

# **Social Cash Transfers:**

**Examining ways to address  
child poverty in times of HIV/AIDS**

**Report on Expert Meeting  
by the  
Netherlands CABA Working Group**

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## 1. Introduction

### Meeting objective

On the 11<sup>th</sup> of May 2006, the Dutch CABA (Children Affected by AIDS) Working group<sup>1</sup> organised an expert meeting on the topic of Social Cash Transfers as a response to child poverty alleviation in times of HIV/AIDS. The issue of social cash transfers, within a system of child protection, to address child poverty has been researched and piloted extensively in the international humanitarian AIDS world. For the limited time in this meeting, we have chosen to keep the topic limited to social cash transfers<sup>2</sup>.

The aim of the meeting was to inform the Dutch Ministry of Foreign Affairs and Dutch NGO's on the relevance to address child poverty; the reasons to work with social cash transfers as a possible answer and experiences on the implementation of social cash transfers.

### Participants

Reina Buijs, Head of Social Policy Unit of the Dutch Ministry of Foreign Affairs opened the meeting. This was followed by presentations by four key speakers: Stephen Kidd from DFID, Amanda Heslop from HelpAge International, Roger Pearson from UNICEF Kenya and Charlotte Harland, independent consultant from Zambia<sup>3</sup>.

Participants represented the Dutch Ministry of Foreign Affairs, a selection of Dutch NGO's, UNICEF, academic institutions and other stakeholders. Most participants were from child-focused or HIV/AIDS focused organisations, departments or backgrounds.<sup>4</sup>

### Report objective

This report is a summary of the information from the presentations that were held during the meeting, combined with an earlier overview paper on social cash transfers developed by SANI!. The report intends to assist the reader in gaining a better understanding of the issues around social cash transfers.

## 2. Background information Situation of Children Affected by AIDS / Child Poverty

Stephen Kidd argued that child poverty is the core of the problems faced by children affected by AIDS. Kidd showed that half of the children in Africa live in poverty and a significant proportion of that number are orphans.

### Some statistics on Child Poverty in times of HIV/AIDS

- Most children who have lost a parent live with the surviving parent; when mother dies children are absorbed into related households
- 1 or 2 % of all households in Africa are child headed households<sup>5</sup>
- Households who care for orphans show sequential impoverishment in Uganda and Zimbabwe<sup>6</sup>
- Poverty of a household in which a child resides has a greater impact on educational participation than orphan status<sup>7</sup>
- The less closely related the child and carer, the more uncertain the quality of care – in most cases this is the consequence of 'crisis fostering'. Fostering of unrelated children seems to become more common as the epidemic progresses and increases the risk of children becoming domestic servants, with risk of abuse, particularly for girls<sup>8</sup>

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<sup>1</sup> Dutch CABA Working Group includes Dutch Ministry of Foreign Affairs, STOP AIDS NOW!, Save the Children Netherlands, Plan Netherlands, UNICEF, Bernard van Leer Foundation, Royal Tropical Institute, ICCYS and Cordaid

<sup>2</sup> See annex 1. for full programme of the expert meeting of the 11<sup>th</sup> of May 2006

<sup>3</sup> See annex 3. for full copy of the 4 presentations

<sup>4</sup> See annex 2. for list of participants

<sup>5</sup> Nyangara F. *Sub National distribution and situation of orphans: An analysis of the president's emergency plan for aids relief focus countries*, Washington DC, USAID, 2004: 6

<sup>6</sup> Green M. *Strengthening national responses to children affected by HIV/AIDS: what is the role of the state and social welfare in Africa?* Manchester, UNICEF, 2005: 6

<sup>7</sup> Ainsworth M. & Filmer D. *Poverty, AIDS and children's schooling: A targeting dilemma*, Policy Research Working Paper 2885, Washington DC, World Bank, 2002: 19

<sup>8</sup> Nyambadha E. et al. Changing patterns of orphan care due to the HIV epidemic in Western Kenya, *Social Science and Medicine* 57, 2003: case 2004

- Large numbers of the poor are trapped in long-term, chronic poverty that is transmitted from generation to generation and the very poor are unlikely to benefit from any “trickle-down” that may result from national economic growth<sup>9</sup>

Amanda Heslop from HelpAge presented some statistics on Intergenerational Poverty:

- Estimates of poverty rates by age groups generally conclude that poverty is higher among the old and the young
- Later life poverty is increasingly difficult to escape with increasing age
- Up to 60% of orphaned children live in grandparent headed households in Botswana, Namibia, South Africa, Tanzania, Zimbabwe, Zambia
- Orphans are more often cared for by older women than men
- Approx 80% of the over 60s have no regular income

*‘In 2005 fewer than 10% of households supporting children orphaned or made vulnerable by HIV and AIDS are reached by community based or public sector support programmes’ (Declaration of commitment on HIV/AIDS: five years later. Report of General Secretary, March 2006)*

### 3. Social Cash Transfers as part of Social Protection

#### Some definitions used in the social cash transfer discussion

**Social Protection**<sup>9</sup> – encompasses a sub-set of public actions, carried out by the state or privately, that address risk, vulnerability and chronic poverty:

- Social insurance – individuals pooling resources by paying contributions to receive financial support in times of difficulties
- Social assistance – non-contributory transfers to those deemed eligible by society on the basis of their vulnerability or poverty
- Setting and enforcing minimum standards to protect citizens within the (formal) workplace

**Social Protection**<sup>10</sup> – consists of a range of measures that aim to:

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

**Social Cash Transfers** – are regular and predictable grants, usually in the form of cash, which are provided to vulnerable households and individuals<sup>9</sup>. They can be seen as entitlements provided by the state as part of its social contract with its citizens to ensure their fundamental human right to social protection

#### Interventions addressing Child Poverty

Stephen Kidd stated that one of the reasons to tackle child poverty through social security/welfare is the example of the history of poverty reduction in Europe and North America through social cash transfers. In those countries, cash transfer was regular and supported by the private sector. Moreover, cash transfer was not ad-hoc or an add-on. To the contrary, it was a major policy and action of government. From the **social security** interventions in Europe we can learn that:

- Social security has been a key tool in poverty reduction and growth strategies
  - Free access to health services for the poor
  - Free basic education
  - Package of social transfers to ensure a minimum standard of living
- Spending on social transfers has been significant – often over 10% of GDP
- Complemented by contributory and private insurance
- Social security spending increasing in middle-income countries

The international community responded to child poverty by reliance on market oriented policies and supply of food aid. Market policies could not help those who were already stressed and ill-equipped to take advantage of them such as those affected by AIDS. Families in need will opt for

<sup>9</sup> *Social transfers and chronic poverty: emerging evidence and the challenge ahead*, London, DFID, 2005

<sup>10</sup> *The role of cash transfers in tackling childhood poverty*, CHIP Policy Briefing 2, London, Chronic Poverty Research Centre and Save the Children, 2004

more dangerous ways to survive such as begging, criminal activities, collecting materials from rubbish heaps. Frequently the response has been humanitarian aid. Social cash transfers are the alternative option to address the most extreme poverty. Moreover, inflow of food has shown to have a negative influence on local economies. Difficulties with previously used strategies are that they were incoherent, ad-hoc, and small-scaled and thus limited to eradicate child poverty. Interventions addressing poverty in times of HIV/AIDS are spread across a range of ministries and civil society (e.g. food aid, work programmes, school feeding, social funds) and suffer from minimal co-ordination. Child poverty and social security are not well-integrated into poverty reduction strategies and/or reflected in National OVC Action plans; minimal consideration of social protection. Most interventions aimed at children affected by AIDS have focussed on the protection of the legal and emotional status of the individual orphan, not directed towards the household income. Social protection gives the extreme poor a future, it changes attitudes and evidence from the pilot projects has shown that the recipients use the cash transfers rationally and that it contributes to women's empowerment.

### **Social protection as an essential part of a sustainable growth strategy**

Stephen Kidd presented that social protection allows people to take actions that promote growth:

- Reduce selling of assets in situation of critical distress and build productive assets; people can plan better
- Allow people to take up higher return but also more risky economic activities
- An investment in people: a healthier workforce; children grow up to be more productive workers
- Increases the number of people contributing to the economy
- Little evidence of unhelpful "dependency". Those receiving transfers are more likely to be in work than non-beneficiaries
- Stimulates local markets
- Essential complement to a market economy

### **Shift in policy thinking regarding Social Cash Transfers as a possible response to Child Poverty:**

- Increased recognition that social and economic development can not occur in poor countries without significantly increased state involvement and massive social investment, much of it in social welfare <sup>11</sup>
- Emerging consensus that an expanded safety net to protect the vulnerable should be publicly provided and that conventional assumptions about the inappropriateness of 'giving money to the poor' should be reconsidered <sup>12</sup>
- Need for innovative reappraisal of the social policy options to help reduce the damaging impact of the AIDS epidemic <sup>13</sup>

Adding to the above, Stephen Kidd lists more necessary shifts in policy thinking:

- Previously, communities and families are expected to care for the poor – recently it is more recognized that this is an excessive burden when they themselves are poor.
- Need to change understanding of social security
- Transformational agenda – not "redistribution"
- Social security is an investment by the state in its citizens, especially the poor

### **Social transfers as part of broader OVC support**

In his presentation Stephen Kidd stated that in these times of growing numbers of OVC, there is a fundamental need to tackle child poverty – to break the cycle of poverty – but transfers do not have to be child focused (eg. pensions support carers) to directly benefit OVC. Fee waivers, for example, are not sufficient for many of the poorest to access school and health; they face other barriers. Good nutrition that has proven to improve with social cash transfers is essential for health and education. Also for children in families where someone is taking ARVs, cash transfers are essential to enable good nutrition to ensure the best effect of ARV. Psychosocial support should build on the security OVC are feeling with social cash transfers.

