWAC). At sub-national level, FGDs were held with members of Area Coordinating Committees (ACCs) and Community Welfare Assistance Committees (CWACs), Pay Point Managers, and beneficiaries in selected areas. The third approach was the use of personal interviews with people perceived to have good insight in the issues of focus. This relied on the use of a pre-agreed checklist of issues. Both of FGDs and personal interviews triangulated the information gathered through literature and document review as well as fill in gaps.

The methods were supported by the participation of three Provincial Social Welfare Officers as investigators in the assessment. They were part of the team in the gathering of information. But because they were already familiar with the operations of the DSW, PWAS and STCS, they were used in the team to check and verify different aspects raised by the respondents. This was particularly important for this study because it is difficult to understand by mere interviews the efficacy of administrative systems in place unless one continually bounced off observations on those who understand the system from inside. Their participation also speeded up information gathering at all levels owing to their familiarity with the system as well as existing information sources.
1.4 CHALLENGES AND SHORTCOMINGS OF THE ASSESSMENT

Not withstanding the help of PSWOs, understanding and analysing capacity issues is difficult given the broad range and interplay of issues contributing to and undermining capacity. As such, gaps in the assessment are inevitable. The study tried to minimise this in two main ways. Firstly, it sought to isolate key aspects of capacity and focus on these without tracking each peripheral issue. Although this is a strength, it also meant certain important issues are not looked into because they were judged from the beginning as not being important. Therefore, although it was necessary and useful to develop a detailed checklist of issues, its weakness in this regard must be recognised. Second, issues were triangulated from many viewpoints of different stakeholders. But this also meant that the amount of information obtained accumulated and became voluminous for ease of analysis and raised the probability of certain issues dropping out of the radar.

CHAPTER 2: A CASE FOR SOCIAL CASH TRANSFERS

2.1 SOCIAL CASH TRANSFER SCHEMES, THEORY AND PRACTICE

In recent years social protection has moved up on the development agenda. This is in part due to the stubbornness of chronic poverty and the failure of many interventions to rectify it. Where social protection was looked down upon suspiciously as expensive and detrimental to development, there is now growing consensus regarding the necessity for measures that enhance the wellbeing of segments of the population that lack the capacity to protect themselves from dilapidating long term trends, shocks or seasonality factors. The range of such social protection measures has been grouped under four categories (Stephen Devereux, June 2006, p.1). The first are protective interventions aimed at saving lives and offer relief from deprivation. The second are preventive interventions aimed at averting deprivation for the identified segments of the population. The third category is promotive interventions aimed at enhancing incomes and capabilities of vulnerable groups. Lastly are transformative interventions which “aim to address issues of social equity and exclusion, and to reduce vulnerability by transforming the socio-legal context within which livelihoods are constructed”.

Social cash transfer schemes are included among two of the above categories, protective and promotive interventions. In the former case are unconditional cash transfers used in emergency cases to provide relief from the devastation of natural or human induced disasters. In addition to this, unconditional cash transfers are also being used in situations where people’s capabilities are so devastated they cannot avoid falling into destitution without external assistance. Many conditional cash transfers take a promotive approach as they require beneficiaries to fulfil specific pre-set conditions. Paramount in unconditional cash transfers is the protective element aiming at ensuring that recipients do not fall further into destitution. Nevertheless, they too have promotive objectives such as aiming for better nutritional outcome of beneficiary households even if it is not required to fulfil prescribed conditions.

2.2 BACKGROUND TO PILOT SOCIAL CASH TRANSFER SCHEMES IN ZAMBIA

Justification for the need to pay greater attention to social protection in general and social cash transfers in particular is based on the rising number of incapacitated households in Zambia, due to the following:
• The high incidence of poverty with 64 per cent living in poverty in 2006 (80 per cent in rural areas and 34 per cent in urban areas). Extreme poverty was put at 51 per cent for Zambia as a whole, 67 per cent for rural areas and 20 per cent for urban areas. It means that more than half of Zambians, particularly rural areas, did not have enough food to meet their daily energy requirements.

• The high prevalence of HIV&AIDS which in 2002 was almost 16 per cent.

• Increasing joblessness in urban areas as the economy for many years remained stagnant.

• Recurrence of droughts in the last two decades

All these factors have worked together and led to general livelihoods failure as the asset base (financial, human, physical, natural and social) of households has deteriorated considerably. Given such a worsening vulnerability context, there are many households that cannot lift themselves out of destitution and thus need support to do so.

For a country with a not well developed social protection system, kinship relationships are the only safety nets that families in adversity fall back on. But poverty and AIDS are producing strains in the extended family system as the burden of care surpasses its capacity which shuts out the only avenue available to such households to recover from destitution. For a good proportion of the population with few assets left to face these negative impacts, external assistance seems the only hope to avoid falling into and climbing out of complete destitution.

For this reason, the Zambian Government and donors have tried various interventions. An assessment study for social protection schemes which included twelve case studies revealed the broad range of mechanisms for social protection being applied in Zambia (RuralNet Associates Limited, 2005). Stephen Devereux (June 2006), in the comparative study of Southern Africa social protection schemes referred to above listed eighteen schemes in Zambia which operated between 2000 and 2005 with varying objectives, coverage and instruments. They catered for different vulnerabilities grouped under three categories: prevention, mitigation and coping risk management. Many of the schemes are not national in character and tend to be geographically targeted either because they are project funded catering for selected communities or the nature of vulnerability is geographical in nature.

Pilot social cash transfer schemes should thus be seen as a quest for Zambia to find an effective intervention mechanism in terms of impact on the beneficiaries and the capacity of existing systems to design and implement them. The Kalomo Social Cash Transfer Scheme was the first of the five pilot schemes and started in 2004 with coverage of two agricultural blocks of the district. A decision was reached in 2006 to expand the scheme to the whole district. This was attained in January 2008. In 2005, a pilot scheme was started in Kazungula and February 2006 in Chipata while Monze and Katete had their schemes initiated in 2007. The aim has been to reduce starvation and extreme poverty in the 10 per cent most destitute and incapacitated (non-viable) households in each pilot area (Ministry of Community Development and Social Services and German Technical Cooperation, September, 2007, p.3).
2.3 THE SCTS LEARNING AGENDA

It is perhaps wise to consider these as separate schemes because they use different implementation modalities even if the general framework is essentially the same. The targeting, approval and payment process has been adopted from the Kalomo SCTS. The reason for variation in the different pilot schemes is to generate important lessons on the feasibility of the different models to be used in the rolling out of social cash transfer scheme to cover the whole nation. Before the end of 2008, the Ministry of Community and Social Development through the Technical Working Group on Social Assistance was expected to adopt a harmonised model to rollout throughout the country in 2009. Therefore, the pilot schemes are being implemented as part of the learning agenda that would utilise lessons towards the design of a national social cash transfer.

All the pilot schemes are being implemented through the PWAS structures. Therefore, a big lesson being anticipated is the extent to which these structures are robust enough to accommodate social cash transfer alongside their existing work, as an additional element of assistance.

The Technical Working Group on Social Assistance (TWG-SA) wants to assess the capacity of these structures at local, district, provincial and national level (MCDSS, July 2007, p.4). For this, the Kalomo and Monze schemes which are supposed to be rolled out to the entire district by 2008 are expected to yield the most lessons even though the experience from other pilot schemes will also be relevant. To be observed as well from the two schemes is how the process of scaling up from a few areas to cover the entire district ought to be handled.

Additional lessons anticipated from the Monze scheme will be on the efficacy of soft conditionality on health and education for beneficiary households. On education all children in the household of school-going age are enrolled in primary school. Those aged up to 10 years who may have not been enrolled in school before are asked to start school. The children who dropped out of school are also being asked to return to school depending on their age (maximum 16) and the grade they completed last. All children in the household of school-going age are supposed to complete primary school and should attend at least 80 per cent of each term whether enrolled in primary or secondary school. On health, households should have an under 5 card for all children under 5 years old and ensure to complete all their vaccinations. Households are also supposed to take children to the under-five clinic for growth monitoring.

Kazungula has no formally adopted learning agenda. However, the original intention was to implement a social cash transfer scheme in a remote, hard to reach and sparsely populated area. The Chipata pilot SCTS is meant to yield lessons pertaining to how social cash transfers could be implemented in an urban setting. The scheme is implemented in three wards of Chipata Central, targeting peri-urban areas. Given this, it was envisaged that an innovative cash delivery mechanism using smart cards could be experimented upon. Unfortunately this has not materialised. The scheme also has some elements of soft conditionality as households are given a lump sum every month and then additional cash for every child in primary [ZMK10,000] and secondary school [ZMK20,000]. As such the amount received could be more substantial compared to what is provided in other pilot schemes. As in Monze, it is intended to check whether this stimulates increased school enrolment, retention and better school performance among beneficiaries.
The Katete pilot SCTS unlike the other four schemes is a universal age-based targeting scheme. It is targeted at individuals turning 60 years old rather than households. This was based on the understanding that the aged formed the bulk of the incapacitated households. Furthermore, it was thought households headed by old people took up greater responsibility of looking after orphans and other incapacitated individuals.

The intention of a learning agenda is clear but the progress in attaining the information and analysing it appeared limited.

2.4 PERSPECTIVES ON IMPACTS

Whether these pilot schemes would be scaled up to cover the whole country depends on the extent to which they are seen to yield positive impacts on the beneficiaries. Unfortunately not enough assessment of the impacts has been done mainly because these are not mature schemes as the oldest, the Kalomo SCTS, is only three years old. So far, it is only the Kalomo scheme where a rigorous evaluation has been done. Other studies have touched on impacts as well but not in sufficient detail to be conclusive. This study although not focused on impacts also received qualitative information regarding perceptions on benefits accruing to participating households. A picture can thus be built from all these sources regarding the likely benefits of the social cash transfer schemes.

But first we summarise the Kalomo SCTS evaluation conducted in 2006. It made the following observations (MCDSS, October 2006):

- Cash transfers led to a rise in self-esteem and confidence among beneficiaries who saw themselves less looked down upon by their neighbours. They were also more hopeful regarding the future and had begun to plan for it.
- Related to this, the incidence of begging went down from 86.7 per cent to 69.3 per cent while 75 per cent of those who begged indicated that they begged less.
- Although the evaluation was not able to indicate the impact of the cash transfer on the local economy, this was likely to be positive given that 81.3 per cent of the funds transferred were spent locally. And these funds were delivered consistently every month.
- Food consumption increased with the proportion of people having one meal a day dropping from 19.3 per cent at baseline to 13.3 per cent during the evaluation. The proportion who felt hungry after each meal dropped from 56.3 per cent to 34.8 per cent. There was also improvement in the range of foods consumed which obviously led to a more balanced diet. Consequently, the incidence of illness fell down from 42.5 per cent to 35 per cent.
- Asset ownership among beneficiaries went up despite the amounts being very small. Regarding livestock, not much change could be detected for big livestock, specifically cattle, for obvious reasons. But the ownership of goats increased from 8.5 per cent at baseline to 41.7 per cent at evaluation. Chicken ownership increased from 42.4 per cent to 57.6 per cent. Indeed “the number of beneficiary households making investments quadrupled from roughly 14% to 50% and the average amount invested doubled. 71% of all households mentioned that they had invested part of the social cash and 52% of them even started to have generated some extra income” (ibid, p.6).
The findings cited above refute the fear that poor people receiving income support would spend it irresponsibly. Instead they are prudent enough to begin to derive benefits beyond the original expectation of mere improved food consumption. This observation has been borne out by other studies. The findings on the Kalomo scheme were in line with observations made in the external monitoring of the scheme (see GTZ, July, 2005; Schubert, 2004 and Katharina Wietlar, January 2007).

