Zimbabwe's cash transfer programme: the challenges of a promising programme

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The Harmonized Social Cash Transfer (HSCT) is a child-sensitive unconditional cash transfer programme aimed at labour-constrained and food-insecure households in Zimbabwe. From the start of the programme in 2012, the programme gradually increased the number of beneficiaries to reach a peak of 55,509 households in 2014. An impact evaluation of the programme conducted after only one year indicated that poverty levels reduced and food security improved among targeted households, making the HSCT one of the most promising cash transfer programmes in the region to reduce child poverty[1].

However, since its peak in 2014, the reach of the programme has shrunk considerably, with irregular and erratic payments to beneficiaries. Since early 2017, less than half of the beneficiaries initially enrolled in the programme were receiving payments. The reduction happened at a time when Zimbabweans needed the HSCT the most to mitigate the impacts of the El Niño-induced drought, one of the worst droughts ever experienced in the country.

Why did this happen? What can be learnt from Zimbabwe's experience?

The purpose of this paper, which was developed by the UNICEF Eastern and Southern Africa Regional Office, with inputs from the UNICEF Zimbabwe Country Office, is to document the factors that have led to the present situation and draw recommendations for Zimbabwe and countries throughout the region that may be experiencing the same challenges.

Start year: 2012 (designed and piloted in 2011).

Objective: To reduce extreme poverty and negative coping mechanisms such as child labour and child marriage.

Targeting: Food-poor, labour-constrained households. This targeting is intended to include several categories of vulnerable people in a harmonised way, including households headed by elderly, disabled or children and households affected by HIV/AIDS.

Amount received and frequency of payment: Amount based on household size; ranging from USD10 monthly for one person to USD25 for four or more, distributed to beneficiaries every second month.

Acronyms:

CPF - Child Protection Fund
DFID – Department for International Development (UK)
HSCT - Harmonized Social Cash Transfer
MoPSLSW - Ministry of Public Service, Labour and Social Welfare
NGO – Non-governmental Organization
SDC – Swiss Agency for Development and Cooperation
Sida – Swedish International Development Cooperation Agency

1. See the publication ***From Evidence to Action***

Key messages:

- Despite a strong record of success, a funding shortage impacting the Harmonized Social Cash Transfer Programme in Zimbabwe resulted in a sharply reduced number of households benefitting from the programme (from more than 55,000 to about 25,000).

Reviving and scaling up the HSCT will require dedicated attention to resource mobilization, building upon the government's recent budget commitments to HSCT.

- At the start of the HSCT in 2012, the Government of Zimbabwe committed to match the funding from donors. However, this commitment has so far not fully materialized, with only a small fraction of the HSCT funded by the government.

Government- and donor-focused advocacy, building on several rounds of rigorous research findings, should reframe social protection as an investment rather than a cost.

- In the beginning of 2016, support for the HSCT through a donor-funded trust fund expired without new funding being in place. As a result, HSCT payments were discontinued for several months. Payment gaps had dire consequences for the thousands of very poor households enrolled in the programme.

With the current HSCT funding set to expire in mid-2019, there is a need for a comprehensive resource mobilization strategy and contingency plan to prevent further gaps in funding and discontinuation of benefits for vulnerable households.

- The timing of the 2016 suspension of HSCT benefits coincided with the peak of the El Niño drought, exacerbating the impacts on struggling households. The HSCT was not used as a channel for additional funding coming in for the El Niño emergency response, resulting in the set-up of a parallel cash transfer system.

Government and donor leadership is needed to capacitate the social protection system for humanitarian response, and to provide continuous and coordinated support for vulnerable households.

Funding the HSCT

Despite its strong record of success, the HSCT faces a critical challenge of funding and sustainability. The HSCT is jointly financed by the government of Zimbabwe and donors (DFID, SDC and Sida) through the Child Protection Fund (CPF), a financing mechanism managed by UNICEF. At the start of the HSCT, the Government of Zimbabwe through the Ministry of Public Service, Labour and Social Welfare (MoPSLSW) committed to match funding received from donors, pledging up to 50 per cent of the funding for social cash transfers by 2013. This commitment from the government has partially been reflected in resources allocated in the national budget, but with the exception of the 2015 and 2017 allocations, much smaller amounts have actually been released. The figures below provide a summary of the annual funding provided by donors and the government for the programme:

Figure 1: State budget allocation and donor contribution as share of total HSCT budget (2013-2017)