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<sup>11</sup> Chang H. *Globalisation, Economic Development and the Role of the State*, London, Zed, 2003

<sup>12</sup> Hanlon, J. It is possible to just give money to the poor, *Development and Change* 35 (2), 2004: 375-383

<sup>13</sup> Green M. *Strengthening national responses to children affected by HIV/AIDS: what is the role of the state and social welfare in Africa?* Manchester, UNICEF, 2005: 16

## Social Cash Transfers complementing other intervention mechanisms

Despite aforementioned benefits, Stephen Kidd stressed that cash transfer should not affect other intervention mechanisms; rather it should complement other programmes in health, education and nutrition sectors. Importantly, he argued that cash transfer is affordable, and cheaper than the costs of humanitarian assistance or other interventions. He sees the challenges to effective cash transfer programmes as bordering on mobilizing the political will, and how to build transfers within the donor community and national government.

According to Roger Pearson, cash transfers and micro-credit should be pursued together rather than seeing them as alternatives. The reason is that there are varying degrees of poverty. Cash transfers deal with some real problems that micro-credit could not and vice versa. There had been massive failure of child poverty reduction despite massive aid, which suggested that subsisting strategies were inadequate. Access to micro credit subjected recipients to additional risks and stress in the event of failure. Moreover, only a certain category of people could access micro-credit. Some could not, and it was unsuitable for them. That category of people needed to be catered for by another strategy.

## 4. Examples of Cash Transfer (Pilot) Projects from the 4 presentations

Country	Type of cash transfer	considerations	Combination with other interventions	Amount / frequency	Pres. Org.
Bangladesh (70.000 women)	BRAC – support to ultra poor women	<ul style="list-style-type: none"> <li>Non-cash assets to start income generating activity</li> <li>Additional cash transfer</li> </ul>		<ul style="list-style-type: none"> <li>\$ 440</li> <li>\$ 0.73 p. day for 18 months</li> </ul>	Dfid
Ethiopia (5000 individuals in 1 district)	Cash for relief programme	<ul style="list-style-type: none"> <li>targeted cash transfers</li> <li>community based targeting</li> </ul>	Combination with food aid	<ul style="list-style-type: none"> <li>\$ 4 pp pm</li> </ul>	HelpAge (SCF)
Lesotho (69.000 individuals > 70)	Old Age Pension	<ul style="list-style-type: none"> <li>Simple targeting by age</li> </ul>		<ul style="list-style-type: none"> <li>\$ 25 pp pm</li> </ul>	HelpAge
Mozambique (69.000 direct beneficiaries)	Food subsidy programme	<ul style="list-style-type: none"> <li>responds to household size</li> <li>Income invested in informal saving schemes</li> </ul>		<ul style="list-style-type: none"> <li>\$ 3 – 6 pp pm</li> </ul>	HelpAge
Kenya (500 households in 3 communities)	<ul style="list-style-type: none"> <li>Cash transfers to households fostering OVC</li> <li>Community cash transfer</li> </ul>	<ul style="list-style-type: none"> <li>Targeting criteria OVC &amp; household vulnerability</li> <li>conditions such as school attendance, visit to health facilities and presence at awareness creation sessions</li> <li>Improve community coping mechanisms for OVC</li> </ul>		<ul style="list-style-type: none"> <li>\$ 6 p household per month</li> <li>\$ 3 p child</li> </ul>	UNICEF Kenya
Zambia (80 % rural districts)	Public Welfare Assistant Scheme including small cash transfer component	<ul style="list-style-type: none"> <li>community identifies beneficiaries</li> <li>allowing communities to work out their own methods</li> </ul>		<ul style="list-style-type: none"> <li>amount dependent on need</li> </ul>	Charlotte Harland
Zambia (Kalomo district, 1000 beneficiaries)	Cash Pilot Scheme			<ul style="list-style-type: none"> <li>\$ 0.50 pp</li> </ul>	Dfid

## 5. Child oriented Social Cash Transfers – Key Considerations

### Affordability

Social transfers may well be a more cost-effective option than other initiatives currently used to address chronic poverty.<sup>14</sup>

The table below shows and overview of the cost of providing around US \$ 0.50 a day to the poorest 10% of households in 7 African countries as calculated by ILO.<sup>15</sup>

<sup>14</sup> *Social transfers and chronic poverty: emerging evidence and the challenge ahead*, London, DFID, 2005: 20

<sup>15</sup> Pal K. et al, *Can low income countries afford basic social protection? First results of a modelling exercise*, Geneva, IFAS-ILO, 2005



Country	Cost of benefits (US\$ millions)	As % of GDP	As % of government expenditure	As % of dev. assistance
Burkina Faso	13,4	0,3	1,8	3,0
Cameroon	27,8	0,2	1,2	3,1
Ethiopia	50,8	0,7	2,4	3,4
Guinea	6,3	0,2	0,7	2,7
Kenya	77,2	0,5	1,7	16,0
Senegal	10,4	0,1	0,6	2,3
Tanzania	82,4	0,7	3,1	4,9

Additionally, Stephen Kidd explained that the level of funding estimated for Africa is comparable to current funding levels in some middle-income countries.

- 'Bolsa Familia' in Brazil costs around 0.4% of GDP for 8 million families (compared to 7.3% for contributory pensions for middle class)
- 'Oportunidades' in Mexico cost 0.32% of GDP in 2000.

In many countries, national social transfer programmes would comprise of less than 5% of donor funding (e.g. Zambia, Senegal, Ethiopia) and it is likely to be cheaper than current interventions.

Mandy Heslop from HelpAge stated some other indicators to show how cash transfers contribute to deal with the costs of caring for OVC:

- Rural Mozambique: average cost of caring for an orphan or vulnerable child is estimated at \$21 and the cost of caring for someone with HIV/AIDS is \$30. The average monthly income of an older person in rural Mozambique is \$12
- Tanga in Tanzania, 2004: older people required an average of TSh25,000 (\$19) per month to meet the needs of one orphaned child, including food, clothes and school costs
- Pera village in Tanzania: older women had abandoned other productive activities and spent 80% of their time looking after infants who had been left in their care.

### Financing possibilities <sup>16</sup>

- Shifting expenditure within or between sectors
- Enhancing tax revenues
- Increasing aid
- Poorest countries – need for medium term donor finance
- Lower middle income countries – mixture of domestic and international sources
- Aid needs to be long-term and predictable
- Need to address corruption

### Cash versus in-kind (food) or vouchers

- Advantages of cash – cheaper to deliver, less likely to harm local markets, demonstrated recognition that the poor are often in the best position to decide how to care for their own families <sup>17</sup>
- must be made index-linked to counter inflation

Charlotte Harland stated that the results of pilots showing that a small regular income is useful for targeted very poor households, is not particularly surprising, and is demonstrated by the Kalomo scheme and rural research. But at present, that is what a cash transfer is: a flexible package of benefits, for the targeted households to choose how to meet education, health and min standards of living. In Zambia, the Government elected to provide cash to communities in stead of cash to individual families.

### Targeted versus universal approaches

Mandy Heslop outlined the difference between targeting and universal approaches to social cash transfers:

**Targeted** – often combines proxy indicator (age, disability) with means testing (no income, poorest 10%). Community participation is important for acceptance, improves local understanding of vulnerability but needs clear and transparent criteria as community structures do not always represent the poorest. Targeted approach requires a lot more time, resources and administrative

<sup>16</sup> *The role of cash transfers in tackling childhood poverty*, CHIP Policy Briefing 2, London, Chronic Poverty Research Centre and Save the Children, 2004

<sup>17</sup> *Social transfers and chronic poverty: emerging evidence and the challenge ahead*, London, DFID, 2005: 9

capacity to be implemented and monitored.

**Universal** – covers a clearly identified demographic group, is administratively simpler and is politically more feasible and easier accepted. A universal approach can reduce costs by raising and / or i.e. in the examples of pension schemes, lowering age of eligibility.

Mandy Heslop stressed that unconditional transfers worked best when targeted based on demographic criteria, such as age, and when it had a national spread.

Charlotte Harland stated that with very widespread poverty, and with the 3-legs of education, health and minimum standards of living, it is not sensible to move away from universal provision of education and health.

### Conditional versus unconditional transfers

Roger Pearson presented the example of the use of Conditional Cash Transfer Programme for OVC (the pilot) supported by UNICEF Kenya.

Beneficiary	Conditionality	Frequency of required compliance	Frequency of compliance monitoring
Children between 0 & 1 yr old	Attend the health facility for immunizations	6 times per year	Every 2 months
Children between 1 & 5 yr old	Attend the health facility (for growth control and vitamin A supplement)	2 times per year	Every 6 months
Children between 6 & 17 yr old	Attend basic school institutions	80 % attendance of effective days	Every 3 months
One adult parent or caregiver	Attend awareness sessions	1 time per year	Every 12 months

- Advantage of conditional – provide strong incentives to invest in health and education for children
- Disadvantage of conditional – need greater administrative capacity and depend on other services being in place
- School fees & Health facility fees should be eliminated before starting conditional cash transfers

Stephen Kidd gave some examples of different types of conditional programs and was of the view that conditional transfer called for caution as there is no evidence that conditionality made for better outcomes. In Mexico, transfer is based on conditions but such conditions are only employed as targeting device, and are not punitively monitored beyond that.