Interviews with key informants in the field appeared to confirm the Kalomo SCTS evaluation findings. One district official in Chipata not directly connected to the pilot scheme observed: “the money may be very small but it is having positive impacts on the lives of the people. Some beneficiaries are skipping payment to let the cash accumulate. Beneficiaries have generally proved very responsible”. This was a line repeated in all the five pilot districts visited. The seven months delay in the release of funds in 2007, although it caused severe administrative difficulties, was said to have been a boon to recipients who used the accumulated amounts for capital investments. In all the areas visited, there was a persistent suggestion that the schemes should consider providing some larger lump sums once in a while to enable the beneficiaries invest in Income Generating Activities. It was also suggested that beneficiaries need to be helped to work with others rather than in isolation so that they could enhance the chance of lifting themselves out of poverty. However, this was clearly outside the scope of the schemes and would require another set of capacities to make it work.

The freedom of choice that cash was seen to impute on beneficiaries was considered a great advantage of the social cash transfer schemes over assistance from the regular PWAS. “The regular PWAS tends to limit the level of exploration by the beneficiaries. Therefore, when a blanket is given, a beneficiary is usually deemed to have benefited enough and should allow chance to others. But usually it transpires that this could not even be the priority need or that the beneficiary has a series of other small needs. The beneficiary if given cash could determine how best to go about solving these problems” (Community Development Officer, Kasempa).

In general, therefore, it was said that social cash transfers had been so well received that they were helping to enhance the image of the Department of Social Welfare where they were being implemented, which hitherto had not been favourable. Many people interviewed pointed to the need for consistency in the transfers over a long enough period for benefits listed above to materialise as beneficiaries gradually improve their situation. The change of retargeting period from one to three years is consistent with this perception. However, payments should be timely. Although the delay in transfers in 2007 observed above allowed some beneficiaries to make investments they could otherwise not have made, it brought a great sense of insecurity in their minds and was a drain on many players who had to constantly answer queries and make follow up on the funds. However, some beneficiaries borrowed money to tide them up over the period without transfers which they repaid once they received the cash.

On the negative side, it was pointed out that social cash transfers could be eroding social cohesion of rural communities. In one focus group discussion held in Kalomo, it was pointed out that some community members were no longer volunteering to work in the fields of incapacitated households as they used to before but were now asking to be paid instead. This is consistent with the observation above that beneficiary households were no longer too dependent on the community to meet their needs. But a perception may have began to emerge that the transfers received were enough to meet all the recipients needs and they did
not need help from other community members. It is easy to foresee that as the social cash transfer schemes become a permanent feature, the culture of solidarity with the needy in society within communities and within the extended family system may begin to wane and the response to adversity could increasingly become institutionalised. According to the OVC Situational Analysis carried out in 2004, traditional safety nets are becoming weak anyway due to the scale of the problem (GRZ, 2004). Therefore, withholding response so that traditional safety nets are not interfered with may not achieve the purpose.

2.5 CONCLUSIONS

From the discussion above, it is apparent that social cash transfers will increase in use in Africa and other developing countries given their conceptual merit as well as the rising evidence of their effectiveness in Zambia and elsewhere. Zambia which has not found a workable and comprehensive social protection system for the ultra poor should move with this trend. But the Department of Social Welfare has taken a sensible approach in not going full scale from the beginning but to obtain first key lessons from a few pilot cases before rolling out. The question of capacity at all levels is one that needs to be answered before rollout could be embarked upon. This report addresses this issue.

CHAPTER 3: DESCRIPTION AND ANALYSIS OF PWAS STRUCTURES AND SOCIAL CASH TRANSFER SCHEMES

3.1 INTRODUCTIONS

This chapter provides background information about both the PWAS and the social cash transfer schemes in terms of their structures and the targeting, payment and approval processes they follow. A number of capacity issues in implementing the processes as observed in the field are also discussed. This is a precursor to the discussion on the institutional, organisational, human resource and fiscal challenges that a national social cash transfer system would face, as discussed in the next three chapters. However, because the capacity to affect the laid down processes is a function of these three critical areas, they are inevitably touched upon where it is necessary without elaboration.

3.2 THE PWAS STRUCTURE, MANDATES AND TASKS

3.2.1 PWAS Historical Background Information

PWAS dates back to the 1950s when it was used to provide assistance to the war veterans. It was modified at independence to include needy widows and others identified to need assistance recommended to the National Welfare Assistance Committee. Falling allocation of funds to PWAS activities as the economy declined led to a virtual abandonment of the scheme by the 1990s. It thus needed to be revitalized and in 1997 after an evaluation and redesign process, new guidelines were approved to provide for a decentralized community-based scheme. In its current format PWAS started in 2000 with funding from the European Union which supported a four year capacity building project aimed at assisting the MCDSS to rollout the redesigned PWAS. In 2005 the project was dissolved and PWAS was mainstreamed in the Department of Social Welfare (DSW).
PWAS seeks “to provide better services to the vulnerable, by supporting communities that care for their vulnerable neighbours and extended families” (MCDSS, PWAS Booklet, undated). Target beneficiaries lack capacity to adequately meet their own basic needs for a variety of reasons including old age, disability or chronic illness. Operationally, this meant assisting these households meet their health, education, food and shelter needs. The immediate objectives of PWAS are:

- To assist the most vulnerable in society to fulfill their basic needs, particularly health, education, food and shelter; and,

- To promote community capacity to develop local and externally supported initiatives to overcome the problems of extreme poverty and vulnerability.

PWAS has the following operating principles:

- Decentralisation, using village and district level mechanisms in the targeting, approval and payment process;

- Participation, giving voice to community members in the targeting, approval and payment process;

- Integration, using existing organisations – line ministries, NGOs and CBOs – for interventions; and,

- Self help, using a cadre of volunteers to make the system operational.

The pilot social cash transfer schemes by choosing to use the PWAS structures have effectively adopted these principles as well. It is thus necessary to understand how the structure works in order to assess the capacity demands a social cash transfer system as generally designed in the pilot schemes would place on them.

### 3.2.2 Organisational Structure of PWAS

**District and Sub-District Structures**

The PWAS structure rises from community to national level (see Figure 1) and is said to cover about 6,500 communities. It is driven by committees at the district and sub-district levels: the District Welfare Assistance Committee (DWAC) at district level, Area Coordinating Committee (ACC) at ward level although not always coinciding and Community Welfare Assistance Committee (CWAC) at community level. CWAC and ACC members are volunteers while DWAC members are representatives of government, council, NGOs and religious organisations in the district. Therefore, the PWAS system is heavily dependent on volunteers. The system has been designed to fulfil the principles noted above. It is also designed to ensure cost effectiveness in the delivery of assistance to the needy. The functionality of the committees and the regular DSW structure need to be analysed to understand the needed capacity for delivering social cash transfers.
Each district has between 60 and 120 CWACs giving PWAS a highly decentralised system for delivering assistance and a mechanism for community participation. A CWAC normally has up to 500 households, but could be much less in sparsely populated areas.

**FIGURE 1**

The Public Welfare Assistance Scheme Reporting Structure

The main role of a CWAC is to identify in collaboration with the traditional leadership, households in the area that need public welfare assistance. To fulfil this, two main areas of capacity requirement can be identified: (i) A correct application of the means-testing
instruments contained in the PWAS qualifier matrices; and, (ii) Generation of the needed paper trail to aid approval and monitoring of the scheme. Field visits indicated that capacity in both areas varies from one CWAC to another. CWACs with pilot social cash transfer schemes in the area tended to perform better because they benefited from the training that came with the introduction of the scheme. This helped them to carry their PWAS functions better. It was reported in all places visited that the last training on PWAS took place in 2002 or 2003 and some of the people trained had since left the committee for various reasons. New members were being “trained” by the old ones or given a talk by the DSWO.

It was thus not surprising that some members found the application of PWAS qualifiers somewhat challenging. This was not made easy by the high level of destitution and the small amounts of cash disbursed to each CWAC which limited outreach. The few selected beneficiaries were largely indistinguishable from many others not selected. Perhaps because of this, some communities were reported to be confused with the PWAS means-testing criteria leading to complaints and accusations of nepotism in the selection process. This puts pressure on CWAC members to rotate PWAS assistance among beneficiaries with each disbursement.

For coordination, CWACs are grouped together into Area Coordinating Committees (ACCs) to facilitate communication, training, monitoring and reporting. The ACCs main role is to scrutinize submissions of CWACs before submitting for approval the list of applicants to the district. Usually one or two members from each CWAC are selected to be represented on the ACC. In the design it was expected that some ACCs may be hosted by a partner institution (GRZ MCDSS, 2000: p.9). Because an ACC exists at the ward level, it is sometimes a sub committee of the Area Development Committee (ADC) providing information on issues of public welfare assistance. A district has between 10 and 20 ACCs depending on the number of wards.

There are two key capacity issues at this level. The first is the required technical competence by ACC members to guide CWACs in the process as well as build their capacity where necessary. Although literacy is higher among ACC members it was said to be an issue here too. The same problem of lack of retraining has also affected ACCs. The second is the capacity to carry out monitoring in CWACs. Many of ACCs are operationally challenged by the vast areas they oversee in this regard. A number have no transport to conduct spot checks of the utilisation of distributed materials. Where bicycles were given, there appears to be no proper back up system for maintenance. Some members were using their own money to repair the bicycles. Inadequate transport was contributed to the low submission of reports by CWACs and ACCs.

At district level, the District Welfare Assistance Committee (DWAC) oversees all the activities. DWAC brings together representatives from relevant Government Departments and the Council, as well as partner NGOs, churches and other appropriate institutions (GRZ MCDSS, 2000: p.9). The status of the DWAC in relation to district structures varies from district to district. In some districts the DWAC is a subcommittee of the District Development Coordinating Committees (DDCC). In others it is merely linked to the social subcommittee of the DDCC. This means that there is no single national criteria of how the DWAC is to relate to the DDCC. However, it is understood that the role of the DWAC is to provide information on issues pertaining to public welfare assistance. The little use of district strategic plans since the expiry of the Zambia Social Investment Fund has led to difficulties in how the welfare issues are integrated into the overall district development strategies and how activities are reported and monitored. The DWAC guides the DSWO which is supposed to secure impartiality of the process compared to what would be the case if the process was
sorely in the hands of individuals at the DSWO. In turn, the DSWO is key in ensuring that the targeting process and delivery of assistance to beneficiaries work smoothly. S/he facilitates the DWAC to play its role and receives funds from the ministry headquarters for beneficiaries.

The DSWO reports to the Provincial Social Welfare Office (PSWO) at the province. The main functions are to support the DSWOs in the province with the technical interpretation of policy and guidelines as well as to support and monitor the management of district activities. The PSWO also helps districts in the planning of activities. It liaises with the provincial administration especially the Provincial Accounting Control Unit (PACU) which manages the government funds in the province. The PSWO represents the DSW on the Social Services Sub-Committee of the Provincial Development Coordinating Committee. Recent restructuring has seen changes in the PSWO staffing with better qualified people heading the office. The number of staff has also been increased. However, inadequate resources for oversight and monitoring of activities in districts remain a major constraint at the PSWO.