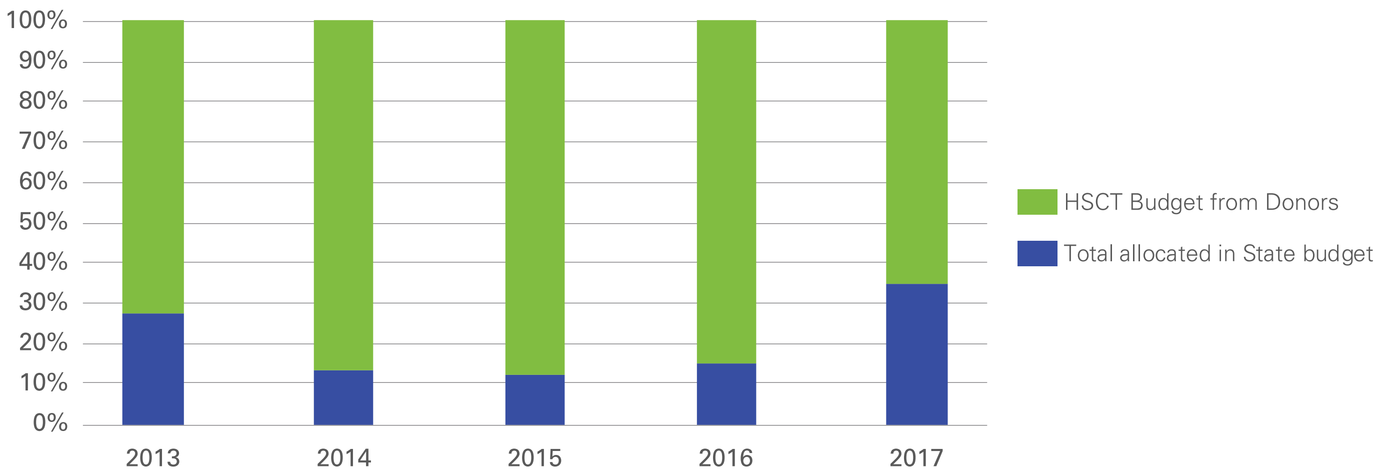
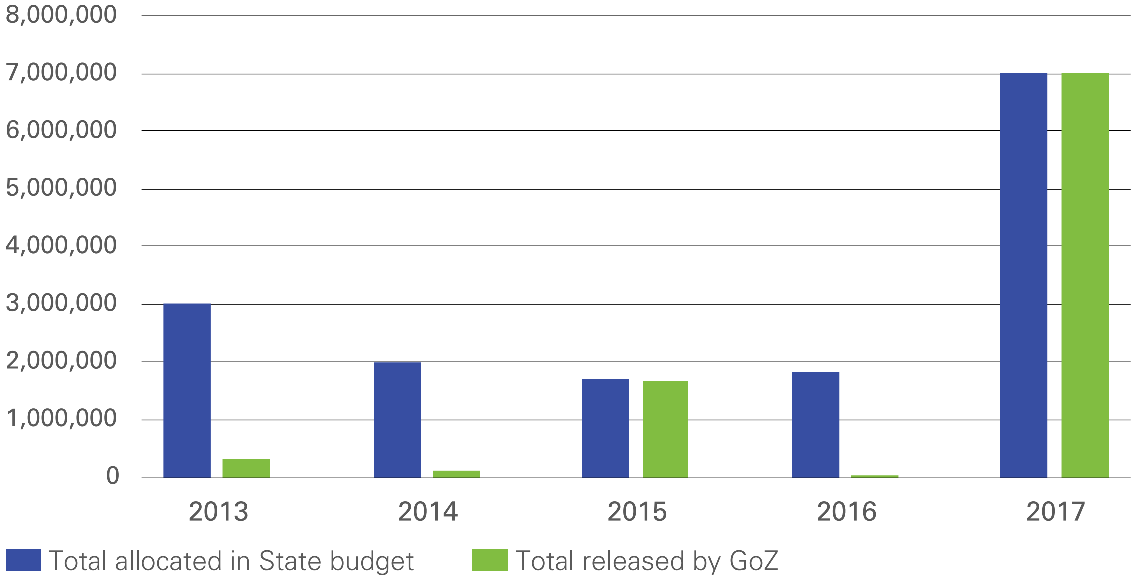