Charlotte Harland provided an alternative in the unexplored option of local conditions, agreeing 'contract' with households where appropriate.

### Inclusion / exclusion

The first point Charlotte Harland made was that there is rarely a clear and categorical difference between those included and those excluded in transfer schemes. Even when most people agree that the people selected are the poorest, there are still many others who are living in extreme poverty (i.e. 83% poor, 71% extreme poor in rural Zambia).

- Problems of proximity to non-qualifiers – This means that there will be a close-by group of near-qualifiers, whose position overlaps with those who qualify. This group might even become the worst off when the other group receives cash transfers and this can create jealousy and exclusion in the community.
- An example of programming around this risk is the Community Bursary Scheme – developed in response to frustration at having to select targeted small number of kids for bursaries, while leaving others out and finding no incentive for parents to send children to school (especially girls). Also responding to observation that poor school attendance favours the community leaders / richer people, and made life easy for the staff, which was not held accountable / reporting against this. The Community Bursary Scheme went for locally-defined sort-of universal targeting:
  - Community compiled list of non-school attendants
  - Contracted the school to get agreed number back to school
  - Provided a group grant to school based on achieving this target, to use any children's needs, and balance for allocation to school projects

- Continued if the % attendance was maintained
- Not all re-admissions required money
- Cost LESS per head of new or re-admissions than the bursaries had (\$6 per child per year), AND brought the scheme to scale, engaging leaders, and not creating perverse incentives
- Key – incentive to community leaders and school staff to engage with the problem; resources used with maximum efficiency
- Could such approaches be used for other goals?

### **Working with groups excluded from the community**

Charlotte Harland states that there are some major issues with providing cash transfers to groups in the community who are excluded or are in danger of exclusion from the community. Most communities targeted for cash transfer schemes are stressed and fragile communities and certain issues need to be considered carefully in view of the growing intervention in cash transfers:

- Recipients are often from excluded groups – but often depend on community care for survival
- Will transfers entrench exclusion? Will cash transfers affect the status of excluded households, especially if the principle relationship is between the client and the external service provider? Will communities disown responsibility for those people? If so, the money coming in from the cash transfer could be less than the resources that are lost. If the scheme is less than 100% secure in the future, this might be very damaging.

### **Working with Communities**

In the experience of the Zambian Government Public Welfare Assistant Scheme (PWAS) as explained by Charlotte Harland, the importance of community ownership lays in its power to transform efficiency. When people were made to understand that the project was theirs, they employed resources wisely. If they were, however, made to believe that it belonged to the government, they tended to use such resources unwisely.

In working with communities, it was realized that the idea of blueprints or complicated manuals of operation was contrary to the idea of local ownership. So, the need to allow people work out their own methods was emphasized. Moreover, while the programme had its own criteria of outcomes and accountability, space was created for the communities to identify their own criteria. The question, then, became how to mesh both frameworks. Some considerations when working with the community:

- Agree framework of outcomes, accountability, but then let communities devise systems and process - let people work out processes and solutions to meet your goals. How are we going to make sure everyone knows what is happening? How are we going to monitor people's changing status? Etc. Resist the temptation to micro-manage and embrace local ownership.

In most countries, community ownership is a big change for Government programming. If the design does not give full ownership to the community, implementation will certainly water it down to a token input. For cash transfer schemes where choice of beneficiary requires following stipulated criteria, there is little room for community ownership.

### **Working with District Officers**

Charlotte Harland stressed that the implementation of social cash transfers in the PWAS experience, injected new work ethics for District Officers. Moreover, they were required to work harder and had to give up the advantage of personal control over funds. Also, it became evident in the course of the work that blueprints were followed to the letter even when things were going wrong. Bureaucratic bottleneck was experienced in the relationship with national headquarters. Efforts were, however, made to alter such difficult bureaucratic procedures through;

- Building the confidence of the District Officers
- Actively involving the district officers in the development of the programme in their area
- Hold people accountable for results, not for process.
- Peer support
- Group review process
- Reward hard work and achievement

## 6. Possible implementation systems / structures

### Some examples of implementation systems are:

- Most Vulnerable Children (MVC) committees in Tanzania, established through UNICEF<sup>18</sup>
- Cash transfer systems can profit from the food or agricultural input systems that are often in place and cash is more easy to transfer<sup>19</sup>
- Systems in Mexico and South Africa depend on an established government system for targeting of beneficiaries and disbursement of benefits<sup>19</sup>
- Banking system – village banks<sup>20</sup>
- India – post offices were used to distribute pensions<sup>20</sup>
- Schools and clinics can be used as distribution points with small stipend<sup>20</sup>
- Brazil – lottery agents have been used to process payments<sup>20</sup>
- NGO's with a good presence in the communities<sup>20</sup>

Mandy Heslop presented some essential points for effective delivery:

- Regular, predictable and delivered on time
- Use of banks and post offices – increase poor people's access to financial services (30% opened bank accounts in Zambia)
- Pay points – could be used to provide other services
- Registration must be simple (birth certificates and ID cards an issue)
- Important not to underestimate financing of management systems required to prevent corruption and leakage

### Logistics considerations

Charlotte Harland advised that in regards to logistics, it was most essential that everything was simplified and that a monitoring system of cash transfer was built into the process. Moreover, she cautioned on the need for social welfare to systematically bond recipients to their community so that in the event that social welfare programme failed, the community would not disown the poor. Some considerations regarding logistics are:

- Cash or goods to community level? Does cash to community mean that clients get cash? If there is too much reservation about cash being used for the right purpose, an alternative is to let clients agree with committee and get goods instead.
- Going from pilot to national – When starting a pilot, be clear on the purpose; distinguish between trying to establish whether this will have the desired effect and trying to work out how best to implement the scheme. In a pilot scheme, the costs are allowed to get high because of the element of learning. But on a national scale, this can become very difficult, especially where data might be required for 1 million households.
- Simplify everything!
- Build monitoring into the system

### Example of the implementation of the PWAS

Charlotte Harland informed participants on the Government Public Welfare Assistant Scheme in Zambia (PWAS). Though a strictly welfare scheme, covering 80% rural districts, the project had a small cash transfer component. It was realized early in the PWAS that communities needed to be involved in the identification of beneficiaries, local opportunities and problems, and to the need to have communities in the driver's seat in regard control over allocation and negotiation of what each household needed. Given that the needy were already receiving some help from their communities, working with existing local organization was a better strategy than starting out anew. The idea was to strengthen community care-giving and not replace it:

- Community identifies beneficiaries and has control over allocation of known budget - Communities have more information / better position to assess truth & omissions and agree on needs per client / per month
- Local accountability & transparency helps to eliminate manipulation
- Scheme must strengthen community care – not replace it.
- Work with existing organisations (including local / international NGOs)

<sup>18</sup> Foster, G. *Study of the response of Faith Based Organisations to orphans and vulnerable children*, preliminary report to World Conference of Religions for Peace, 2005: 48

<sup>19</sup> *Social transfers and chronic poverty: emerging evidence and the challenge ahead*, London, DFID, 2005:29

<sup>20</sup> *Social transfers and chronic poverty: emerging evidence and the challenge ahead*, London, DFID, 2005:30

## HelpAge example of Older Citizens' monitoring of old age pension in Bangladesh

Projects in 2 districts of Bangladesh supporting groups of older people to monitor access and delivery of basic means tested pensions. Results show that this approach has significantly increased numbers of recipients in both districts and improved delivery mechanisms. The implementation process included:

- Initial census
- Identified potential eligible older people in communities
- Negotiated inclusion on the pension rolls
- Dialogue with local government authority
- Creating strong sense of solidarity amongst older people's groups

Its engagement with older people, 65 years and above, in Bangladesh had been helped by a committee of local elites, which undertook the targeting, selection of recipients, and monitoring of the process. They counted the number of older people in a village and came up with a figure higher and more accurate than the official figure. As a result of the awareness and activities of the local elites, politicians running for elective offices in the locality made it a point to pledge support for older people if elected.

