Dr Luca Pellerano
Daniel Kumitz

From Countless Pilots to Nationally Coordinated Social Protection: Evidence from a Recent Assessment of the Comprehensiveness and Performance of Zambia’s Basic Social Protection System
Assessment Based National Dialogue Review of Basic Social Protection Transfers in Zambia
ABND PROCESS IN ZAMBIA

Production of Evidence to Inform Decisions

**MAY-JUN**
- Programme Mapping (existing literature and programme documentation)
- Gap and Articulation Analysis (field visits, stakeholder consultations)
- Costing (including fiscal space)

**JUL-AUG**
- Design of options of integrated framework

**SEP/OCT**
- Finalisation of integrated framework

Broad-based Consultations
- Consultative Meeting—programme mapping and identification of delivery priorities
- Validation Workshop—gap, coherence analysis & programme articulation
- Validation Workshop—programme options and costing
- High Level Meeting (PSes & Directors)
- Design of Integrated Framework

Parallel Processes
- Finalization of Social Protection Bill
- Development of Coordination Mechanism
- Development of Monitoring and Evaluation System
- Development of Integrated Data Management
- Public Awareness, Public Dialogue
- High level Advocacy for approval of new Program Framework
NSPP PILLARS

Social Assistance = Protective

Social Insurance = Preventive

Disability Mainstreamed

Livelihoods & Empowerment = Promotive

Protection = Transformative

Scope of the Integrated Framework (IFSPP)

Cash and In-Kind Transfers
Budget Analysis
Trends in SP Budget Allocation

Social Protection National Budget Allocation in Kwacha Million

2011: 146.2, 42.7, 42.7
2012: 126.4, 55, 55
2013: 204.1, 72.1, 72.1
2014: 229.8, 199.2, 199.2
2015: 122.21, 181, 181
2016: 166, 302, 302

- Other SP Interventions
- Social Cash Transfer Scheme
- Public Service Pension Fund
What matters is money effectively spent

Total Expenditure on non-contributory social protection in 2015 amounted to 5.5% of Government expenditure. 4.4% on FISP only.
Regional Benchmarking

Expenditure on non-contributory social protection
(as % of GDP) - source WB
FISP as a SP programme (?)

Competing/diverging programme objectives: maize surplus and country level food security; productivity of small farmers; graduation; poverty reduction?

- FISP seems to benefit richer farmers proportionally more than poorer farmers
- Transition to e-voucher unlikely to solve all targeting problems. No explicit poverty targeting
Gap and Coherence Analysis
CONCEPTUAL FRAMEWORK 1: MULTIPLE VULNERABILITIES ACROSS THE LIFE CYCLE

CROSSCUTTING
Disability
Chronic Illness
Gender Discrimination
Discrimination/Exclusion and Harmful Practices
Income Insecurity
Climate Change

MATERNITY & INFANTS
• Maternal & Infant Mortality & Morbidity
• Lack of Healthcare
• Mal-/Undernutrition
• Single Parenting
• Orphans

SCHOOL GOING CHILDREN
• Mal-/Undernutrition
• Primary Education: low attendance/poor learning
• Secondary Education: Lack of Access
• Special/Inclusive Education needs
• Child Labour
• Orphans

OLD AGE
• Lack of Healthcare
• Lack of Mobility
• Widowhood
• Burden of Care

SHOCKS
• Sickness
• Death in Family
• Employment Injury
• Loss of Employment
• Loss of Assets
• Human Rights Abuse
• Droughts & Climate Shocks
• Accidents and Disasters
• Market Shocks

CROSSCUTTING

ADULT LIFE
• Un-/Underemployment
• Low Productivity
• Lack of Capital
• Burden of Care

YOUTH
• Lack of Skills & Training
• Lack of Access to Tertiary Education
• Lack of Access to Employment
• Un-/Underemployment

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OLDER AGE
• Lack of Healthcare
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CONCEPTUAL FRAMEWORK 2: MULTIPLE FUNCTIONS OF SOCIAL PROTECTION