At national level, the PWAS falls under the Department of Social Welfare (DSW) in the MCDSS headed by a director of social welfare. The DSW at headquarters’ main function is to provide policy direction and leadership in social protection and coordination of functions with other MCDSS departments and other ministries.

A Sector Advisory Group on Social Protection (SP-SAG) chaired by the PS MCDSS is the main forum of interaction between MCDSS, other ministries (health, education and labour), donors and NGOs. The Minister with support of the Permanent Secretary leads the MCDSS in advocacy and the engagement of the political leadership in matters of social protection. Technical Working Groups (TWG) reporting to the SP-SAG have been established to deal with particular issues related to the implementation of the SPS. The SP-SAG reports to the Policy and Economic Management Department (PEMD) in the Ministry of Finance and National Planning (MFNP). There is a TWG on Social Assistance (TWG-SA) hosted and chaired by the Director of Social Welfare (DSW). It is coordinating the development of a national social assistance programme. The TWG-SA reports to the SP-SAG on a regular basis.

### 3.2.3 PWAS Mandates and Tasks

The DSW functions are broadly classified under statutory (i.e. those that deal with the enforcement of statutory provisions such as the Juveniles Act) and non-statutory (i.e. those that are not regulated by law). PWAS functions fall in the latter category. The implementation of non-statutory functions is guided by policy. A key weakness in this regard is that PWAS (and social cash transfers by implication) is linked to a Social Welfare Policy which is yet to be endorsed and adopted by Cabinet. This has led some to question whether the DSW has adequate mandate in carrying out its PWAS activities. Policy uncertainty is seen from the fact that the Aging Policy is still only a draft and it is unclear whether this will be incorporated into the Social Welfare Policy.

However, PWAS is well supported by the Social Protection Strategy (SPS) adopted in 2005 (MCDSS, April 2005). Its overall objective is “to contribute to the security of all Zambians by ensuring that incapacitated and low capacity households and people have sufficient income security to meet their basic needs, and protection from the worst impacts of risks and shocks” (ibid, p.17). The SPS seeks to link up existing piecemeal programmes into a coherent strategy and recognises the PWAS institutional structure as a viable means for providing social
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assistance. In turn, the SPS has been integrated in the Fifth National Development Plan. Objective 2 of FNDP Chapter 22 on Social Protection is “to reduce extreme poverty in incapacitated households through welfare support”.

Therefore, delays in the finalization of a policy on social welfare is somewhat ameliorated by the SPS and FNDP both which recognize PWAS and its structures. Although there are many social protection schemes in Zambia, the Public Welfare Assistance Scheme (PWAS) has the most elaborate structure, rising from community to national level covering sixty-three districts of Zambia. It is thus possible to envisage different social protection schemes with wide coverage utilizing the existing PWAS structures. The utilization of the PWAS structures in pilot SCTS and the planned rollout is based on this merit. This is further made possible by the fact that PWAS vision and objectives are broad enough to accommodate many social protection schemes. The vision is to empower communities to allocate welfare resources to the vulnerable in their midst.

To be eligible under PWAS, a household should be classified as incapacitated and therefore not able to meet its own basic needs perhaps due to youth, old age, sickness or disability. Priority is given where survival itself is at risk or to households unable to offer adequate care to orphans and vulnerable children (GRZ MCDSS, 2000: p.9). Households are assessed against a combination of three categories of qualifiers; social, economic and other qualifiers, usually related to the level of entrenched poverty. PWAS had by 2004 reached 90,054 households. But this is only a fraction of the households estimated to be highly vulnerable across the country. Nevertheless, PWAS has managed to target relevant clients for the different levels of assistance. It has also been said to have succeeded in effectively identifying destitute households. Most communities are therefore receptive and interested in participating in PWAS.

3.3 THE SOCIAL CASH TRANSFER PROCESS

A generic targeting, approval and payment process for social cash transfer schemes is provided in Figure 2 (page 19). This process was developed for the Kalomo SCTS and has been adopted by the other pilot schemes. It has also been refined over time to respond to lessons of implementation. Below is a brief description of the three main elements of the social cash transfer delivery process and an assessment of the capacity implications for each element.

3.3.1 Outreach and Targeting Process

Steps in the outreach and targeting process are given in Table 1 (page 20). This takes place at community level where the main PWAS structure is the CWAC. Some weaknesses at this level observed above, such as the low capacity to generate adequate paper trail, are rectified through the training of the CWACs, a one off session at the start of the process. However, there were a number of problems that undermined the efficacy of the process. The low level of literacy was an enduring constraint that affected the quality of the paper trail that the system expects to be generated. Although the quality of reports generated by CWACs in pilot SCTS was better than in areas with only the regular PWAS, field visits and verification showed that the quality was low everywhere except in a few cases.

Emphasis for capacity building has tended to focus on CWAC responsibilities with little focus on the duties and skills required for the ACC. The ACC was at first not given an explicit
role in the targeting, approval and payment process. However, the need for it to play a role has been getting increasingly recognised as the implementation of the pilot schemes has progressed particularly providing oversight to CWACs and helping out with conflict resolution. More recently, some ACC members have been more active in training of new CWACs.

**FIGURE 2**

**Flow Chart of the Targeting, Approval and Payment Process**

- Community information meeting
- CWAC lists all extremely needy & incapacitated HH
- CWAC members interview those HH and fill in application form
- Headman verifies that the information on application form is correct
- CWAC meeting ranks HH based on application form
- Community meeting discusses ranking
- DSWO together with DWAC member and assisted by respective CWACs approves
- DWAC decides over critical cases, forwarded by the DSWO
- DSWO informs Bank, Pay Points and CWACs on approval or disapproval
- CWAC informs applicants on approval and disapproval
- Beneficiary HH access transfers at Pay Points

Source: Ministry of Community Development and Social Services and German Technical Cooperation, September, 2007, Figure 5.

Nevertheless, it was found that the link between ACCs and CWACs tended to be weak thereby which undermined the intensity and quality of supervision, monitoring and reporting at community level. The limited number of trainers and the geographical spread of the beneficiaries has negatively affected the level of oversight, and thereby the amount of support and guidance given to CWAC members in the identification, interviewing and beneficiary verification process.

This is not to imply that the targeting process itself has been more straight forward than the experience under regular PWAS. The Katete SCTS being a universal scheme has the least problems because its means-testing is simple requiring only evidence for age and residence. But when initiating the scheme, a problem of what to do about people who had lost the national identity card was encountered. Some poor households appeared to lack the
means to have the identity cards replaced. Others had used a wrong age for whatever reason to get their national identity card. CWAC members were at a loss what to do when they knew that these people were actually older than their cards said. Proof for residence was also not straightforward. Village registers were not updated for a long time. In the scaling up to nine more wards, a verification exercise noted that: “some village registers are not up-to date. This was contributed mainly by the high illiteracy levels among most village headpersons as they are not able to read and write making it difficult for them to update registers. It was surprising in certain instances the headman was not in the village register”. The eligibility of the residence status of these individuals had to be confirmed with the village headmen and fellow villagers.

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Key Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Community Information Meeting</td>
<td>– Informing community members of the scheme, its intentions, who is eligible, the process and who is to be involved&lt;br&gt;– Where there is no functioning CWAC, one is put in place.&lt;br&gt;– Training of the CWAC in the process and how to use the selection criteria.</td>
</tr>
<tr>
<td>2</td>
<td>Listing of Households</td>
<td>– Listing of households needing help using the following criteria: (i) Extremely needy; (ii) Incapacitated; (iii) No valuable assets; and, (iv) No regular &amp; substantial sources of income.&lt;br&gt;– Information is based on CWAC members’ own knowledge.&lt;br&gt;– Listing done at a CWAC meeting</td>
</tr>
<tr>
<td>3</td>
<td>Interview of Households</td>
<td>– 2 CWAC members visit and interview each listed household and fill in an application form</td>
</tr>
<tr>
<td>4</td>
<td>Headman’s Validation of Information</td>
<td>– Headman countersigns the application form to indicate that information is correct</td>
</tr>
<tr>
<td>5</td>
<td>CWAC Ranking of Selected Households</td>
<td>– Collected information is discussed in detail at a CWAC meeting.&lt;br&gt;After deleting households not meeting criteria, the rest are ranked according to the extent to which perceived to need assistance.</td>
</tr>
<tr>
<td>6</td>
<td>Community Meeting</td>
<td>– Community members validate the selection of households and their ranking by the CWAC. Changes are made if necessary.</td>
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</table>

In general, CWACS in pilot SCTS areas appeared to handle the means-testing instruments better than in areas with only the regular-PWAS due to training and the more intensive backstopping they received from the scheme. The DSWO was better funded to play a more meaningful and consistent role. But here too there were complaints of favouritism, nepotism and corruption. The extent to which this was reported varied from place to place.

The system was said to have had very high inclusion error. Estimates varied greatly, 15 to 40 per cent of the beneficiaries were said not to qualify. A deeper analysis of this problem reveals a number of things. Such a high inclusion error if it is to be believed indicates a serious problem in the targeting process. In particular it shows the failure of the voice mechanism that has been so carefully worked into the process. The “culture of silence” was reported in all the pilot districts. People just did not want to be known as the ones who had another person
excluded. The second community meeting failed due to this but also as a result of apathy by those not on the list of recommended beneficiaries in the first place. They knew that they were not on the list if they were not interviewed and thought it pointless to go to a meeting just to scrutinise others. It is for this reason that in the Chipata and Kazungula schemes the second meeting was left out all together. But then Chipata had the highest number of complaints which could be partly attributed to the fact that transparency was not as adequate. It is therefore not clear that there are sufficient alternative accessible avenues for people to speak out. Although there are forms provided for lodging complaints, these are rarely used because they require a certain degree of literacy.

Although the existence of nepotism and corruption could not be denied given the clear evidence presented, it also appeared to be overblown. The spectre of the selected 10 per cent being indistinguishable from their unselected neighbours who felt that they had been unfairly left out and subsequently complained could also be seen here. In many places it seems that the number of incapacitated households as defined by the means-testing criteria used exceeded the 10% ceiling. Households that thought they were eligible were anxiously waiting for the re-registration exercise which at first was to take place after one year. To their disappointment the period was extended to three years. They had hoped to qualify the next time round. However it’s not clear what per centage is likely to graduate off the SCTS, and there was fear of penalising those who had improved their circumstances by removing them from the SCTS when they still required assistance. In case of the Chipata SCTS, the Regional Hunger and Vulnerability Programme Study brought further confusion because it interviewed a sample of both beneficiaries and non-beneficiaries. Some non-beneficiary households took this as an exercise in retargeting and thought they had been identified for possible application.

Unfortunately even some CWAC members felt they were as entitled to assistance as those they were assisting. In a few cases, CWAC members resigned their position so that they could benefit from the scheme. Those that remained complained of how painful it was to help others get the cash while facing difficulties to feed their own families. The temptation to be corrupt in such an environment is high. It is further fed by the ignorance of some recipients who think that CWAC members do them a favour by including them on the list and hence their willingness to “show some appreciation”. Some interviewees suggested that corruption may have been higher in Chipata because people in urban areas are generally more corrupt than in rural areas. But it could also be said that because they are urban dwellers, they were more likely to take up their dissatisfaction with the DSWO, the Permanent Secretary, councillors and Members of Parliament. Their proximity seemed to facilitate this.

### 3.3.2 Approval Process

Steps in the approval process are provided in Table 2 (page 22). Applications need to be sufficiently scrutinised to minimise inclusion error and hence the importance of good quality information. This is only as good to the extent that the CWAC and the ACC perform their work well.