## 7. Evidence Based Results of Pilot Projects

Evidence from existing social transfers suggests that they can help tackle hunger, increase incomes, improve the education and health of poorest families, promote gender equity, contribute to empower the poor and contribute to growth and the development of local markets<sup>21</sup>

Some concrete examples:

- Social pensions doubled income of the poorest 5% in Brazil; increased by 50% in South Africa<sup>22</sup>
- 70% of households in 'Oportunidades' have improved nutritional status<sup>23</sup>
- South Africa – presence of recipient of social pension correlated with a 3-4 cm increase in height among children<sup>24</sup>
- Bangladesh: 20-30% increase in enrolment among recipients<sup>25</sup>
- Nicaragua – 23% increase in school attendance among recipients<sup>26</sup>
- 12% reduction in ill-health among under-5s in 'Oportunidades'; 19% among adults<sup>27</sup>
- Nicaragua – immunization levels among children aged 12-23 months increased 18%<sup>28</sup>
- South Africa – extension of the social welfare system enhanced the capacities of household and communities to assume burdens of care<sup>29</sup>
- Provision of guaranteed minimum income provides families with a level of basic security and increases their ability to plan for the future and invest in more risky activities generating longer term higher income<sup>30</sup>
- Significant proportions of old-age pensions are spent on children's education<sup>31</sup>
- Social transfers can help to raise the performance of children in school by improving their nutritional status<sup>32</sup>
- Unlike school meals, social transfers benefit pre-school children and other household

<sup>21</sup> *Social transfers and chronic poverty: emerging evidence and the challenge ahead*, London, DFID, 2005:1

<sup>22</sup> HelpAge International and IDPM, *Non-contributory pensions and poverty prevention: A comparative study of Brasil and South Africa*, London, 2003

<sup>23</sup> Skoufias, E. & McClafferty, B. *Is Progres working? Summary of the results of an evaluation by IRPRI*, FCND Discussion Paper No 118, Washington IFPRI, 2001:38

<sup>24</sup> Barrientos, A. & Lloyd-Sherlock P. *Non-contributory pensions and social protections*, 'Issues in Social Protection' Series, Social Protection Sector, Geneva, ILO, 2002:12

<sup>25</sup> Barrientos, A & DeJong, J. *Child poverty and cash transfers*, Childhood Poverty Research and Policy Centre, CHIP, Report No. 4, London 2004

<sup>26</sup> Maluccio, J. *Coping with the 'Coffee Crisis' in Central America: The role of the Nicaraguan Red de Proteccion Social*, FCND Discussion Paper 188, IFPRI, 2005: 8

<sup>27</sup> Skoufias, E. & McClafferty, B. *Is Progres working? Summary of the results of an evaluation by IRPRI*, FCND Discussion Paper No 118, Washington IFPRI, 2001:iii

<sup>28</sup> Rawlings, L. *A new approach to social assistance: Latin America's experience with conditional cash transfer programs*, Social Protection Discussion Paper Series, No 416, Washington, Human Development Network, The World Bank, 2004:10

<sup>29</sup> Lund, F. 'Crowding in' care, security and micro-enterprise formation: revisiting the role of the state in poverty reduction and in development, *Journal of International Development* 14, 2002: 664

<sup>30</sup> *Social transfers and chronic poverty: emerging evidence and the challenge ahead*, DFID, October 2005

<sup>31</sup> Devereux, S. *Social pensions in Namibia and South Africa*, IDS Discussion Paper 379, Brighton, IDS, 2001: 44

<sup>32</sup> Dercon, S. *Vulnerability: A micro perspective*, Annual Bank Conference on Development Economics, Amsterdam, 2005

- members rather than just those in school<sup>33</sup>
- Transfers can offer direct support to people with HIV/AIDS by improving their nutrition<sup>34</sup>

Results from the Bangladesh BRAC programme – support to ultra poor women<sup>35</sup>

- Number of households without enough to eat reduced from 97% to 27% within two years
- Severe malnutrition among under-fives down by 27%
- Average value of assets increased 222%

Results from the Meket cash for relief programme in Ethiopia<sup>36</sup>

- Mothers spend time with children
- Protects livelihoods from shocks – “If I did not get this money I would have sold my goat to buy food.”

Results from the Lesotho old age pension<sup>37</sup>

- Large and diverse impact: spending on basic consumption, services for older people and dependents, income generation.
- “People now respect me”
- Political choice (1.4% of GDP and 7% of government expenditure) despite resistance of IFIs.

Results from UNICEF supported pilot programme for transferring cash to households fostering OVC in Kenya<sup>38</sup>

- The pre-pilot is showing an overall positive impact on welfare of beneficiaries and households. Access to health, education and nutrition were tangibly improved. Use of funds included rent, school uniform, food, and sometimes ARVs.
- Providing cash empowered families to make decisions about what they needed the most. Little evidence of abuse in expenditures.
- Amounts involved did not undermine traditional coping mechanisms (e.g. Zakat; alms giving in Islamic community)
- It generates copious discussion regarding cash transfers as a method of welfare support for poor households.

Results of the Zambia Kalomo District Cash Pilot Scheme<sup>39</sup>

- Improved nutrition – with an increase in number of meals and quantity of food consumed each day
- Reduction in mortality
- Health status improved
- 16% reduction in absenteeism from school

## **8. Challenges for the implementation of social cash transfers**

### **Challenges in general**

Stephen Kidd identified the following challenges in the implementation of social cash transfers:

- Political will
- Capacity to implement is often weak
- Effective targeting of the poor
- Delivery of cash
- Corruption and accountability
- How to respond in fragile states
- Donors unwilling to commit to long-term predictable financing

### ***Inadequate Social Protection / Welfare system to implement cash transfer disbursement systems and control mechanisms on country level***

<sup>33</sup> *Social transfers and chronic poverty: emerging evidence and the challenge ahead*, London, DFID, 2005:14

<sup>34</sup> *Social transfers and chronic poverty: emerging evidence and the challenge ahead*, London, DFID, 2005:14

<sup>35</sup> See presentation Stephen Kidd, annex 3a

<sup>36</sup> See presentation Amanda Heslop, annex 3b

<sup>37</sup> See presentation Amanda Heslop, annex 3b

<sup>38</sup> See presentation Roger Pearson, annex 3c

<sup>39</sup> See presentation Stephen Kidd, annex 3a

- Many governments viewing social policy as unjustified expense<sup>40</sup>
- Promotion of civil society sector as a response to a range of development problems systems has 'takes' resources from the government social welfare departments and relegated social welfare to lower or 'community' tiers of local government<sup>41</sup>
- Social welfare as a policy sector is fragmented across other sectors, including food security and public works<sup>42</sup>
- National AIDS Commissions confine interventions addressed to children to the health sector<sup>43</sup>
- Children Affected by AIDS not sufficiently addressed in the PRSP<sup>44</sup>
- Notion on social welfare as the concern of vulnerable groups, rather than an entitlement of citizens<sup>45</sup>

### **Difficulties with accessing grants and cash transfers**

- Registration difficulties (i.e. lack of birth registration) and documentation<sup>46</sup>
- Informal fostering does not count for grants<sup>47</sup>
- Fostered children move between carers and shift residency frequently<sup>48</sup>

### **UNICEF – Kenya experience lessons learned**

- Money provided to CBOs was used in Nairobi but not in Garissa or Kwale because of capacity issues
- Monitoring was problematic due to large distances and lack of common understanding of the project
- Area Advisory Committees worked well in Kwale but not in Nairobi because of the voluntary basis of the work
- Distribution through Children's Officers was burdensome and risky due to the amounts of money involved
- The subsidy of KSh 500 was not enough for accessing adequate nutrition, health and education
- Communities stated that some conditionalities were needed

## **9. Recommendations**

Social protection in general, and cash transfers, in particular, can make a major contribution to tackling present-day childhood poverty. Through helping secure children's health, nutrition and access to education, social protection is also vital for breaking poverty cycles<sup>49</sup>.

### **Transfers as rights**

Charlotte Harland made the following recommendations regarding social cash transfers as a human right:

- Rights are absolute, not relational – Transfers should be targeted to people by virtue of their relative position, not their absolute conditions.
- Rights are categorical, not arbitrary – Vast numbers of people who belong to any definable category that might qualify for transfers by right are too many to include, and hence must be selected by criteria that are essentially arbitrary.

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<sup>40</sup> Triegaardt J. *Social policy domains. Social welfare and social security in South Africa*, International Social Work 45 (3), 2002: 326

<sup>41</sup> Parkhurst, J. *The crisis of AIDS and the politics of response: The case of Uganda*, International Relations 15 (6):81

<sup>42</sup> Green, M. *Strengthening national responses to children affected by HIV/AIDS: what is the role of the state and social welfare in Africa?* UNICEF, 2005: 5

<sup>43</sup> Green, M. *Strengthening national responses to children affected by HIV/AIDS: what is the role of the state and social welfare in Africa?* UNICEF, 2005: 10

<sup>44</sup> Alex de Waal, A. *British Government policy on AIDS: Analysis for African Civil Society*, GAIN, briefing note, 2004: 6

<sup>45</sup> Mkandawire, T. *Social policy in a development context*, New York, UNRISD, 2001

<sup>46</sup> Charles M. & Matthias C. *Access to the child support grant : Are the Batho Pele principles working ?* Social Work / Maatskaplike Werk 39 (4): 365

<sup>47</sup> Marcus T. *To live a decent life: Bridging the gaps. A study of SABC programmes in support of orphans and vulnerable children in South Africa and Swaziland*, Pretoria, SABC, 2004

<sup>48</sup> Young L. & Ansell N. *Young AIDS migrants in Southern Africa: policy implications for empowering children*, AIDS CARE 15 (3), 338

<sup>49</sup> *The Role of Cash Transfers in Tackling Childhood Poverty*, CHIP Policy Briefing 2, Chronic Poverty Research Centre and Save the Children, 2004

- Rights are about relationships between citizens and governments. Donor & NGO interventions can compensate for lack of rights delivery by Governments, or be used to argue for them, but they are not delivering rights.
- Key role of I-NGOs is to engage in building an international debate and demand on the right to be taken care of by the government in times of need; advocacy and creation of national voice.
- What social security rights could be realised in African countries? – The big exception to this is social pensions, which is the only obvious absolute / categorical rights-based transfer that has prospects of political acceptance, affordability for all, and good targeting for needy OVC.