Figure 2: Government budget allocation for HSCT versus actual amounts released

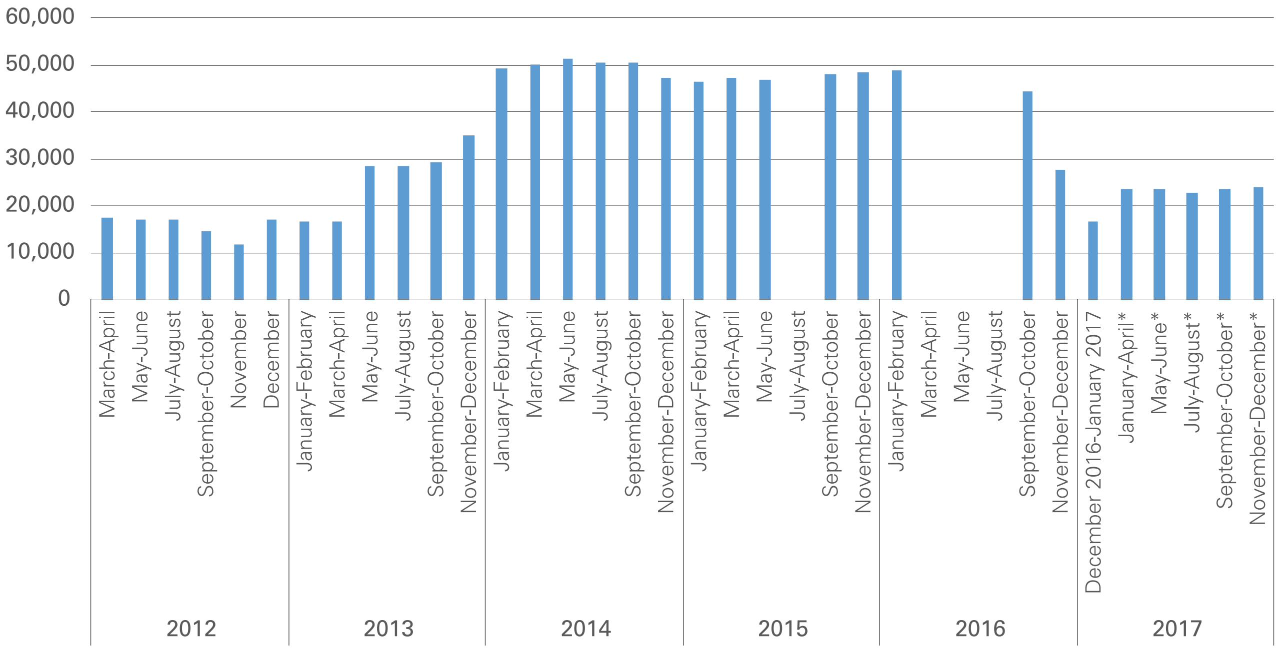


As depicted in Figure 2, in 2017, the government allocated and released USD 7 million – four times more than any previous government financing of the HSCT. However, this release only happened at the end of the year. It is intended to reach households in districts that have been dropped due to financing challenges. Sustaining this commitment in 2018 and beyond, and ensuring that allocations are released in a timely manner, will be a priority.

HSCT Scale-down in response to funding challenges

There have been considerable variations across programme years in the number of beneficiaries receiving HSCT benefits and in transfer amounts, as depicted in Annex 1. At the start of the programme, approximately 200,000 households were identified as extremely poor and labour-constrained, and thus eligible for HSCT. Out of these 200,000 households, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset) aspired to reach 100,000 households. As depicted in figure 3, the number of HSCT beneficiaries increased between 2012 and 2014, when the programme reached a peak of 55,509 registered households[2] in 19 districts. The number of districts covered was based on the available donor funds for the period, with the intention of ensuring that the same number of beneficiaries could be reached for the entirety of the Child Protection Fund (CPF) phase 1.

Figure 3. Number of beneficiaries paid by payment period



* This excludes Zvimba district with a little more than 4,000 households that was set to commence on e-payments in August 2017.

2. Though 55,509 households were registered at the peak of the registration in early 2014, the number of households paid at any given point reached a maximum of 51,327 in the May-June 2014 payment cycle.

Despite the lack of matching funds released from government budgets, donor funding enabled the programme to continue to reach approximately 50,000 beneficiary households per payment cycle in much of 2014 and 2015. However, CPF I ended in late-2015, and although the CPF II had already been developed in September of that year, it was only approved in July 2016. As a result, HSCT payments were discontinued at the height of the El Niño drought, with a six month payment gap between March and August 2016, as illustrated in Figure 3. When payments resumed in September 2016 under CPF II, all households received a lump-sum back-payment to cover the missed months. While this helped the households to recover from the missed payments, households faced dramatic difficulties in maintaining consumption patterns established during the time they were receiving regular and predictable payments.

Furthermore, the number of beneficiary households under the CPF II has been drastically reduced, with just 29,000 households in eight districts expected to receive HSCT benefits going forward.[3] Although funds provided under CPF II are almost equivalent to what was provided under CPF I, the size of the HSCT programme at the start of CPF II was much larger, covering 19 districts as opposed to 10 at the initiative of CPF I. Following a budget review, a decision was taken by UNICEF, donors and government to prioritize a longer guaranteed period of support to a smaller number of households, and the number of covered districts under CPF II was thus reduced to eight. Households in the remaining 11 districts were expected to be supported through domestic investment. However, while this investment is slowly coming through, it has thus far been erratic and inadequate to achieve a regular and consistent payment.