After approval, information on the applicants needs to be entered in the database which is the basis for generating the necessary paper trail for budgeting, requesting and releasing of funds. The inputting of data and maintenance of correct information places high demand on the district officers’ time and the need for computer equipment. Some districts did not have computers or where not in good enough state. It also requires a proficient level of computer
literacy and the need for the database system to work well. In all the pilot districts visited, the system was yet to start working well and needed to be refined if it was to really reduce some of the operational burden of the scheme. For example, the Kalomo DSWO had difficulties with the database when it was first introduced and found itself spending more time than when it depended on its manual information system.

**TABLE 2**

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Key Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ACC Verification of Application Forms</td>
<td>– The ACC Chairperson (or his/her deputy) and secretary go through the list submitted to determine the completeness, consistency and correctness of the information</td>
</tr>
<tr>
<td>2</td>
<td>Pre-DWAC Meeting</td>
<td>– The DSWO sitting with (a minimum of) two DWAC members goes through the list to approve submission by the CWAC. Two CWAC representatives present to provide explanations. – Meeting refers difficult case to the full DWAC</td>
</tr>
<tr>
<td>3</td>
<td>DWAC Meeting</td>
<td>– DSWO explain decisions taken at the pre-DWAC meeting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Full DWAC meeting discusses the difficult cases referred to it by the pre-DWAC meeting</td>
</tr>
<tr>
<td>4</td>
<td>Informing Applicants of the Outcome</td>
<td>– The CWAC informs both successful and unsuccessful applicants of the outcome.</td>
</tr>
</tbody>
</table>

Headquarters using consultants was trying to rectify the problem. In addition, a senior planner was assigned to focus on issues to do with the Management Information System. However, he appears to have been sidetracked by other duties subsequently assigned to him which have left little chance for him to focus on MIS issues.

### 3.3.3 District Financial Allocations and Payment System

The process described in Table 3 (page 23) has undergone a number of changes arising from experience. The payment process when first introduced in Kalomo proved cumbersome and taxed heavily the capacities of all the actors involved in the process. Accounts were opened for each beneficiary at the bank and s/he was expected to collect the money once the account had been credited. This was a lot of paper work for the DSWO which had to issue the necessary instructions. Each beneficiary living within a radius of 15 kilometres had to travel to the district centre where the bank was located. Some beneficiaries were very frail and found this very punishing. For the rest, the DSWO made arrangements by delivering the transfers itself to designated places. The distances were still long.

The bank failed to cope with an influx of beneficiaries withdrawing money on the same date. Many beneficiaries were illiterate and needed assistance to complete their withdrawal slips thus demanding more personal attention than the bank was able to provide. Bank staff were exasperated by this phenomenon and feared that the crowding and slow process of dealing with the payments discouraged their other clients. Furthermore, although it was agreed with Finance Bank that there were to be no charges on beneficiary accounts, the
automated system of this procedure failed to skip these accounts and charges were imposed thereby somewhat reducing the amount that beneficiaries collected.

TABLE 3
Steps in the Payment Process

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Key Activities</th>
</tr>
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</table>
| 1    | Establishment of Pay Points     | − The DSWO establishes the pay point and appoints a pay point manager usually an officer from the Ministry of Education or Ministry of Health operating in the area.  
− Names of household heads and their alternates are given to the pay point manager together with the amounts to be received every month |
| 2    | Transfer of Funds From HQ to District | − Funds are transferred into a DWAC account. There is a separate account for administration expenses.                                       |
| 3    | Transfer of Funds to Pay Points | − The DSWO with authorisation by the DWAC raises a cheque to the Pay Point Manager who cashes it at the bank                                      |
| 4    | Collection of Funds by Beneficiaries | − Beneficiaries are informed about the funds arrival and asked to collect it at specified date and time.  
− Payment of funds is witnessed by two CWAC representatives |
| 5    | Accounting for the Funds        | − Pay point managers completes the necessary reconciliation documentation                                                                 |

With these difficulties, it was decided to extend the localised pay point system to include areas that were less than 15 kilometres from the bank as well. At the same time, funds were to be paid bi-monthly rather than monthly. This decongested the banks and meant that beneficiaries walked a shorter distance as they received payment within their areas, although for some it was still considered a long distance given their state of health. Payment point managers are supposed to get an allowance of K50,000 plus the actual transport refund for each round of payment and reimbursed their travel costs. The process is also made transparent by the attendance of CWAC representatives who would note the households that have not collected their transfer and make follow up. Although security concerns have been raised and discussed, particularly when there are large sums due to the delays, thus far no loss has been reported.

The Chipata scheme did not follow these lessons from Kalomo and only began to change to the pay point system at the time of the assessment.

At the district level, the payment process requires strong financial administration. All the DSWOs interviewed indicated that this was one area that required capacity enhancement by employing an officer who would do the accounting. Strengthening the existing officers’ capacities in basic accounting will also be helpful even it would not resolve the concerns entirely.

Financial accountability is overseen by the Provincial Accounting Control Unit (PACU) whose mandate is to ensure that funds are spent according to GRZ guidelines and the programmes budget. It works to try and prevent misappropriation of funds. But process difficulties at this point have also worked to delay the use of funds sometimes. Before the districts could start the payment process, the PSWO and the PACU have to give approval. After funds are utilised, retirement should be verified by the PACU. Both of these
situations do face delays because of manpower constraints at the PACU. In Eastern Province, the accountant attending to SCT is currently managing 8 accounts (for different ministries and programmes). If all the districts come on board, the accounts are likely to suffer and may need to offload some work to some others within PACU to concentrate more on SCT.

3.3.4 Monitoring and Reporting

Each tier of the structure is to produce reports for the next tier above it every 2 months based on the approved plans and budgets. At the community level [CWAC and ACC] their production has been hampered by the low literacy levels and therefore the dependence on government officers/trainers in the vicinity to support their generation. Submission rates from the community levels are low [as low as 40 per cent was indicated] but the reports seem regular from the district and provincial offices. Feedback seems limited to between the provincial and district levels and this mostly through telephone calls especially when clarification is sought. Inadequate feedback at various levels has had adverse implications for sustained generation and quality of reports.

The Chipata and Katete schemes do not make the reporting by CWACs a necessity, although the members go out to check on beneficiaries in terms of how the money is utilised. Nevertheless, the DSWO is expected to report to the PSWO on a monthly basis and the PSWO submits a report to the HQ every quarter. To facilitate this, the DSWO visits a selection of CWACs every month in the company of some DWAC members. They interview households as well. However, the field visits do not appear to be structured or based on any tools for estimating quantitative or qualitative outputs or impacts. The collection of information relies on personal impressions.

3.4 CONCLUSIONS

The elaborate PWAS structure offers great opportunity to rollout the social cash transfer system throughout the country without going through the process of establishing a parallel system. The structure appears robust enough to adapt itself to a democratic decentralisation system of government as envisaged in the National Decentralisation Policy of 2002 and there is therefore little risk that it would face disruption once decentralisation is under way.

But the discussion above has revealed a number of capacity challenges that need to be attended to as part of a rollout strategy. These include the following:

1. PWAS structures in some areas have become dysfunctional due to inadequate resources and would need to be revitalised before rollout. This would include re-establishing the committees where members have ceased to participate for one reason or another.

2. Both new and old committees at various levels would need to be trained at the start as part of introduction of the SCT system in the area. However, even more importantly is a plan for continuous training to ensure understanding of the committees remains up to date all the time. But this has financial implications. In the case of PWAS, this has been the main difficulty for continuous re-training or for changing committees after a specified time period because new members will need to be trained.
3. Simplification of the means-testing criteria to meet the low literacy levels among community volunteers. From the discussion above, the Katete SCTS model poses less difficulties to administer given the capacity available in the DSWO and the PWAS partners. However, whether it has high inclusion and exclusion errors should be determined first. This simplification should also take into account a check system as to avoid corruption.

4. Establishing a simple participatory monitoring and evaluation system which systematises the collection of information at community level and allows for comparison in terms of performance between communities and districts.

CHAPTER 4: ASSESSMENT OF THE ORGANISATION AND INSTITUTIONAL CAPACITY OF PWAS

4.1 INTRODUCTION

Organisational capacity has two major aspects. To begin with is an assessment of resources available to the MCDSS to fulfil its mandate on social protection. This is taken up in the next two chapters that discuss the human resource capacity and expenditures. The second aspect assesses the monitoring system to analyse the extent to which it is able to provide the necessary information for strategic management decisions to steer social protection functions.

The description of the SCTS delivery system in the last chapter provides the background for analysing the organisational and institutional capacity implications of adopting a social cash transfer scheme in a district.

4.2 THE MCDSS INSTITUTIONAL CAPACITY

4.2.1 The MCDSS leadership in Social Protection

A national social cash transfer system to be effective requires strong leadership at national level. By leadership is meant the ability of the organisation with the mandate for promoting social protection in this case to devise the necessary policies, mobilise needed resources and coordinate the different players who must play a role with a view of heightening the impact of their actions on the beneficiaries. Leadership is therefore dependent on the place an organisation occupies within the national institutional architecture. It is also a function of the internal (organisational) capacity that provides the ability to effect its mandate.

In the case of social protection, the mandate to provide leadership on social protection is given to the Ministry of Community Development and Social Services (MCDSS). The MCDSS HQ fed by the Department of Social Welfare needs to mobilise key actors to support the system including other ministries and departments. Apart from the Ministry of Community Development and Social Services, other key organisations include other line ministries (e.g. Labour, Agriculture, Health and Education), the Ministry of Finance and National Planning (MoFNP), grant funded organisations like the National AIDS Council, donor organisations supporting Zambia and Non-Governmental Organisations.
Figure 3 is the national institutional framework within which planning for and monitoring of social protection activities take place. To ensure that there is adequate flow of resources, therefore, the MCDSS must contribute to the national development plan and justify how its planned activities help to achieve the overarching goal of the plan. Through existing structures from community to national level, the MCDSS is able to obtain the necessary information for planning process. Through a consultative process, this information must be sieved with that coming from other sectors so that planned activities are not duplicating or being undermined by what is being planned elsewhere. At the national level, the Sector Advisory Group on Social Protection (SP-SAG) has emerged as an important channel for wide-ranging consultation and stakeholder participation regarding social protection issues.

Technical working groups (TWG) reporting to the SP-SAG deal with particular issues related to the implementation of the SPS. There is a TWG on Social Assistance (TWG-SA) hosted and chaired by the Director of Social Welfare (DSW) in the MCDSS which has been coordinating the development of a national social assistance programme. The TWG-SA reports to the SP-SAG on a regular basis. The SP-SAG reports to the Policy and Economic Management Department (PEMD) in the Ministry of Finance and National Planning (MFNP). The fact that the SP-SAG was established with the support of the Ministry of Finance and National Planning makes it extremely important. All SAGs including the SP-SAG have the following objectives:

1. To define sector priorities in line with the overall priorities set in the national planning documents;
2. To look at, and debate, the detailed budget allocations, the MTEF as well as the annual Activity-Based Budgeting (ABB), within the sectors.
3. To take the lead role in organising the monitoring and evaluation process.

With this mandate, the SP-SAG went on to formulate in 2005 a Social Protection Strategy which was an important input into the Fifth National Development Programme’s chapter on social protection. The SP-SAG has shown its strategic importance in carrying out consultations and studies through the Technical Working Group on Social Assistance which has outlined a learning agenda and rollout plan as mentioned before. However, concern was raised that the process failed to secure both external and internal ownership and commitment regarding the social protection agenda (DFID, 2005, p.30).