## Priorities

Mandy Heslop from HelpAge listed the following priorities:

- Invest in up-grading services, cash transfers as part of wider package of social protection.
- Link cash transfers with provision of services, e.g. ID registration, immunization, training and health care
- Lobby and advocacy for social transfers as a right and entitlement
- National social protection frameworks with costed packages of government-led support, benefiting the poorest and most vulnerable
- Lobby and advocate for cash transfers are important part of social protection package
- Regular, predictable and sufficient transfers to have a positive impact on wellbeing (and cope with future demands) keep it simple

## Issues to be addressed when implementing social transfers

Dfid lists clearly the main issues that need to be addressed when implementing social transfers<sup>50</sup>:

- Building up of political support and country ownership
  - Nature of the transfer can be universal or conditional to bring on board the middle class
  - Donors need to assist this process by ensuring long term and predictable financial assistance
- Governments need to make policy choices based on context of a governments wider social policy and other spending plans; trade-offs might be necessary where resources are limited
- Social transfers integrated within a strategic social protection framework which is incorporated into the national PRSP (donors to provide financial support through national budget)
- Countries, with the support of donors, have to invest significantly in building up the capacity of their institutions and staff to be able to deliver social transfers effectively
- Make targeting mechanisms as transparent as possible and put in place effective systems of redress and accountability
- In some countries with challenging environments, i.e. post-conflict, it may be best to engage with non-state actors, or the United Nations in a coordinating role
- Successful implementation social transfers when complementing other actions, such as putting in place effective and accessible health and education services as well as measures to promote local production and employment
- Growing consensus that level of spending on aid need to be scaled up – social transfers could have a role in channelling at least part of this extra spending directly to the very poor

Additional issues are:

- Focus on strengthening state systems - NGO response is important and provides useful services but is patchy, uncoordinated, overly reliant on unpredictable donor funding and works against a rights based approach to entitlements and access.<sup>51</sup>
- The most relevant measures for tackling childhood poverty will depend on particular patterns of deprivation. E.g. specific nutritional support may be needed to address stunting or micro-nutrient deficiencies. A school-related cash transfer may be most appropriate where demand for child labour is strong, or where certain groups e.g. girls have very low attendance rates<sup>52</sup>

## Role of NGO's

The social protection agenda of HelpAge, according to Mandy Heslop, was to persuade governments to implement cash transfers to vulnerable groups. Some of the roles played in that

<sup>50</sup> *Social transfers and chronic poverty: emerging evidence and the challenge ahead*, London, DFID, 2005: 2-4

<sup>51</sup> Green, M. *Strengthening national responses to children affected by HIV/AIDS: what is the role of the state and social welfare in Africa?*, Manchester, UNICEF, 2005

<sup>52</sup> *The Role of Cash Transfers in Tackling Childhood Poverty*, CHIP Policy Briefing 2, Chronic Poverty Research Centre and Save the Children, 2004:5



regard included gathering evidence, using it for advocacy, support disadvantaged groups to advocate & demand rights, monitoring cash transfers, capacity-building, and working out modalities to ensure improved cash transfer delivery. HelpAge was also involved in research on how many vulnerable people or orphans lived in households headed by older people, the exact age of the latter, and impact of social pension, and delivery of pension.

### **Current Situation (Spring 2006)**

Stephen Kidd outlined the current actions taken regarding social cash transfers:

- Global Partners Forum called for governments to develop plans for social “welfare” and for donors to support these plans
- African governments in Livingstone, Zambia, called for costed national social transfer plans and for support from international community
- New EU development policy has social security as a priority area
- DFID will highlight social protection as key basic service in new White Paper
- There is a big window of opportunity in many very poor countries
- Need for a coherent and unified response – from donors and NGOs

## **Annex 1.**

### **Programme of the Expert Meeting of the 11<sup>th</sup> of May 2006**

## **Social cash transfers expert meeting: examining ways to protect the poorest and most vulnerable children affected by AIDS**

**11th of May 2006**

### **Venue**

Ministerie van Buitenlandse Zaken (Ministry of Foreign Affairs)  
Bezuidenhoutseweg 67, Den Haag, The Netherlands  
Room: Oranje Zaal, 3E50  
Contact Person upon arrival at the Ministry: Michelle Remme

### **Draft programme**

- |       |   |
|-------|---|
| 09:30 | Registration and tea/coffee   |
| 09:45 | Welcome by the CABA Working Group and the chairperson of the day: Drs. <u>Loes Keyzers</u> , Lecturer in Population, Poverty & Social Development and Children & Youth Development, ICCYS, Institute of Social Studies  |
| 10:00 | Opening by <u>Reina Buijs</u> , Head of Social Policy Unit of the Dutch Ministry of Foreign Affairs   |
|       | Round of introductions  |
| 10:15 | <u>Stephen Kidd</u> , Team Leader Social Protection Team, Policy Division DFID - <b><i>“Social Welfare; a Core Response to Child Poverty”</i></b>   |
| 10:45 | <u>Mandy Heslop</u> , Research Manager, HelpAge International - <b><i>“Social Transfers: an effective response to intergenerational poverty.”</i></b>   |
| 11:15 | Tea/coffee break  |
| 11:30 | <u>Roger Pearson</u> , Senior Programme Officer, UNICEF Kenya - <b><i>“UNICEF experience with a pilot project in Kenya on direct cash subsidy to orphans and other children made vulnerable by HIV/AIDS”</i></b>  |
| 12:00 | <u>Charlotte Harland</u> , Independent Consultant and 'former advisor to Government of Zambia on social protection and social welfare transfers', Zambia - <b><i>“Implementing Government Welfare Transfer Schemes – Sharing experiences from rural Zambia”</i></b> |
| 12:30 | Lunch   |
| 13:00 | Discussion on Social Cash Transfers for OVC as an answer to Child Poverty   |
| 14.00 | Closure   |

## Annex 2.

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## Annex 3.a.

### Presentation by Stephen Kidd, Team Leader Equity and Rights Team, Policy Division, DFID



## Social Security: a Core Response to Child Poverty


Stephen Kidd  
Team Leader  
Equity and Rights team  
Policy Division




## Social security: a core human right

- Convention on the Rights of the child specifies:
  - **Article 26:** ...for every child the right to benefit from **social security**
  - **Article 27:** ...the right of every child to a **standard of living adequate** for the child's physical, mental, spiritual, moral and social development
- But, these rights have attracted little attention in poor countries
- Yet, should be core response to tackling child poverty, especially in context of AIDS


Page 2

## Challenge – and tragedy – of child poverty

- Over half of children in Africa live in absolute poverty
  - 47% of children in Ethiopia underweight
- 11 million children die before 5 years old
- 110 million children out of primary school
- Situation made worse by HIV and AIDS:
  - 12.3 million children orphaned by AIDS in Africa; expected to rise to over 18 million by 2010
  - 59% of double orphans live in household headed by an older person

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## How have we responded to child poverty? (1)

- Small states (epitomised in the Washington consensus)
- Reliance on macro-economic policy
- Poor families regarded as responsible for pulling themselves out of poverty; "dependency" frowned upon
- Communities and families expected to care for the poor – but is an excessive burden when they themselves are poor
- Food aid: *ad hoc* and unpredictable
- Social security restricted to formal sector

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## How have we responded to child poverty? (2)

- Response incoherent, fragmented and *ad hoc*
- Interventions spread across a range of ministries and civil society (eg. food aid, work programmes, school feeding, social funds); minimal co-ordination
- Child poverty and social security not well-integrated into Poverty Reduction Strategies
- Reflected in National OVC Action plans; minimal consideration of social protection
- Promote AIDS-specific interventions without ensuring complementarity with interventions addressing child poverty

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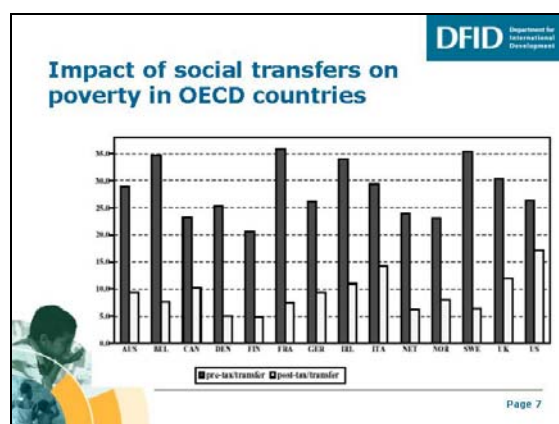



## What can be learnt from experiences in the North?

- Social security has been a key tool in poverty reduction and growth strategies
  - Free access to health services for the poor
  - Free basic education
  - Package of social transfers to ensure a minimum standard of living
- Spending on social transfers has been significant – often over 10% of GDP
- Complemented by contributory and private insurance
- Social security spending increasing in middle-income countries

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**Social transfers**

- Regular and predictable grants – usually in the form of cash – that are provided to vulnerable households or individuals
  - Social pensions (eg. Brazil, South Africa, Lesotho, Namibia, Bangladesh, Nepal)
  - Child benefits (eg. Child Support Grant in South Africa)
  - Conditional cash transfers (eg. *Bolsa Familia* in Brazil, *Oportunidades* in Mexico, *Cash for Education* in Bangladesh)
  - Disability allowances
  - Unemployment benefits
  - Family tax credits