Transformation Pillar
- Anti-Marginalization
- Anti-Discrimination
- Victim Support
- Women’s Empowerment
- Disability Inclusion

Promotion Pillar
- Access to Decent Employment
- Productivity Enhancement
  - Microfinance (Collateral-free Loans, Grants, SILC)
  - Access to Tertiary Education & Skills Trainings
  - Access to Secondary Education

Protection Pillar
- Food Security
- Basic Needs Security
- Improved Nutrition
- Access to Health Services
- Access to Primary Education
- Public Works
- Disaster & Shock Response
CURRENT DESIGN

Design Challenges

- Household Approach prevents clear guidance who belongs into which vulnerability group. For example households with non-viable heads are considered viable because of labour in the household.

Households are not so distinct

- Bias against Double-Dipping means people can only join one programme, effective or not

- Due to overall lack of coverage, people are put on inappropriate programmes as others are not available

- All Programmes considered on same level (poverty reduction) even though they address different policy levels (pillars)
FROM HORIZONTAL-EXCLUSIONARY TO VERTICAL-COMPLEMENTARY
## GAP ANALYSIS:
### Life-Cycle:

<table>
<thead>
<tr>
<th>Group</th>
<th>Complete GAP</th>
<th>Significant GAP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maternity Protection</strong></td>
<td>• No non-contributory Maternity Protection&lt;br&gt;• No “demand side” intervention to ensure access to peri-natal care</td>
<td></td>
</tr>
<tr>
<td><strong>Infants</strong></td>
<td>• No Income Security Programmes&lt;br&gt;• No “demand side” intervention to ensure access to health, nutrition and other early child development service based interventions</td>
<td>• No Income Security Programmes&lt;br&gt;• Positive Nutrition Intervention (HGSF) with need to expand&lt;br&gt;• Need for more support with Bursaries such as KGS (GEWEL)&lt;br&gt;• Little support with indirect schooling costs</td>
</tr>
<tr>
<td><strong>School going Children</strong></td>
<td>• No Income Security Programmes&lt;br&gt;• Positive Nutrition Intervention (HGSF) with need to expand&lt;br&gt;• Need for more support with Bursaries such as KGS (GEWEL)&lt;br&gt;• Little support with indirect schooling costs</td>
<td></td>
</tr>
<tr>
<td><strong>Un/Under employed Adults</strong></td>
<td>• No Income Security Programmes&lt;br&gt;• Tentative plans for public works&lt;br&gt;• FISP assists 1.2m small scale farmers; FSP assists 30,100 vulnerable but viable farmers&lt;br&gt;• Microfinance programmes incoherent&lt;br&gt;• Limited Support to Tertiary Education</td>
<td>• Good support through Social Cash Transfer since shift from means test to wealth/affluence test (reduced exclusion errors)&lt;br&gt;• Benefit levels need indexation&lt;br&gt;• Disability transfer not commensurate with disability costs&lt;br&gt;• Lack of Opportunities in Promotion Programmes</td>
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<tr>
<td><strong>Older Persons</strong></td>
<td>• Good support through Social Cash Transfer since shift from means test to wealth/affluence test (reduced exclusion errors)&lt;br&gt;• Benefit levels need indexation</td>
<td></td>
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<tr>
<td><strong>Persons with Disabilities</strong></td>
<td></td>
<td>• Good support through Social Cash Transfer (wealth/affluence test reduces exclusion errors)&lt;br&gt;• Benefit levels need indexation&lt;br&gt;• Disability transfer not commensurate with disability costs&lt;br&gt;• Lack of Opportunities in Promotion Programmes</td>
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**OK**<br>once fully implemented

**Protection: OK**

**Promotion: Gap**
SUMMARY COHERENCE ANALYSIS

**Overlapping objectives and target groups, multiple instruments**
- SCT vs FSP
- FSP vs FISP
- Microfinance
- Ensure combination of interventions where required

**Isolated sectors, lack of linkages**
- HGSF & Bursaries & Other Education Support
- Maternity/Infant Health/Nutrition interventions
- Cash components required to unlock service-based interventions