That MCDSS has problems rallying technocratic and political support around a coherent agenda of social protection is also seen in the fact that a Social Welfare Policy has been under development for the past four years. There is yet no broad based support for social protection, surprisingly even among NGOs advocating for poverty reduction. The Ministry of Finance is still unconvinced. Other line ministries continue to protect their areas and are not collaborating effectively with the MCDSS. Social protection programmes are too thinly scattered in various ministries. Larger ministries such as Finance, Health, and Education are able to marshal a lot of support.
FIGURE 3
Social Protection and the National Planning and Monitoring Process

Ministry of Finance & National Planning – PEMD

Sets the goal, main objectives, institutional framework for the SP sector and the M&E framework

Consultative body set up by MIFNP consisting of ministries, NGOs & donors with a key role in Social Protection

Social Protection Strategy

Ministry of Community Development and Social Services

Social Protection – Sector Advisory Group

Analyses district information to recommend to the SP-SAG national priorities & strategy

Ministry of Finance & National Planning – PEMD

Fifth National Development Plan

Provides the national goal & priorities to which the SP strategy contributes

Medium Term Expenditure Framework

Using the ABB process, details annual financial allocation for all activities in the PRSP based on the MTEF provisions

Outlines how activities of the PRSP (including SP) will be funded over a 3 year period

Annual National Budget

Flow of Funds/Other Resources

Planning Process

M&E information

District Social Welfare Office

Province Social Welfare Office

Area coordinating Committee

Community Welfare Assistance Committee

Beneficiary Households
4.2.2 Inter-PWAS Relationships and Coordination

National level coordination mechanisms have been discussed above. What emerges is that there is an elaborate institutional framework for social protection in general and PWAS in particular rising from community to national level. This requires a strong coordination capacity by the MCDSS at every level.

The elaborate and inclusive coordination structure potentially provides ample opportunities for the MCDSS to sell and allow other agencies to buy into its agenda. Unfortunately this potential for coordination is not fully utilized. This is because coordination is weakest at the national level which is supposed to give direction to the lower structures. The establishment of SP-SAG helped to improve things somewhat but development planning and implementation in the country is still sector driven despite efforts to adopt a thematic approach in the FNDP.

At the district level, coordination appears better but varies from district to district depending on the strength of the DDCC. Where it works well, the DDCC has gone a long way in mitigating some of the difficulties faced by the DSWO. At sub-district level where ACC liaises with the Area Development Committee, the main institutional challenge is that ADCs although they have existed for a long time in some districts are a new phenomenon in most districts. Their formation is a result of the drive to decentralize government as stipulated in the Decentralisation Policy of 2002 but decentralisation has stalled and fallen far behind schedule.

Below the sub-district where the CWAC operates, inter-PWAS coordination are much more informal and not guided by formally stipulated guidelines. What drives these arrangements is the strong social solidarity and culture to help fellow community members in distress. Therefore, the extended family system is an important institution at community level that plays a big role in social safety nets at this level. Traditional leaders have a recognised role to play particularly in mobilising the community to help the needy. But the deepening vulnerability context of poverty, HIV&AIDS and long term trends and shocks have seriously tested these and exposed the extent to which community level social capital could be mobilized to effectively ameliorate the vulnerability of others. In the words of the District Social Welfare Officer for Kasempa, “the community does mobilise itself to help the vulnerable. However, there is a limit to which this can happen because there are too many vulnerable people while community members able to help are too few”.

Many committees exist at this level created by donor funded projects, line ministries and NGOs. Focus Group Discussions many times pointed out that the church is a respected institution at community level with a strong role in social welfare services. These are all playing an important role in addressing the plight of the vulnerable people in communities. Committee members tend to be the same people from one committee to another. There is also a strong culture of volunteerism and people appear to get a sense of status in belonging to various committees.

In one FGD in Kasempa, those present indicated that they belonged to between two to four committees. This is an advantage in a situation where there is no forum for information sharing. Village Development Committees (VDCs) that were supposed to coordinate development at community level are weak bodies and barely acknowledged in some areas. There are disadvantages to membership in multiple committees as well. Demand
for time placed on such committee members is very high with participation. Furthermore, given the lack of harmonization in incentives between committees, the work programme of one committee is at times disrupted by the work programme of another with better incentives because members give priority to the latter whenever its activities are being implemented. Chapter Five discusses this problem and shows how CWAC members choose to give more attention to the work of other committees where they somewhat get compensated unlike under PWAS.

4.3 THE PWAS MONITORING AND MIS

Capacity in monitoring and management information systems allows an organisation to take management strategic decisions regarding programme implementation. For social cash transfers, effective routine reporting processes are as important as initiating the scheme itself. Adequate flow of information is required regarding the allocation of transfers, receipt by beneficiaries and the performance of the scheme with respect to its goal and objectives. In all the pilot schemes, officers are spending considerable amount of time to achieve this.

The PWAS has a well elaborated reporting system targeted at financial allocations, resource provision and beneficiary targeting and receipts. Data aggregation and provincial performance reports are produced at provincial level before submission to the HQ. However, in practice the monitoring system has a number of weaknesses and needs substantial strengthening.

1. Monitoring is supposed to be undertaken on a quarterly basis. But this takes place once in a while (when need arises) due mainly to two reasons – transport and funding. There is inadequate logistical support (transport and funds), particularly at district and sub-district levels. Provision of transport by government to some PSWOs in 2007 went a long way in improving transport at provincial level but there are still a number without adequate access to transport. A general lack of transport at district and sub-district levels is a major constraint in having a functional PWAS M&E system.

2. The big time gap between release and availability of funds besides being too low compared to budgeted amounts undermines the credibility of the M&E system. Planned activities cannot be reported upon systematically and regularly. This has been exacerbated by the failure by DSW HQ to communicate to PSWO funding schedules to districts. Until December 2007, PSWOs depended on quarterly reports of the DSWOs for this kind of information.

3. Baseline indicators are not fully identified and systematic data collection and analysis aimed at assessing performance is severely lacking. There has been no evaluation of PWAS after its redesign to assess how it has worked and incorporate its lessons the in the future refocusing of programme. A system that captures, consolidates and analyses data to provide overall picture on the social protection interventions in the country and the proportions attributed to PWAS in that total picture with respect to a number of critical variables such as cost and the total number of beneficiaries is absent. This is critical for effective coordination and optimization of resource use.
4. Dissemination of monitoring information lacks pro-activity, regularity and sufficient stakeholder coverage. There is little or no evidence of monitoring information aimed at informing policy formulation.

5. As already seen, the generation of quality paper trail is constrained by the low literacy rates prevailing at sub-district level unless in situations where government officials are co-opted in CWACs.

6. At all levels, but particularly at national level which must set the pace, there is a lack of methodological and organizational know how in M&E, impact monitoring and methods and techniques of process and structure organization. There is need to train all staff in M&E at district level as there are inadequate skills. Communities lack methodological support in the areas of participative data compilation and decision making techniques.

7. The current staff establishment is over-stretched to pay sufficient attention to routine functions that monitoring entails.

All the districts visited maintain a manual system for information filing and retrieval. The MCDSS has specified a filing index for the PWAS and other activities paper trail. Nevertheless some provinces have not operationalised this filing index because of lack of resources to train DSWO staff. The operational manual for SCT has specified a number of forms that need to be filled at various stages of the targeting, approval and payment process which form a part of the management information system once stored. A computerised system had been designed and was being tried in Kalomo. However, by April 2008, serious problems were being encountered with the system as noted above. What this indicates is that a full scale computerised management information system would not work well given the difficulties of designing and operationalising the system. Some districts do not even have computers although there were efforts to procure such computers at the time of the study.

4.4 RESOURCES AND THE FUNCTIONALITY OF PWAS

4.4.1 The Sufficiency of Funds

Field observations indicate that the functionality of PWAS has been seriously undermined by the low and erratic funding discussed in Chapter 6. Although funding and the regularity of disbursements improved in 2007, the amounts are still too small to have any significant impact on the target group.

Accordingly, the amount of funds for the administration of PWAS is very small. Districts are allowed 10 per cent of the disbursed funds for this purpose. For Kasempa and Mufumbwe, this amounted to only K450,000 per month, less than enough for a full tank of fuel. Another 10 per cent is meant for the ACCs for same purpose.

In the past, PWAS (particularly at national level) brought about an improvement in the flow of welfare support to communities from other sources. Though PWAS does have the potential to mobilize resources from other sources, it has lacked pro-activity and creativity to do a better job. Mobilization of resources from other sources has not been part of the DSW’s
annual work plan and budget, with specific resources set aside for it. A concern has been expressed that although some of the PWAS’s schemes were pilots, no information concerning the lessons learnt was captured and disseminated.

4.4.2 Physical Assets and Infrastructure

The state of physical assets and infrastructure in districts was very poor at the time of field work which seriously undermined PWAS functionality and would make the implementation of social cash transfer difficult in many districts which lacked even the basic equipment needed to function effectively.

4.5 CONCLUSIONS

The MCDSS faces great organisational and institutional challenges to operate effective social protection interventions within the PWAS framework. At the top is the weak space that MCDSS occupies in the wider GRZ institutional framework to be an effective champion of social protection agenda and policy. This is mainly derived from the low priority that political elites accord social protection in general and the absence of national pressure for the government to act in the interest of the extreme poor. As a result, MCDSS is under-funded given that the Ministry of Finance and other key players are not fully persuaded of the economic merits of social transfers. A vicious cycle has been created. Even if an elaborate structure for coordination and consultation exists from national to community level, an under-funded MCDSS is organisationally weak to implement social protection activities and effectively mobilise and coordinate other players who must play a role.

CHAPTER 5: ASSESSMENT OF THE HUMAN CAPACITY OF PWAS

This chapter assesses the human resource capacity needed to run social cash transfers on a national scale. It assesses the adequacy of current staffing levels and their incentive to perform. And because PWAS is a system driven by committees at district and sub-district level, their capacity to support the system is assessed as well. A clear observation arising from this analysis is that PWAS faces serious human resource constraints. To rollout the social cash transfer schemes to cover the whole country would require a serious effort to recruit more staff and develop and motivate them to perform to the highest standard. The recruitment of the right type of people of the appropriate calibre also applies to the DWAC, ACC and CWAC.

5.1 THE ADEQUACY OF STAFFING LEVELS

The Department of Social Welfare is understaffed. In urban districts, staff spend more time on statutory functions, estimated at up to 90% of total time while in rural districts, the opposite is true (i.e. more time is spent on non statutory functions). A uniform structure throughout the country except for a few key districts has been found inappropriate. The new structure which is being negotiated with the Public Service Management Division proposes to change this.

Except for Lusaka, the rest of the provinces do not have the full manpower establishment. This is particularly so for remote provinces. Nevertheless a restructuring process has been ongoing. As part of this process, recruitments of social welfare officers were done in 2006.
But a number have already left due to poor conditions of service (low salaries, lack of equipment, poor office accommodation).

When the Kalomo SCTS was initiated, it was recognised that the key factor for success or failure of the scheme would be the management and problem solving capacity of the district level staff (Schubert and Goldberg, 2004, p.6). It was observed that high standards were required with regard to leadership, problem solving, clear division of tasks and functions, internal and external communication and professional office management. Therefore, the quality and quantity of district and provincial level staff needed to be consistent with all the tasks to be performed.