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**Why is social security essential: pretty simple**

- In a market economy, families need cash to live
- If they cannot get enough cash from work, what are the options?
  - Engage in more dangerous business (eg. collect materials from rubbish tips)
  - Beg or work
  - Sell necessary assets
  - Criminal activity
  - Sell sex
  - Sell children
- Frequent response is humanitarian aid
- Social transfers are the only other option
  - They can also complement low wages

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**Social security: investing in people**

- Need to change understanding of social security
- Transformational agenda – not “redistribution”
- Social security is an investment by the state in its citizens, especially the poor
- Three basics need to be guaranteed:
  - A minimum standard of living
  - Health
  - Education
- All are complementary, in particular when we focus on “outcomes”
- Social protection gives poor people a future; changes attitudes; people use cash rationally
- Contributes to women’s empowerment

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**Tackling poverty (1): impact on income and hunger**

- Social pensions doubled income of the poorest 5% in Brazil; increased by 50% in South Africa
- Mexico’s *Oportunidades* significantly reduced depth of poverty among beneficiaries (by 40%)
- 70% of households in *Oportunidades* have improved nutritional status
  - Growth rate among children increased by one centimetre per child per year
- South Africa – presence of recipient of social pension correlated with a 3-4 cm increase in height among children

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**Tackling poverty (2): impact on education and health**

**Education:**

- Bangladesh: 20-30% increase in enrolment among recipients
- Nicaragua – 23% increase in school attendance among recipients
- Social pensions result in increased school attendance of children in households

**Health**

- 12% reduction in ill-health among under-5s in *Oportunidades*; 19% among adults
- Nicaragua – immunization levels among children aged 12-23 months increased 18%

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**DFID** Department for International Development

### Zambia cash pilot scheme; in a context of HIV and AIDS

- In Kalomo district; 1,000 beneficiaries
- Provides a transfer of US\$0.50 (PPP) to poorest 10% of households
- Over 50% of beneficiary households are headed by older people or children
  - 57% of beneficiaries are children
- Results:
  - Improved nutrition – with an increase in number of meals and quantity of food consumed each day
  - Reduction in mortality
  - Health status improved
  - 16% reduction in absenteeism from school
- Transformed lives of children affected by AIDS

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**DFID** Department for International Development

### Bangladesh BRAC programme: support to ultra-poor women

- Provides 70,000 women with a non-cash asset (equivalent to \$440) to begin an income-generating activity
- Also receive transfer equivalent to \$0.73 per day for 18 months
- Number of households without enough to eat reduced from 97% to 27% within two years
- Severe malnutrition among under-fives down by 27%
- Average value of assets increased 222%

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**DFID** Department for International Development

### Social protection: essential part of a sustainable growth strategy

- Social protection can promote growth:
  - Reduce distress selling and build productive assets; people can plan better
  - Allow people to take up higher return but also more risky economic activities
  - An investment in people: a healthier workforce; children grow up to be more productive workers
  - Increases the number of people contributing to the economy
  - Little evidence of unhelpful "dependency". Those receiving transfers more likely to be in work than non-beneficiaries
  - Stimulates local markets
  - Essential complement to a market economy

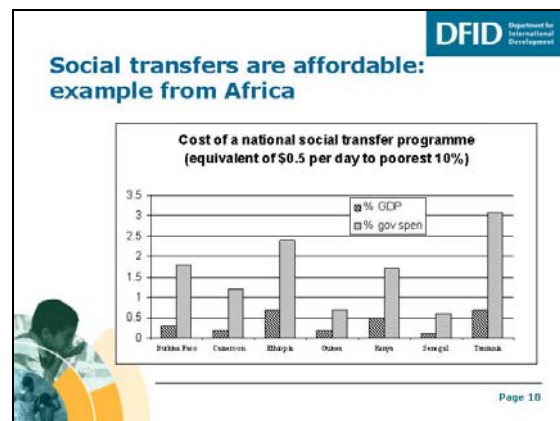
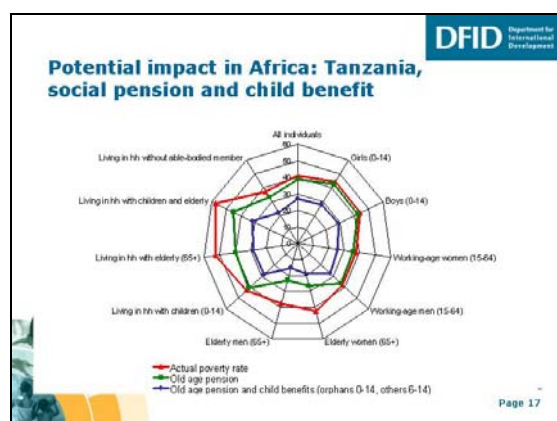
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**DFID** Department for International Development

### Social transfers as part of broader OVC support

- Fundamental need to tackle child poverty – break cycle of poverty – but transfers do not have to be child focused (eg. pensions support carers)
- Social transfers should not replace other interventions in health, education and support to those living with HIV and AIDS
- But, social transfers are fundamental to any strategy to tackle child poverty, complementing health and education
- Fee waivers, for example, are not sufficient for many of the poorest to access school and health; they face other barriers
- Good nutrition essential for health and education
- ARVs are less effective when recipients have poor nutrition; psycho-social support should be built on bedrock of social security
- Need to take care not to conflate entry point for dialogue with the solution (eg. universal transfers may be most appropriate)


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## Affordability (2)

- Level of funding estimated for Africa is comparable to current funding levels in some less poor developing countries
  - Bolsa Familia in Brazil costs around 0.4% of GDP for 8 million families (compared to 7.3% for contributory pensions for middle class)
  - Oportunidades in Mexico cost 0.32% of GDP in 2000.
- In many countries, national social transfer programmes would comprise a small proportion of donor funding
  - Less than 5% of donor funding in many African countries (eg. Zambia, Senegal, Ethiopia)
- Likely to be cheaper than current interventions



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## Challenges

- Political will
- Capacity to implement is often weak
- Effective targeting of the poor
- Delivery of cash
- Corruption and accountability
- How to respond in fragile states
- Donors unwilling to commit to long-term predictable financing



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## Where are we?

- Global Partners Forum called for governments to develop plans for social "welfare" and for donors to support these plans
- African governments in Livingstone, Zambia, called for costed national social transfer plans and for support from international community
- New EU development policy has social security as a priority area
- DFID will highlight social protection as key basic service in new White Paper
- There is a big window of opportunity in many very poor countries
- Need for a coherent and unified response – from donors and NGOs



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## Annex 3.b.

### Presentation by Mandy Heslop, HelpAge International



## Social transfers: an effective response to intergenerational poverty

Mandy Heslop  
HelpAge International  
www.helpage.org



### HelpAge International's role in supporting cash transfers

- Engage directly with governments through programme monitoring and advocacy
- Disseminate information and act as brokers
- Advocate for better disaggregation of data to include the most vulnerable
- Research with partners on delivery and impact of schemes




### Older Citizens' monitoring of old age pension in Bangladesh

- Project in 2 districts of Bangladesh supporting groups of older people to monitor access and delivery of basic means tested pensions
- Has significantly increased numbers of recipients in both districts
- Improved delivery mechanisms

**Process**

- Initial census
- Identified potential eligible older people in communities
- Negotiated inclusion on the pension rolls
- Dialogue with local government authority
- Creating strong sense of solidarity amongst older people's groups




### Intergenerational poverty and the impact of HIV and AIDS

- Estimates of poverty rates by age groups generally conclude that poverty is higher among the old and the young
- Later life poverty is increasingly difficult to escape with increasing age
- Up to 60% of orphaned children live in grandparent headed households in Botswana, Namibia, South Africa, Tanzania, Zimbabwe, Zambia
- Older women care for more orphans than men
- Approx 80% of the over 60s have no regular income

Responses must recognise existing interdependence, contributions and reciprocity, and how decisions are made.


Source: UNICEF/HAI 2004



### How much does care cost?

- Rural Mozambique: average cost of caring for an orphan or vulnerable child is estimated at \$21 and the cost of caring for someone with HIV/AIDS is \$30. The average monthly income of an older person in rural Mozambique is \$12
- Tanga in Tanzania, 2004: older people required an average of TSh25,000 (\$19) per month to meet the needs of one orphaned child, including food, clothes and school costs
- Pera village in Tanzania: older women had abandoned other productive activities and spent 80% of their time looking after infants who had been left in their care.

In 2005 fewer than 10% of households supporting children orphaned or made vulnerable by HIV and AIDS are reached by community based or public sector support programmes (Declaration of commitment on HIV/AIDS: five years later. Report of General Secretary, March 2006)



### Making Cash Count: Lessons from cash transfer schemes in East and Southern Africa for supporting the most vulnerable children and households (IDS, SCF, HAI, 2005)

**Overview**  
Part of UNICEF-commissioned review of social protection measures reaching vulnerable children: public works, education, cash transfers

**Unconditional cash transfers**  
Transfers of money made by government or non-government organisations to individuals or households identified as vulnerable  
With objectives of alleviating poverty, providing social protection, or reducing economic vulnerability  
Made as regular payments  
With no conditions

Includes: orphan care grants, disability grants, universal social pensions, child support grants, transfers to the poorest households

**Making Cash Count: Lessons from cash transfer schemes in East and Southern Africa for supporting the most vulnerable children and households (IDS, SCF, HAI, 2005)**



**Objective**

Provide details of design and delivery issues and potential benefits of scale up

**Scoping survey**

Limited uptake in 15 countries in the region  
Relatively few are child oriented but children benefit indirectly from transfers aimed at individuals and households

**Case studies**

Ethiopia, Lesotho, Mozambique, Zambia  
Explore positive outcomes for children, older people and households  
Document lessons for making cash transfers work, does not quantify impact

Challenges all actors to start making cash count as a feasible and necessary large scale response

**Making Cash Count: Lessons from cash transfer schemes in East and Southern Africa for supporting the most vulnerable children and households (IDS, SCF, HAI, 2005)**



**Lesotho old age pension**

Government-funded national social welfare programme, established in 2004.  
Delivers 150 Maloti (\$25)/person/month to 69,000 citizens over 70 years.