**Missing coordination**
- Roles of SW and CD Departments distinct in theory but blurred in practice
- Multiplication of committee structures
- Limited/absent referral mechanisms

**No common delivery mechanism**
- E-Voucher in FISP
- Plans for Mobile Banking or Financial Service Provider in SCT
- Planned Single-Window Approach would benefit from a common mechanism

**Incoherent funding**
- No dedicated SP budget
- Allocated budgets not released or released late
- No link of budgets to needs assessment
TRICKLE-UP OF GAPS

Transformation Pillar
- Women’s Empowerment (beyond income security)
- PWD Empowerment (beyond disability-related costs)

Promotion Pillar
- Productivity Programmes
  - Microfinance
  - Education Support

Protection Pillar
- Food Security
- Basic Needs Security
- Access to Health Care
- Primary Education
- Shock Response

Current Programmes double as promotion programmes, reducing effectiveness

Current Programmes double as income support programmes, reducing effectiveness

Current Programmes leave significant gaps and suffer from inappropriate graduation expectations
CONCLUSION: COHERENCE & GAP ANALYSIS

Promotion/Transformation – the Ladder

- FISP the only large-scale programme. Targeting issues
- Under-funded, incoherent microfinance/empowerment interventions
- Limited focus on human capital (secondary school)
- Current programmes double as income support reducing effectiveness

Protection/Prevention – the Floor

- Life-Cycle not fully covered!
- Gap regarding Maternity/Infants
- Gap regarding Un/Under-Employed & Urban poor
- Insufficient coverage in some targeting models
- Benefit levels incommensurate with needs
- Lack of referrals/access to basic services
- Current programmes suffer inappropriate graduation expectations
How to go about costing policy options?
What will be the size of the Economy and Government Budget?

- INTEGRATED FRAMEWORK (BASIC) SOCIAL PROTECTION PROGRAMMES - COSTING

IMF – World Economic Outlook (Apr. 2016)
How will the demographic structure of the Zambian society evolve?

- Zambian population expected to grow by 2.5 million in the next 5 years
  - of which 1 million under 14
  - roughly equally split between urban and rural
- Total Rural/Urban ratio expected to move from 58:42 to 56:44
Setting the transfer value. What benchmark?

- Also ongoing debate on transition from household to individual entitlement in SCT will contribute to raising the average per household transfer level.
# Key Programme Parameters

<table>
<thead>
<tr>
<th>Programme</th>
<th>Target groups</th>
<th>Economic Targeting</th>
<th>Transfer value</th>
<th>Administrative Costs Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current SCT model</td>
<td>HHs with older or disabled member</td>
<td>1-4 quintile in rural areas; 1-3 quintile in urban areas</td>
<td>90/140 K per month</td>
<td>0.2</td>
</tr>
<tr>
<td>Disability Grant</td>
<td>Person with disability</td>
<td>1-4 quintile in rural areas; 1-3 quintile in urban areas</td>
<td>90/140 K per month</td>
<td>0.2</td>
</tr>
<tr>
<td>Old Age Grant (65+)</td>
<td>Older person</td>
<td>1-4 quintile in rural areas; 1-3 quintile in urban areas</td>
<td>90/140 K per month</td>
<td>0.2</td>
</tr>
<tr>
<td>Child Grant (0-2)</td>
<td>Child 0-2 (max. 3 per household)</td>
<td>1-4 quintile in rural areas; 1-3 quintile in urban areas</td>
<td>90/140 K per month</td>
<td>0.2</td>
</tr>
<tr>
<td>HGSF</td>
<td>Students Grades 1-7</td>
<td>No</td>
<td>1K per day; 198 days per year</td>
<td>0.3</td>
</tr>
<tr>
<td>Secondary School Fee Waiver</td>
<td>Students Grades 8-12</td>
<td>1-4 quintile in rural areas; 1-3 quintile in urban areas</td>
<td>2,500K per year</td>
<td>0.1</td>
</tr>
<tr>
<td>FISP</td>
<td>Small scale farmers</td>
<td>as per LCMS 2015 analysis</td>
<td>1,400K per year</td>
<td>declining to 30%</td>
</tr>
<tr>
<td>FSP</td>
<td>Poor small scale farmers</td>
<td>1-2 quintile in rural areas</td>
<td>1,800K per year</td>
<td>declining to 30%</td>
</tr>
</tbody>
</table>