Many people reported to feel that the demands (in terms of human resources) for social cash transfer schemes are high and their design underestimated this. District officers running pilot SCTS were united in acknowledging that the workload was excessive. As a result of the high demand, other services provided by DSW have suffered, and the officers have had to draw significantly on support from its sister department and other parts of government and non government partners, as well as the community to implement the scheme. The necessity to develop working partnerships has led to more integration and coordination of initiatives at district level.

It must be recognised that these staff constraints are being experienced when PWAS is not performing at full scale due to its serious under-funding. One possible change is to reduce on the regularity of targeting so that a given number of beneficiaries could be helped for a longer period of time. This would have to change the nature of assistance to make it more comprehensive rather than focus on just one or two material items. However, even with such changes, introducing social cash transfer would still overstretch staff capacity in the district and to a certain extent at the province. District Social Welfare Officers and one other officer are spending over 50 per cent of their time on the SCTS. They cope only because the regular PWAS is not functioning at full capacity.

The TWG-SA acknowledges this problem and has suggested a reformation of the regular PWAS in order to have the current level of capacity at DSWO meet more adequately the SCT demands (see MCDSS, July 2007, p.24). It recognises that the schemes have the same target group, targeting structures and selection qualifiers. Beneficiaries of cash transfers spend their money on most of the needs that PWAS tries to address. It is suggested that PWAS should instead focus on stranded persons such as ex prisoners and victims of minor disaster. PWAS could also cater for huge expenditures that cannot be met from the small amounts of social cash transfers. These include secondary school fees, particularly boarding fees, and specialized medical treatment.

Under the recent restructuring process of the DSW, the PSWO and DSWO should hold a university degree and the ASWO should have a diploma. This is in a bid to push up the technical and management capacity at these levels and bring the positions in line with what is obtaining in other line ministries. New officers are being recruited and this has brought about a sense of uncertainty among the old officers. In some cases, there are conflicts between the old and new officers. Despite the new recruits it is not certain how consistent this will be and whether they could be retained given the poor working environment in many districts. It means that a continuous capacity building strategy needs to be developed.
to accommodate the changes, build on existing capacity, investing in individuals to help retain them and to maintain motivation if there has to be a sufficient level of sustained capacity to implement the SCTS.

Financial management was recognised as a particular weakness from district to national level. This is felt to be a critical omission that needs to be addressed to maintain the scheme’s credibility and continuity of transfers. It was recommended that additional financial officers be incorporated, particularly at provincial levels.

Although the PACU exists at provincial level, it is felt that as the unit serves so many departments, with the increasing demands of DSW, it would be best to have dedicated financial staff with sufficient programme knowledge to provide appropriate and more effective support.

5.1.1 Committees Incentive to Perform

For a system so dependent on committees and their army of volunteers, it is necessary to assess their motivation to perform. The DWAC existing at district level consists of representatives from government departments, NGOs and religious organisations. Because membership is by organisation, they are strictly speaking not volunteers. However they perceive themselves to be attending to this duty in their individual capacity which has influenced their expectations for participating in PWAS. CWAC and ACC members at sub-district level are volunteers using private time to engage in PWAS activities. Both groups need to be motivated to actively participate in the activities of their respective committees.

Lack of incentives is an issue particularly because other government supported programmes gave something to members of their community based committees. Often cited were the committees under the home based care programme and the Ministry of Health – the Neighbourhood Health Committees. It was said that PWAS activities were negatively affected whenever they coincide with those where some payment is given. There is more commitment to Neighbourhood Health Committees because of the so called transport reimbursements that committee members get after attending meetings. CWAC members thus suggested that they should also be given something as an appreciation.

Many CWAC members indicated that they did not have the resources/tools to conduct their (voluntary) work, so they have to depend on their own resources, limit what they do or get resources from else where. Payments have been made (in Kalomo) related to the delivery of monitoring forms/reports.

In all fairness, CWAC members did not look at material or cash rewards as the only motivation that they would appreciate. Opportunities to learn such as through workshops to continually orient and expose them to new things they should be doing would be appreciated. Tools to assist them in their work and items to help identify them and increase their level of recognition were mentioned as additional aspects that would motivate them. Other things are meaningful resources to carryout PWAS work effectively, bicycles, protective clothing like gum boots and raincoats to work even when it is raining. Despite all the complaints about lack of incentives, one independent observer who has worked with the Kakikasa CWAC in Mufumbwe and attended the FGD suggested that social status is a factor and a motivation of being in a committee. This explains why these volunteers continue to hang on despite the lack of incentives. What is not clear is whether this is enough to sustain a high work rate required in a social cash transfer scheme.
5.2 CONCLUSIONS

The shortage of staff in the DSW to implement PWAS and other welfare activities is a key constraint to the plan to rollout social cash transfers. DSWOs in most districts are struggling to carry on the PWAS activities even though the system is operating at very low level due to under-funding. One of the key criteria for rolling out social cash transfers that there should be the required number of staff at the DSWO.

Staff at all levels should be well motivated to perform at the high level that a cash transfer requires. Government would need to upgrade the environment in which the MCDSS staff work including physical assets and infrastructure which were found to be in very poor state. There should also be given enough resources for the functions given to them. In all these, at the minimum, MCDSS staff should be accorded the same resources as those obtaining in other line ministries.

A strength of PWAS is the cadre of volunteers operating under its decentralised structures. This enables the system to operate more cost effectively than it would otherwise be. However, PWAS is clearly very demanding and there are questions of the extent to which these volunteers could on operating without some incentive. They forced to sacrifice a lot of time to effectively carry on their duties. The opportunity cost in terms of their own livelihood activities must be taken into account.

CHAPTER 6: THE COST AND FINANCING OF CASH TRANSFERS

Chapter 6 discusses the likely costs of social cash transfer if rolled out to cover the whole country. This is done within the context of historical and projected funding for social protection by the Government Republic of Zambia. The aim is to assess the sustainability of funding to a national social cash transfer scheme can be funded from available GRZ resources.

6.1 FUNDING OF SOCIAL PROTECTION, HISTORICAL AND PROJECTED TRENDS

Table 4 (page 35) does not capture the total range of programmes in social protection but is used to demonstrate that various agencies are playing a role in the funding of social protection activities in Zambia. Donors and NGOs are funding social protection activities alongside the GRZ. For the programmes contained in the table the total cost in 2004 was US$16.77 million. However, 74.5 per cent of this went to the Food Security Pack alone. In the same year GRZ spent K201 billion on the Fertiliser Support Programme and the Strategic Food Reserve equivalent to US$43 million. This demonstrates the historical bias of developing countries governments and donor agencies towards food subsidies compared to other forms of social safety nets.

Table 5 (page 36) and the observations made on it make the point that “social protection interventions in Zambia are piecemeal, fragmented, and reactive, with a proliferation of programmes focused on target groups and an emphasis of in-kind forms of support” (DFID, Nov. 2005, p.27).
TABLE 4
**Indicative Cost of Social Protection Programmes, 2004**

<table>
<thead>
<tr>
<th>Agency Responsible</th>
<th>Programme</th>
<th>Funding Agency</th>
<th>Number of HHs</th>
<th>Cost (US$ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCDSS - PAM</td>
<td>Food Security Pack</td>
<td>GRZ</td>
<td>150,000</td>
<td>12.50</td>
</tr>
<tr>
<td>MCDSS - PWAS</td>
<td>Public Welfare Assistance Scheme</td>
<td>GRZ, GTZ, UNICEF, DANIDA</td>
<td>134,092</td>
<td>1.1</td>
</tr>
<tr>
<td>MCDSS - GTZ</td>
<td>Kalomo Social Cash Transfer Scheme</td>
<td>GTZ</td>
<td>1,000</td>
<td>0.04</td>
</tr>
<tr>
<td>MCDSS</td>
<td>MicroBankers Trust</td>
<td></td>
<td>3,619</td>
<td>0.23</td>
</tr>
<tr>
<td></td>
<td>School Feeding Programme</td>
<td></td>
<td></td>
<td>0.4</td>
</tr>
<tr>
<td>Habitat for Humanity</td>
<td>Habitat for Humanity Zambia</td>
<td>NGO</td>
<td></td>
<td>0.4</td>
</tr>
<tr>
<td>Zambia</td>
<td>Street Children Project of Zambia</td>
<td>GRZ, Donors</td>
<td>48 children</td>
<td>0.2</td>
</tr>
<tr>
<td>SCOPE OVC</td>
<td>SCOPE OVC</td>
<td>USAID</td>
<td>523,166</td>
<td>0.8</td>
</tr>
<tr>
<td>CRAIDS</td>
<td></td>
<td>World Bank</td>
<td>63 Community Grants</td>
<td>0.7</td>
</tr>
<tr>
<td>Micro-Bankers Trust</td>
<td>Micro-Bankers Trust</td>
<td>GRZ</td>
<td>3,619</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Source: Refer to footnote 13.

Social welfare is only a small proportion of total Government expenditure. Between 1994 and 2006, GRZ expenditure on social welfare were mostly less than 1 per cent (see Figure 4). In some years government has budgeted significant funds that could have helped PWAS operations become meaningful. But releases have consistently been much lower than the budgeted amounts, as low as 10 to 12 per cent in some years. It has also been erratic in the sense that the DSW could go on for months without any PWAS funding and then suddenly a relatively huge amount is disbursed at one go. This overwhms the capacities of PWAS structures, especially where they begin to fall into disuse due to lack of operational funds.

The low releases by the GRZ to social protection are a source of concern. However, there is hope that this situation may change. According to the Green Paper released in November 2007, social protection as a per centage of total expenditure was expected to rise to 2.87 and 3.84 per cent in 2007 and 2008 respectively before falling to 1.64 per cent in 2010 (see Table 5). In Kwacha terms, social protection was expected to would reach K489.76 billion in 2008 before falling to K245.47 billion in 2010. Figures of actual expenditure for 2007 were not yet available when this study was conducted. However, there are indications that releases considerably improved although this may still fall below the budgeted amount.
6.2 CSTS COSTS AND STRUCTURES

To assess what the observations of the low funding to social protection of the GRZ budget entail for the uptake of social cash transfers, it is necessary to assess the cost of implementing a scheme nationwide. As stated, the difficulty with the exercise is that a model scheme is yet to be adopted. Different pilot schemes implemented with different transfer amounts making the total cost vary widely. Therefore, an accurate estimate of the total cost of the scheme will only be possible once the SP-SAG adopts what should be the scheme to be rolled out throughout the country. At the same time, all the schemes have been scaling up slowly and only the Kalomo scheme had finally covered the entire district in January 2008. Therefore, only the Kalomo scheme would give us a reasonable
picture of the cost implications of running a national social cash transfer scheme. An additional difficulty is that it is not known what will be the pattern of rollout.

Cash transfer costs of the Kalomo schemes are divided into three main parts: transfer, administration and capital costs. In the case of the first two, detailed information is available from accounting records and detailed in Form 16, which is the document that the DSWO uses to request for funding.

Table 6 below gives the cost of the SCTS for Kalomo based on which national estimates are made. The key has been to determine the cost per beneficiary household of administrative and transfer costs. The capital costs in the Kalomo scheme are taken as representing the average capital cost per district as this is not related to the number of beneficiaries but on the mere fact that the scheme is rolled to the district.