- **Large and diverse impact:** spending on basic consumption, services for older people and dependents, income generation.
- "People now respect me"

**Making it work**

- Pensions (& child support grant) show benefit of **simple targeting** by age – and increasing coverage by lowering age of eligibility
- **Political choice** (1.4% of GDP and 7% of government expenditure) despite resistance of IFIs.

**Making Cash Count: Lessons from cash transfer schemes in East and Southern Africa for supporting the most vulnerable children and households (IDS, SCF, HAI, 2005)**



**Ethiopia: Meket cash for relief programme**

Run by SCF. Delivers 30 Birr (\$4)/person/month to c5,000 individuals in one rural district. Designed to influence Government's Productive Safety Nets Programme.

- Mothers spend time with children
- Protects livelihoods from shocks – "If I did not get this money I would have sold my goat to buy food."

**Making it work**

- Clear simple targeting criteria used by community groups.
- Challenge to make it work at scale

**Making Cash Count: Lessons from cash transfer schemes in East and Southern Africa for supporting the most vulnerable children and households (IDS, SCF, HAI, 2005)**



**Kalomo pilot scheme in Zambia**

Implemented through Govt of Zambia, supported by GTZ. Delivers 30-40,000 Kwacha (\$6-8)/household/month to 1,027 destitute households (unable to work, food poor) in one rural district to poorest 10%.

- Households purchase maize, soap, uniforms (school absenteeism reduced from 40-24%)
- 29% of transfer spent on livestock and agricultural inputs
- Multiplier effects of cash -81% grain purchased from neighbours, local shop
- Lifts household out of extreme poverty and food insecurity

**Making it work**

Working with rural banks to deliver money – encourages banks to reach remote rural areas

**Making Cash Count: Lessons from cash transfer schemes in East and Southern Africa for supporting the most vulnerable children and households (IDS, SCF, HAI, 2005)**



**Mozambique food subsidy programme**

Run by Govt's National Institute for Social Action, providing 70-140,000 Maticals (\$3-6)/person/month to 69,000 direct beneficiaries. Aimed at very poor urban citizens who are unable to work (older people, PWD, chronically sick).

- Income invested in informal saving schemes during harvest
- **Responds to household size**

**Making it work**

- Important not to underestimate financing of management systems required to prevent corruption and leakage
- Institutional home – in INAS being debated – advantages but need finance, political backing to reach more vulnerable

**Making Cash Count: Lessons**



**Targeting**

- Often combines proxy indicator (age, disability) with means testing (no income, poorest 10%)
- Community participation important for acceptance, improves local understanding of vulnerability
- Need clear and transparent criteria, community structures do not always represent the poorest

- Time, resources, administrative capacity – **scale up?**

**Universal**

- Coverage
- Clearly identified demographic group – administratively simpler
- Greater acceptance, politically feasible – builds citizenship
- Can reduce costs by raising / lowering age of eligibility

### Making Cash Count: Lessons

**HelpAge**  
International  
Leading global action on ageing

#### Delivery

- Regular, predictable and delivered on time
- Use of banks and post offices – increase poor people's access to financial services (30% opened bank accounts in Zambia)
- Pay points – could be used to provide other services
- Registration must be simple (birth certificates and ID cards an issue)

#### Conditionality

- Are services provided and of good quality?
- Monitoring fulfilment of conditions

**Priorities** – invest in up-grading services, cash transfers as part of wider package of social protection.

Link cash transfers with provision of services, e.g. ID registration, immunization, training and health care

### Making Cash Count: Lessons from cash transfer schemes in East and Southern Africa for supporting the most vulnerable children and households (IDS, SCF, HAI, 2005)

**HelpAge**  
International  
Leading global action on ageing

#### Social transfers as a right and entitlement

**National social protection frameworks** with costed packages of government-led support, benefiting the poorest and most vulnerable

**Cash transfers are important part of social protection package**

**Regular, predictable and sufficient transfers** to have a positive impact on wellbeing (and cope with future demands) **keep it simple**

### Maintaining the momentum

**HelpAge**  
International  
Leading global action on ageing

#### Opportunities

- Increasing evidence that SP can be growth enhancing
- Evidence on affordability (ILO & DFID)
- Examples of effective schemes/mechanisms available
- Donor commitment to long term, predictable aid

#### A process for NGOs

- Gather the evidence
- Use it for advocacy
- Support disadvantaged groups to advocate & demand rights

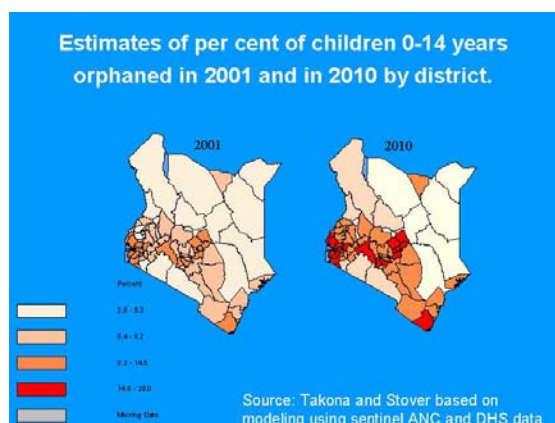
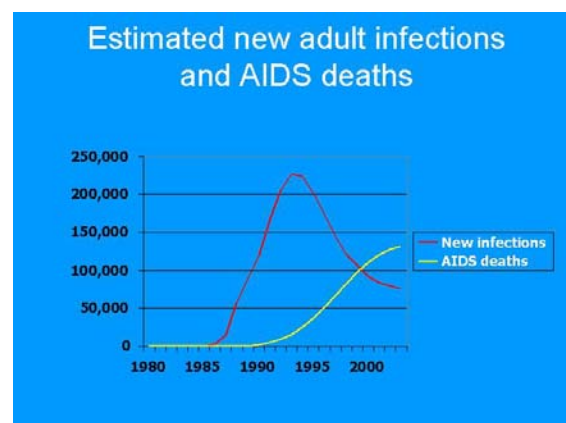
### Annex 3.c.

#### Presentation by Roger Pearson, UNICEF Kenya



#### KEY FACTS

- Kenyans: 34,000,000
- 6.2% Kenyan adults aged 15-49 years infected
- Number of people infected:
  - Adults 15-49: 1,100,000
  - Children 0-14: 120,000
  - Adults >50: 50,000
  - Total: 1,270,000
- Number of orphans: 1,800,000
- Number of double orphans: 385,000
- Number of orphans due to HIV/AIDS: 700,000
- New infections in infants/children: 34,000
- New infections in adults: 86,000
- AIDS deaths in adults: 140,000



#### Protection, care and support for OVC

The number of orphans will grow by more than 2.5 million by 2010, with up to 700,000 of these having lost both parents.

The capacity of extended families to absorb orphans is overstretched

#### Protection, care and support for OVC

##### Action

- Training of tourist industry stakeholders on Code of Conduct to protect children from commercial sexual exploitation
- Planned establishment of drop-in centres for street children
- Promotion of adoption and the Hague Convention
- NPA for OVC MARK II
- Piloting a Cash Transfer Programme for poor households that are fostering or have adopted OVC



## Protection, care and support for OVC

### NPA for OVC

- An alignment tool for coordinating actions supporting orphans and vulnerable children (including the Cash Transfer Programme)
- National OVC committee chaired by PS MoHA meets monthly
- The five year and two year plans and budgets include strategies and funding modalities

## Cash Transfer Programme for OVC (the pre-pilot)

### Background

- Early in 2004 the Vice President of Kenya advocated for a cash transfer strategy for OVC
- In December 2004, UNICEF supported the Department of Children's Services in the MOHA to initiate a pre-pilot of the Cash Transfer Programme as an initial approach for extracting lessons with funding from Sida and UNICEF.
- The efficiency goal of the programme is that around 90% of total finances are to be delivered to the beneficiaries

## Cash Transfer Programme for OVC (the pre-pilot)

### The design

- 500 households with OVC based in 3 communities (Garissa, Kwale and Nairobi)
- Monthly subsidy of KSh 500 (about US\$6) per household
- No conditionalities
- KSh 500 per child allocated to local CBOs to improve community coping mechanisms for vulnerable children
- Disbursement of funds to households and CBOs via the District Children's Officer

## Cash Transfer Programme for OVC (the pre-pilot)

### The process

- Children's Officers (MOHA) and Area Advisory Committees established under Children's Act 2001 worked with local communities to identify most vulnerable children up to a number determined by the available budget
- Household surveys conducted using criteria of vulnerability (not just orphans)
- Communities adapted the poverty/vulnerability standard to suit local realities
- Based on the survey results, a list of vulnerable children was produced that was cross-checked with communities in an open *baraza*. Final list of beneficiaries was determined by communities

## Cash Transfer Programme for OVC (the pre-pilot)

### The results

- The pre-pilot is showing an overall positive impact on welfare of beneficiaries and households. Access to health, education and nutrition were tangibly improved. Use of funds included rent, school uniform, food, and sometimes ARVs.
- Providing cash empowered families to make decisions about what they needed the most. Little evidence of abuse in expenditures.
- Amounts involved did not undermine traditional coping mechanisms (e.g. Zakat, alms giving in Islamic community)
- It generates copious discussion regarding cash transfers as a method of welfare support for poor households.