- Transfer values adjusted by inflation year by year
Preliminary Coverage and Cost Simulation Results
SCT – Coverage projections (full coverage in 2021)

- Eligible People
- Eligible Households

**Extend the SCT in Urban Areas**
- Child Grant (0-5)
- Child Grant (0-2)
- Old Age Grant (65+)

**Extend the SCT in Rural Areas**
- Child Grant (0-5)
- Child Grant (0-2)

**Complete Roll-out of SCT**
- Disability Grant - upper bound
- Disability Grant - lower bound
- Old Age Grant (65+)
- HHs with a PWD - upper bound
- HHs with a PWD - lower bound
- HHs with an elderly member

**Current Coverage (2016) (est. from MIS)**
- Other (previous targeting models)
- HHs with a PWD
- HHs with an elderly member

- 915 154
- 459 775
- 495 673
- 359 924
- 96 604
- 113 259
- 2 000 091
- 984 459
- 1 051 728
- 813 915
- 145 513
- 116 949
- 245 417
- 199 607
- 116 949
- 199 607
- 56 521
- 64 865
- 118 614
The combination of FISP and FSP would require 3% of Gov. Expenditure or 0.6% of GDP in 2021 (down from 1.2% of GDP in 2015).
Can Zambia afford a Comprehensive Basic Social Protection Package?

- 1.9% of GDP in 2021
- Approx. 5 million beneficiaries in 2021
What is the return to investment in Basic Social Protection?

**Impact of Transfers on National Poverty Gap**

- Child Grant (0-2) rur & urb
- Child Grant (0-2) rur
- Disability Grant
- Old Age Grant (65+) rur & urb
- Old Age Grant (65+) rur
- Old Age Grant (65+) urb
- SCT Current Model (PwD)
- SCT Current Model (65+)

**Overall Impact of Transfers Package on National Poverty and Inequality**

<table>
<thead>
<tr>
<th>National Poverty Headcount</th>
<th>National Poverty Gap</th>
<th>National Gini</th>
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<tbody>
<tr>
<td>-3,2%</td>
<td>-5,4%</td>
<td>-3,4%</td>
</tr>
<tr>
<td>-11,0%</td>
<td></td>
<td>-5,1%</td>
</tr>
<tr>
<td>-16,6%</td>
<td></td>
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</table>

Against a cost ranging between 4.4% and 6.9% of Government Expenditure
What is the return to investment in Basic Social Protection?

![Impact of Transfers on Poverty Gap of the Target Group](image)

- Child Grant (0-2) rur & urb
- Child Grant (0-2) rur
- Disability Grant
- Old Age Grant (65+) rur & urb
- Old Age Grant (65+) rur
- SCT Current Model (PwD)
- SCT Current Model (65+)

Legend:
- Impact on Poverty Gap of Target Group (Base transfer: 140 ZMW)
- Impact on Poverty Gap of Target Group (Base transfer: 90 ZMW)
Preliminary Costing Conclusions

- Uncertain economic forecast, upcoming contraction in budget expenditure, but there may be opportunities for well targeted, cost-effective and more integrated social protection programs

- It is important to think about the cost of scaled-up programme, in a realistic timeframe (5 years)
  - Yet, depending on the medium term vision, there are immediate implications for the pace of scale up and financing of key programmes (e.g. SCT) already in 2017

- Current level of expenditure on “real” non-contributory SP is way below regional average, with the exclusion of FISP which has poor poverty targeting

- A comprehensive package of integrated SP intervention (including a reformed F(I)SP) could require approx. 9% of the Government Budget and 1.9% of GDP in 2021 (compared to 1.4% in 2015). Is this achievable?

- The cash transfer component only (costing 4.4% and 6.9% of Government Expenditure in 2021) would contribute to reducing the poverty gap by 11 to 17% and the Gini coefficient by 3 to 5%