The cost for Kalomo covering 3,300 households is estimated at K2.3 billion (US$590,000). Based on the projected population for 2009, it is expected that there would be a total of 2,483,372 in Zambia in that year. Targeting 10 per cent of households as beneficiaries of the scheme, this yields a total of 248,337 households for a national scheme in 2009. The projected cost based on this is K193.4 billion, equivalent to US$48.3 million.

| TABLE 6 |
| Estimated Costs for Kalomo and Zambia for 2009 |

<table>
<thead>
<tr>
<th>Cost Items</th>
<th>Kalomo SCTS</th>
<th>Cost/HH</th>
<th>National SCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In Zambian Kwacha (ZMK’000)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targeting</td>
<td>206,000</td>
<td>62.42</td>
<td>15,501,195.54</td>
</tr>
<tr>
<td>Monitoring</td>
<td>8,100</td>
<td>2.45</td>
<td>608,425.65</td>
</tr>
<tr>
<td>Payment</td>
<td>78,000</td>
<td>23.64</td>
<td>5,870,686.68</td>
</tr>
<tr>
<td>Additional staff costs</td>
<td>30,000</td>
<td>9.09</td>
<td>2,257,383.33</td>
</tr>
<tr>
<td>Transport</td>
<td>14,640</td>
<td>4.44</td>
<td>1,102,616.28</td>
</tr>
<tr>
<td>Office expenses</td>
<td>7,500</td>
<td>2.27</td>
<td>563,724.99</td>
</tr>
<tr>
<td>Total administrative costs</td>
<td>344,240</td>
<td>104.32</td>
<td>25,906,515.84</td>
</tr>
<tr>
<td>Transfer of ZMK 47,500/hh</td>
<td>1,881,000</td>
<td>570.00</td>
<td>141,552,090.00</td>
</tr>
<tr>
<td>Capital costs</td>
<td>81,000</td>
<td>81,000.00</td>
<td>5,832,000.00</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td><strong>2,569,480</strong></td>
<td><strong>778.63</strong></td>
<td><strong>193,362,638.31</strong></td>
</tr>
<tr>
<td><strong>Number of households</strong></td>
<td><strong>3,300</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **In United States Dollars**    |             |         |               |
| Targeting                       | 51,500      | 15.61   | 3,875,299     |
| Monitoring                      | 2,025       | 0.61    | 152,106       |
| Payment                         | 19,500      | 5.91    | 1,467,672     |
| Additional staff costs          | 7,500       | 2.27    | 564,346       |
| Transport                       | 3,660       | 1.11    | 275,654       |
| Office expenses                 | 1,875       | 0.57    | 140,931       |
| Total administrative costs      | 86,060      | 26.08   | 6,476,629     |
| Transfer of ZMK 47,500/hh       | 470,250     | 142.50  | 35,388,023    |
| Capital costs                   | 20,250      | 20,250.00 | 1,458,000     |
| **Total costs**                 | **642,370** | **194.66** | **48,340,660** |
| **Number of households**        | **3,300**   |         |               |
Table 7 indicates the projected cost based on the assumption that the cash transfer system is to be rolled out to all the districts in one year, i.e. 2009, all at once. The cost according to the envisaged rollout speed given in the Implementation Framework document is shown in Table 9 for each year between 2009 and 2012. The cost rises from K37 billion (US$9.2 million) in 2009 to K177.6 billion (US$44.4 million) in 2012. In cumulative terms, this amounts to K412 billion (US$103 million) for the four years of rollout. Whether this is fiscally realistic in the light of the historical pattern of funding to social protection is addressed below.

### Table 7

#### Estimated Costs for Each Year of Rollout

<table>
<thead>
<tr>
<th>Cost Item</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In Zambian Kwacha (ZMK’000)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targeting</td>
<td>62.42</td>
<td>3,229,424</td>
<td>3,229,424</td>
<td>4,305,919</td>
</tr>
<tr>
<td>Monitoring</td>
<td>2.45</td>
<td>126,756</td>
<td>253,511</td>
<td>422,520</td>
</tr>
<tr>
<td>Payment</td>
<td>23.64</td>
<td>1,223,063</td>
<td>2,446,125</td>
<td>4,076,883</td>
</tr>
<tr>
<td>Additional staff costs</td>
<td>9.09</td>
<td>470,289</td>
<td>940,579</td>
<td>1,567,634</td>
</tr>
<tr>
<td>Transport</td>
<td>4.44</td>
<td>229,712</td>
<td>459,425</td>
<td>765,709</td>
</tr>
<tr>
<td>Office expenses</td>
<td>2.27</td>
<td>117,443</td>
<td>234,886</td>
<td>391,477</td>
</tr>
<tr>
<td>Total administrative costs</td>
<td>104.32</td>
<td>5,397,204</td>
<td>10,794,408</td>
<td>17,990,714</td>
</tr>
<tr>
<td>Transfer of K47,500/hh</td>
<td>570</td>
<td>29,490,090</td>
<td>58,980,180</td>
<td>98,300,490</td>
</tr>
<tr>
<td>Capital costs</td>
<td>135,000.00</td>
<td>2,025,000</td>
<td>4,050,000</td>
<td>6,750,000</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td><strong>715.22</strong></td>
<td><strong>37,003,337</strong></td>
<td><strong>74,006,674</strong></td>
<td><strong>123,344,696</strong></td>
</tr>
<tr>
<td>Number of HHs</td>
<td>51,737</td>
<td>103,474</td>
<td>172,456</td>
<td>248,337</td>
</tr>
<tr>
<td>HHs added in the year</td>
<td>51,737</td>
<td>68,983</td>
<td>75,881</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost Item</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In United States Dollars</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targeting</td>
<td>15.61</td>
<td>807,356</td>
<td>807,356</td>
<td>1,076,480</td>
</tr>
<tr>
<td>Monitoring</td>
<td>0.61</td>
<td>31,689</td>
<td>63,378</td>
<td>105,630</td>
</tr>
<tr>
<td>Payment</td>
<td>5.91</td>
<td>305,766</td>
<td>611,531</td>
<td>1,019,221</td>
</tr>
<tr>
<td>Additional staff costs</td>
<td>2.27</td>
<td>117,572</td>
<td>235,145</td>
<td>391,909</td>
</tr>
<tr>
<td>Transport</td>
<td>1.11</td>
<td>57,428</td>
<td>114,856</td>
<td>191,427</td>
</tr>
<tr>
<td>Office expenses</td>
<td>0.57</td>
<td>29,361</td>
<td>58,721</td>
<td>97,869</td>
</tr>
<tr>
<td>Total administrative costs</td>
<td>26.08</td>
<td>1,349,301</td>
<td>2,698,602</td>
<td>4,497,679</td>
</tr>
<tr>
<td>Transfer of K47,500/hh</td>
<td>142.50</td>
<td>7,372,523</td>
<td>14,745,045</td>
<td>24,575,123</td>
</tr>
<tr>
<td>Capital costs</td>
<td>20,250.00</td>
<td>506,250</td>
<td>1,012,500</td>
<td>1,687,500</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td><strong>194.66</strong></td>
<td><strong>9,250,834</strong></td>
<td><strong>18,501,669</strong></td>
<td><strong>30,836,174</strong></td>
</tr>
<tr>
<td>Number of HHs</td>
<td>51,737</td>
<td>103,474</td>
<td>172,456</td>
<td>248,337</td>
</tr>
<tr>
<td>HHs added in the year</td>
<td>51,737</td>
<td>68,983</td>
<td>75,881</td>
<td></td>
</tr>
</tbody>
</table>

The structure of costs based on the Kalomo SCTS is presented in Table 8. The scheme has a very high transfer ratio of 0.732 compared to capital costs of 0.032 and administrative costs.
of 0.134. Nearly 75 per cent of the total cost is on transfers to beneficiaries indicating a very high transfer ratio. Even though the cost equivalent of the cadre of volunteers has not been worked, this is indicative of the cost efficiency of the social cash transfer scheme.

<table>
<thead>
<tr>
<th>TABLE 8</th>
<th>Cost Transfer Ratios of the Kalomo SCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Item</td>
<td>Kalomo SCTS Cost</td>
</tr>
<tr>
<td>Targeting</td>
<td>51,500</td>
</tr>
<tr>
<td>Monitoring</td>
<td>2,025</td>
</tr>
<tr>
<td>Payment</td>
<td>19,500</td>
</tr>
<tr>
<td>Additional staff costs</td>
<td>7,500</td>
</tr>
<tr>
<td>Transport</td>
<td>3,660</td>
</tr>
<tr>
<td>Office expenses</td>
<td>1,875</td>
</tr>
<tr>
<td><strong>Total administrative costs</strong></td>
<td>86,060</td>
</tr>
<tr>
<td>Transfer of ZMK 47,500/ hh</td>
<td>470,250</td>
</tr>
<tr>
<td><strong>Capital costs</strong></td>
<td>20,250</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td>642,370</td>
</tr>
</tbody>
</table>

6.3 AFFORDABILITY AND FINANCING RISK

In the light of the analysis above, the question to be answered is, can a national SCTS be financed from the GRZ budget? Looking at the historical under-funding of social protection alone, the projected costs of a full scale SCTS cannot be met without the help of donors. The concern here is that a full scale SCTS will only last as long as donor funding is available as has been the case to other schemes experimented upon since the launch of the redesigned PWAS. But discontinuing a programme of national scale just after a short time will present problems for the MCDSS and GRZ as a whole.15

The latest 2008 – 2010 Medium Term Expenditure Framework released in November 2007 presents some hope but does not discount all the concerns observed above. For 2009, the cost of social cash transfer scheme rolled out in 15 districts would be 11.4 per cent of the social protection budget. It jumps to 29 per cent in 2010 when the number of districts increases to 30. What is of concern here is the projected decline in the social protection budget between 2008 and 2010.

Such a proportion may be untenable unless MCDSS conducts a large scale restructuring of its own budget to accommodate a national SCTS. There are opportunities for this given that regularly disbursed social cash transfer would resolve so many critical welfare problems among the highly disadvantaged people that the MCDSS grapples with. But it is admitted that such a proportion is still too high without the Ministry of Finance increasing the budget for social protection. This may require Finance to undertake a restructuring of the budget itself. For example, substantially reducing the amounts GRZ spends on maize subsidies through the Fertiliser Support Programme and funding the Food Reserve Agency would help to release some funds for social protection and other expenditures.
Besides restructuring of the budget, GRZ is expecting to raise substantial revenues from the windfall tax imposed on mineral exports announced in the 2008 budget. It is projected that GRZ would raise an additional US$450 million from this windfall tax. With this, it is fiscally feasible that funding to social protection could be at least maintained at the same level as the 2008 budget of K489.8 billion. If this is done, when the SCTS reaches its full scale in 2012 it will constitute 34.8 per cent of the total social protection budget. Such a high proportion would still require that a restructuring of the social protection budget to accommodate social cash transfers.

A major risk is the tendency of the Ministry of Finance to cut back on releases once the budget has been announced. Figure 4 also provides some insight into how releases can vary from one year to another. One of the reasons for this is the tendency to over-spend on some budget items by Ministry of Finance at the expense of other expenditure lines. Usually the budget lines that in the end get “over-funded” are those with strong political support. For example, the Fertiliser Support Programme was increased by 38.1 per cent of its budgeted amount in 2004.