## Cash Transfer Programme for OVC (the pre-pilot)

### Constraints

- Money provided to CBOs was used in Nairobi but not in Garissa or Kwale because of capacity issues
- Monitoring was problematic due to large distances and lack of common understanding of the project
- Area Advisory Committees worked well in Kwale but not in Nairobi because of the voluntary basis of the work
- Distribution through Children's Officers was burdensome and risky due to the amounts of money involved
- The subsidy of KSh 500 was not enough for accessing adequate nutrition, health and education
- Communities stated that some conditionalities were needed

## Cash Transfer Programme for OVC

### Review and preparation for the next step

- March 2005, and January 2006 reviews involved community representatives, Area Advisory Committees, Children's Officers, MOHA officials, World Bank, DFID, SIDA, and other stakeholders
- Since early 2005 the The Department of Children Services located in the Office of the Vice President and Ministry of Home Affairs of Kenya and UNICEF are working together for the expansion of the Cash Transfer Programme in 2006 and the design of its impact and operational evaluation (two firms are working in the operational design of the programme and the evaluation design)

## Cash Transfer Programme for OVC

### The role of UNICEF

- Provision of technical assistance to the GOK. Between 2004 and 2006 more than 10 experts (consultants and staff members) have worked in the design, monitoring and development of the CT Programme
- Coordination of the Technical Committee of the CT Programme with the GOK (operational design, evaluation design, logistics and administration)
- Promotion of the programme with different stakeholders
- Fundraising with international and multilateral organizations

## Cash Transfer Programme for OVC (the pilot)

### The programme design

- The design has been under development since early 2005 with the involvement of GOK, DfID, Sida, World Bank, UNICEF and consultancy firms managed by UNICEF
- The pilot will last 3 years; initial phase will cover a minimum of 2,500 children in Garissa, Kwale, and Nairobi financed through UNICEF/Sida and 4,500 children in Homa Bay, Kisumu, Migori, and Suba financed by DfID (total of 7,000 in the first six months)
- The objective: assess and evaluate operational mechanisms and conditionalities to select the most effective and optimal way for keeping children in their households within their communities and provide information for scaling up
- An innovative experience for Kenya, evaluating impact of conditionalities and to learn lessons before scaling up

## Cash Transfer Programme for OVC (the pilot)

### Specific Objectives

- **Education:** Increase school enrolment, attendance and retention for 6 to 17 year old children in basic school (up to standard 8th) in selected households with OVC
- **Health:** Reduce the rates of mortality and morbidity among 0 to 5 year old children, through immunizations in selected households with OVC and attendance to health facilities
- **Food security:** Promote household nutrition and food security by providing regular and predictable income support in selected households with OVC
- **Civil registration:** Encourage caregivers to obtain identity cards within the first six months after enrolment and birth certificates and identity cards for the children

## Cash Transfer Programme for OVC (the pilot)

### Targeting

- The geographic areas are based on OVC prevalence and poverty levels
- Household identification is done using community based approach based on:
  - Having orphans or vulnerable children (OVC)
  - Being poor households
  - Not being beneficiary of other cash transfer programmes (applies to direct OVC beneficiaries only)
- OVC for the pilot are defined as follows:
  - Single/double orphans
  - Caregiver or children are chronically ill

## Cash Transfer Programme for OVC (the pilot)

### Conditionalities

Beneficiary	Conditionalities	Frequency of Required Compliance	Frequency of Compliance Monitoring
Children between 0 & 1 yr old	Attend the health facility for immunizations*	6 times per year	Every 2 months
Children between 1 & 5 years old	Attend the health facility (for growth control and vitamin A supplement)	2 times per year	Every 6 months
Children between 6 & 17 years old	Attend basic school institutions*	80% attendance of effective days	Every 3 months
One adult parent or caregiver	Attend awareness sessions	1 time per year	Every 12 months

\* Only if there is supply capacity in the school and health facility and within reasonable accessible distance



### Cash Transfer Programme for OVC (the pilot)

#### The benefits

##### • Cash Benefits:

No. of Beneficiaries / Household	Monthly payment
1 – 2 OVC	KSh 1,000
3 – 4 OVC	KSh 2,000
5 or more OVC	KSh 3,000

• **Delivery Mechanism:** Post offices in the initial phase of the pilot. Other delivery mechanisms will be explored to start in January 2007 (second phase / scale up of the pilot)

• **Other benefits:** ARV referral to other programmes

### Cash Transfer Programme for OVC (the pilot)

#### The evaluation

• The evaluation of the pilot focuses on evaluating 3 aspects:

- welfare and economic impacts of the beneficiaries
- operational effectiveness including cost evaluation
- extent to which the programme reaches those in greatest need (targeting effectiveness)

• Information on the impact of the transfer vs. the conditionalities, thus making it possible to test conditionalities within the Kenyan context (treatment groups with and without conditionalities and comparison control groups)

A Monitoring Information System is also being designed. The programme manages a substantial amount of information

### Cash Transfer Programme for OVC (the pilot)

#### The process

- The design has been approved, operational manual is being developed.
- The targeting process initiated in April 2006
- The data collection (including a household survey) as base line for the evaluation will start in June 2006
- Enrolment of beneficiaries is programmed for July 2006
- The first payments are programmed to start in September 2006
- The pilot will scale up in January 2007 (10% of total OVC in the 7 districts)
- Ultimate aim: reach 20% of all OVC at a national scale by 2015. GOK tax revenue will be allocated

## Annex 3.d.

### Presentation by Charlotte Harland, Independent consultant, Zambia

#### Implementing Government Welfare Transfer Schemes

Sharing  
Experiences from  
Rural Zambia

*Charlotte Harland  
May 11<sup>th</sup> 2006*

#### Experience from Zambia

- ☐ Design & implementation of Government Public Welfare Assistance Scheme PWAS 1996-2003
- ☐ Currently running in 80% of districts
- ☐ Host to a number of pilot programmes including social cash transfer scheme (and others)
- ☐ Also consultant for the development of social protection strategy

#### Key elements of PWAS

- ☐ Community identifies beneficiaries
- ☐ Community has control over allocation of known budget
- ☐ Accountability & transparency
- ☐ Scheme must strengthen community care – not replace it
- ☐ Work with existing organisations

#### Six areas for discussion

- ☐ Working with communities
- ☐ Working with district officers
- ☐ Logistics and costs
- ☐ Inclusion / exclusion
- ☐ Political will
- ☐ Transfers as rights

#### Working with communities

- ☐ Locating ownership
  - ☐ Local ownership can transform efficiency
- But here's the challenge.....*
- ☐ Blueprints => lack of ownership
  - ☐ Agree framework of outcomes, accountability, but then let communities devise systems and process

#### Working with District Officers

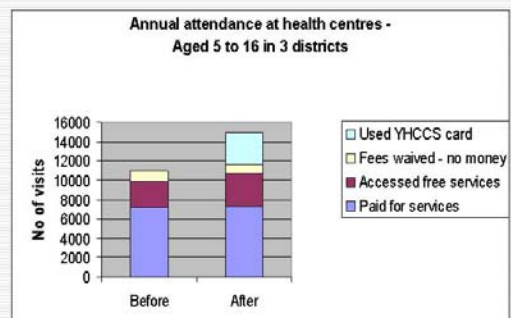
- ☐ Big shock!
- ☐ Build confidence & credibility
- ☐ Same problem with blueprints: Seek local approaches to reach outcomes
- ☐ Peer support
- ☐ Group review process
- ☐ Reward hard work and achievement
- ☐ Relationship with national HQ?



### Logistics & costs

- Cash not goods to community level
- Going from pilot to national scale
- Delivering & monitoring very small benefits to a lot of people
- *Example of the Youth Health Care Cost Scheme*

### Logistics and costs *cont'd*



### Logistics and costs *cont'd*

- Simplify everything!
- Build monitoring into the system
- *Example of the Community Health-Costs Waiver Scheme (CHEWS)*

### Inclusion / exclusion

- Recipients are often from excluded groups
- Will transfers entrench exclusion?
  - Leverage of extra resources
  - Security in future
- Are there ways of programming around this risk?
  - *Example of the community bursary scheme*

### Political Will

- Need for honest assessment
- Influence of social welfare ministries?
- Whose job is it anyway?
- Need for clarity on what can be achieved:
  - Evidence of growth & poverty reduction?
  - Means of improving nutrition, increasing access to basic services?

### Transfers as rights? *cont'd*

- Rights are absolute, not relational
- Rights are categorical, not arbitrary
- Problems of proximity to non-qualifiers
- Rights are about relationships between citizens and Governments
- What social security rights could be realised in African countries?

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