In 2006, the Strategic Food Reserve (money spent for the purchase of maize) received an additional K140 billion in 2006 when its budget was only K50 billion. This was an increase of about 140 per cent over the budgeted amount. Funding for personnel emoluments in many years also exceed the budgeted amount. All this occurs at the expense of the less politically protected expenditures of which social protection is one. Therefore, until social protection gains the backing of the more politically influential players in the country, it will always be difficult to predict that what GRZ puts in the MTEF (Medium Term Expenditure Framework) and the annual budget will actually materialise.

### TABLE 9

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disability</td>
<td>9.93</td>
<td>10.23</td>
<td>11.22</td>
<td>12.24</td>
</tr>
<tr>
<td>Old age</td>
<td>0.25</td>
<td>0.26</td>
<td>0.28</td>
<td>0.31</td>
</tr>
<tr>
<td>Orphans and Vulnerable Children</td>
<td>14.81</td>
<td>20.11</td>
<td>21.08</td>
<td>22.10</td>
</tr>
<tr>
<td>Social Security Welfare</td>
<td>31.78</td>
<td>1.84</td>
<td>2.01</td>
<td>2.20</td>
</tr>
<tr>
<td>Rehabilitation and Dev Social Protection</td>
<td>4.93</td>
<td>5.09</td>
<td>5.57</td>
<td>6.08</td>
</tr>
<tr>
<td>National Disaster</td>
<td>8.57</td>
<td>8.83</td>
<td>9.68</td>
<td>10.56</td>
</tr>
<tr>
<td>Other Social Protection</td>
<td>273.27</td>
<td>443.40</td>
<td>274.51</td>
<td>191.98</td>
</tr>
<tr>
<td><strong>Total Social Protection Budget</strong></td>
<td><strong>343.54</strong></td>
<td><strong>489.76</strong></td>
<td><strong>324.35</strong></td>
<td><strong>245.47</strong></td>
</tr>
<tr>
<td>Projected Rollout SCT Cost</td>
<td>-</td>
<td>-</td>
<td>36.90</td>
<td>71.2</td>
</tr>
<tr>
<td>As Percentage of Social Protection Budget</td>
<td>-</td>
<td>-</td>
<td>11.38</td>
<td>29.01</td>
</tr>
</tbody>
</table>

Source: GRZ, November 2007, Table 5.
CHAPTER 7: SUMMARY OF KEY CAPACITY ISSUES

7.1 INTRODUCTION
Below we outline the key actions that should be undertaken before rollout in the light of this review. Given that social cash transfers have not had wide acceptance and support among political elite, it needs to be effective from the very start and create groundswell support and momentum of its own so that it is not undermined by undue criticism. Recommended actions are grouped into the three main category of capacity assessment used in this report – institutional, organisational and human resource.

7.2 ACTIONS TO IMPROVE INSTITUTIONAL CAPACITY
Most of the institutional difficulties that MCDSS faces cut across the entire public service and are outside its ability to improve. However, the MCDSS could lend a hand to the ongoing public sector reforms including decentralisation and financial management and accountability. Decentralisation is likely to strengthen the coordination of social protection activities at district and sub-district levels. Financial management and accountability reforms through PEMFAR and IFMIS planned for all levels of government will help to strengthen the financial management inadequacies noted within the MCDSS. There is concern that these critical reforms have been slow but there is little that the MCDSS can do.

However, within the institutional framework for social protection, the MCDSS should take steps to increase its capacity to lobby and secure political buy-in of key stakeholders into its social protection agenda in general and that of social cash transfers in particular. In this regard, MCDSS should fully implement its agenda for promoting social protection. Commendable effort has been made since the first part of 2007 but should now be scaled up as the planned date for starting rollout approaches. As part of this, the MCDSS should engage the MoFNP to prove the economic merits of social protection and why these are not handouts but an investment in human capital. A well researched case needs to be prepared and sold to MoFNP and the general public especially with the beginning of such an ambitious programme as the national SCTS.

Overall, the MCDSS should take advantage of the current structures to communicate through existing channels to players with a key role in social protection. In this regard, a communication strategy should be developed which identifies the key players, their information needs on social protection and an appropriate means to reach them.

7.3 ACTIONS TO IMPROVE ORGANISATIONAL CAPACITY
The key issue leading to organisational capacity weaknesses have to do with chronic under-funding to the MCDSS and social protection activities. Whereas a national SCTS could be rolled out and funded with the help donors, it is prudent that the Zambian Government has fiscal capacity and is committed to fund this beyond the years of donor support. Actions to lobby for social protection in general in the understanding of the general public and key players as have been initiated are very important. Engaging MoFNP as recommended above will help secure adequate flow of resources and sustainability of a national SCTS.
On the basis of the current MTEF projections and the likely increased revenue arising from the new windfall taxes on mining, fiscal sustainability does not seem to be a major issue. What seems to be an issue is MoFNP failing to release budgeted funds because these are diverted to other budget lines with more political protection. The Ministry of Finance should therefore seek to increase expenditure to social protection or at the minimum maintain the 2008 social protection budget in subsequent years.

Even with this action by the MoFNP, the MCDSS should conduct an expenditure review to determine the fiscal sustainability of social protection activities in the light of the proposed national SCTS. It should also determine what should be the structure of expenditure in social protection. This would entail looking at the current activities being implemented by the DSW and whether the introduction of a SCTS would in fact take care of some of the issues currently being tackled and how therefore some of these could be weaned off from ongoing budget lines for social protection to make way for social cash transfer.

Before rolling out a social cash transfer scheme to each district, there should be adequate physical assets and infrastructure to sustain it. This means among other things that the district should have adequate office accommodation to cater for an increase in staff, furniture and fittings, computers, communication facilities and transport. Apart from office accommodation, the amount required to bring to basic level physical assets in districts amount to about 7 per cent of the estimated cost of a national SCTS. What is key is for the MCDSS to come up with a physical assets and infrastructure investment plan.

The MCDSS should also take action to review and improve the M&E system and build the necessary capacity at all levels. Actions to improve the adequacy of physical assets including transport and computers will go a long way in strengthening the M&E system. Training in M&E for key officers is also needed.

7.4 ACTIONS TO IMPROVE HUMAN RESOURCE CAPACITY

The human resource constraints that the MCDSS faces arise mainly from the weak space it occupies in the institutional architecture and its organisational weaknesses. Proposed actions above will thus go a long way in resolving human resource constraints as well. For example, with improved flow of funds and adequacy of resources, the motivation of MCDSS staff is likely to increase remarkably. However, specific human resource related actions are needed to augment the actions proposed for institutional and organisational capacity.

The first is the need to complete the recruitment programme for all districts to ensure that all vacancies are occupied by staff with the necessary qualifications. The second is adopting a human resource development plan that continuously upgrades the skills of MCDSS staff and partner organisations in social protection management. Although long-term training should have a role, emphasis should placed on a tailor-made training programme that exposes a large number of MCDSS staff and personnel from partner organisations on pertinent issues regarding the management of social protection programmes.

Thirdly, an incentive system for the PWAS cadre of volunteers should be found. There should be enough resources to reimburse them the costs they incur in undertaking their functions. They will also be motivated if they are given adequate equipment and materials
for their work including transportation, stationery and protective clothing. A programme of continuous training would also help to lift their motivation. Recognition for their work through some reward from time to time should be integrated in the incentive system for volunteers.

The targeting, approval and payment process of a social cash transfer scheme brings about capacity demands that should be looked into before rollout begins. Two are critically important. First is the need to adopt a much simpler means testing criteria to match the level of literacy and skills available at community level. A universal social protection scheme such as being piloted in the Katete SCTS offers some merit in this regard. The second is the need to upgrade the skills of the ACC members so that they can provide intensive and quality supervision and monitoring to CWACs.
ACRONYMS

ACC  Area Coordinating Committee
ACDO  Assistant Community Development Officer
ADC  Area Development Committee
AIDS  Acquired Immunity Deficiency Syndrome
CWAC  Community Welfare Assistance Committee
DDCC  District Development Coordinating Committee
DFID  Department for International Development
DSW  Department of Social Welfare
DWAC  District Welfare Assistance Committee
FGD  Focus Group Discussion
FNDP  Fifth National Development Plan
FSP  Fertiliser Support Programme
FSPs  Food Security Packs
GRZ  Government of the Republic of Zambia
M&E  Monitoring and Evaluation
MCDSS  Ministry of Community Development and Social Services
MTEF  Medium Term Expenditure Framework
MIS  Management Information System
MoFNP  Ministry of Finance and National Planning
NDCC  National Development Coordinating Committee
OVC  Orphans and Vulnerable Children
PACU  Provincial Accounting Control Unit
PAM  Programme Against Malnutrition
PDCC  Provincial Development Coordinating Committee
PEMD  Planning and Economic Management Division
PPM  Pay Point Manager
PSC  Public Service Commission
PSWO  Provincial Social Welfare Office
PWAS  Public Welfare Assistance Scheme
SCTS  Social Cash Transfer Scheme
SPS  Social Protection Strategy
SP-SAG  Social Protection Sector Advisory Group
TWG  Technical Working Group on Social Assistance
VDC  Village Development Committee
REFERENCES


NOTES

1. There have been reviews looking at adequate staffing levels and a proposal was made to Cabinet. Unfortunately effecting changes in staffing levels takes a long time (initial proposal was rejected but dialogue continues). In the meantime, additional posts in pilot schemes are currently paid by donors.

2. According to the document, the plan was to have 15 districts covered in 2009, 30 in 2010, 50 in 2011 and 72 in 2012.

3. Trainers indicated the level of oversight during the training was insufficient, thereby limiting the amount of support and guidance given during the identification, interviewing and beneficiary verification process.

4. There are still nine districts countrywide not operating the redesigned PWAS – Chilubi, Kitwe, Lusaka, Milenge, Mpongwe, Mpulungu, Mungwi, Namwala and Ndola.


6. This was not based on any objective assessment of the extent of inclusion error but was an impromptu response of the respondents when asked to estimate how much this would be from their observations. Even if the figures are incorrect, they should be taken to point to the scale of the problem, at least as perceived by a number of people in the scheme.

7. In one case, Kasempa, the DSWO had a computer but could not utilise it because the office has had no power for some months.

8. Some people suggest that this is because there is no equivalent body to the DDCC at national level. There is supposed to be an NDCC headed by the Secretary to the Cabinet but this has in reality not worked.

9. It was supposed to be finished by 2010 according to the Decentralisation Implementation Plan.

10. In some areas, CWACs and Neighborhood Committees have exactly the same people and only change names depending on which activity they are considering at the time.

11. Eastern Province held a workshop for staff from all the districts to train them in how to use the filing index. This was said to have improved tremendously the management of information generated on various activities.

12. The substantive position is social welfare officer.

13. This is the year when data on the annual cost was available for a reasonable number of social protection programmes due to RuralNet Associates Limited’s “Assessment Study in the Framework of the Development of a Social Protection Strategy” completed in February 2005. Information has been supplemented from other sources including Economic Reports and the Drivers of Change in Social Protection study (November 2005).

14. The projected population for 2009 is 12,902,108. It is assumed that household average size in 2009 would remain the same as in 2000 when the national census was conducted at 5.2 members per household. Dividing this into the projected population, we arrive at the projected number of households. It is admitted that keeping household size constant is a heroic assumption as changes would be expected after a period of ten years. However, it is difficult to know the direction of household size as there are so many dynamics determining this. It has been kept constant for this reason.

15. Some would argue that the potential predicament this poses is more reason to still go ahead with rolling out as GRZ is unlikely to discontinue a national programme with clear acceptance and benefits on the ground because this would be politically untenable.
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