Parallel systems for emergency response

When HSCT funds were discontinued during 2016, Zimbabwe was in the midst of the El Niño drought, which affected an estimated 4.1 million people. Considering the targeting criteria of the HSCT, these households were likely to be among the most vulnerable households during the drought. Although additional funding became available for cash transfer programmes through the humanitarian response, these resources were not used to provide support through the HSCT programme.

Eight of the 19 HSCT districts were among those declared to require urgent humanitarian action. Among those eight, three were selected for humanitarian cash transfer interventions. While the HSCT could have been used as a platform for a scaled-up cash response to the drought through its pre-registered households in need of support in these three districts, the HSCT was not used. Instead, the response was delivered through programmes with different targeting criteria and different monitoring systems, rendering it impossible to determine if HSCT households were being reached.

Donors have indicated that the primary reason for not using humanitarian funds to address the HSCT funding gap was a mismatch of districts identified through humanitarian assessments and HSCT districts. Though the HSCT household registration and proxy means test data is comprehensive for the 19 programme districts, it does not include information on vulnerable households in the other 46 social welfare administrative districts in Zimbabwe. Furthermore, coordination of the emergency cash response through the social protection system was weak, and NGOs, UN agencies, and humanitarian response partners set up parallel systems to deliver food and cash support to vulnerable households.

3. The payment labelled "January 2017*" in Figure 2 represents a one-time humanitarian payment for households which were dropped under the CPF II.

Conclusion and Recommendations

Although the HSCT has proven to serve as a safety net for the poorest and most vulnerable households, continued positive effects are at risk of disappearing unless sustainable, long-term funding is identified. Further, the HSCT has the potential to serve as a platform for a rapid and efficient humanitarian cash transfer response, but for that to become reality there is a need for improved coordination among partners implementing social protection and humanitarian cash interventions, as well as investments in the shock-responsiveness of the social protection system. This should be led by the government of Zimbabwe and actively promoted by UNICEF.

To ensure consistent and equitable support to vulnerable households in Zimbabwe, there is a need to:

- Develop a comprehensive sustainability and resource mobilisation strategy for the HSCT, which includes a dedicated investment case for social protection and identification of areas where fiscal space can be realized;
- Conduct a thorough review of the wider social protection portfolio in Zimbabwe, and identify areas for streamlining and efficiency and impact gains;
- To support the case for both additional funding and the use of the HSCT for shock response, undertake a return on investment analysis of response through the HSCT and through parallel humanitarian cash transfer programmes;
- Strengthen the HSCT system, with priority to investments which improve targeting accuracy, increase cost effectiveness, improve the efficiency and regularity of payments, and allow for vertical and horizontal expansion in case of shocks;
- Review options for contingency financing for HSCT, particularly for expansion during shocks;
- Advocate for the release of the full government budget commitment at the start of the fiscal year;
- Disseminate evidence generated by the Transfer Project on the impact and multiplier effects of social protection, to help shape the view of social protection as a long-term investment rather than a cost;
- Under the leadership of the government, improve donor alignment and coordination of social protection interventions and humanitarian cash transfers;
- Encourage adherence with targeting criteria, benefit levels, and information management responses which are agreed in a coordinated fashion in advance of shocks and crises; and
- In times of shock, ensure explicit and prioritized inclusion of HSCT households in the humanitarian caseload (where HSCT and humanitarian response districts overlap).

Annex 1. Number of eligible beneficiaries, beneficiaries paid, and payment amount by distribution cycle

	Payment Cycle	Eligible Beneficiaries	Beneficiaries Paid	Average Payment per Household (US$)
2012	March-April	19,864	17,319	42
	May-June	18,916	17,102	44
	July-August	18,586	17,167	51
	September-October	18,583	14,683	49
	November	18,523	11,943	47
	December	18,246	17,209	67
2013	January-February	17,947	16,825	47
	March-April	17,885	16,722	45
	May-June	31,021	28,408	45
	July-August	30,930	28,554	46
	September-October	30,858	29,372	46
	November-December	37,297	35,160	44
2014	January-February	55,509	49,264	44
	March-April	54,920	50,203	46
	May-June	54,046	51,327	45
	July-August	53,121	50,576	44
	September-October	52,752	50,405	44
	November-December	52,525	47,263	44
2015	January-February	51,869	46,565	46
	March-April	52,308	47,359	46
	May-June	52,089	46,845	46
	July-August	52,011	0	0
	September-October	52,011	47,838	90
	November-December	51,283	48,546	48
2016	January-February	51,148	49,021	45
	March-April	50,909	0	0
	May-June	50,909	0	0
	July-August	50,909	0	0
	September-October	50,909	44,404	86
	November-December	29,995	27,472	37
2017	December 2016-January 2017	18,848	16,632	45
	January-April*	25,750	23,719	92
	May-June*	25,437	23,748	49
	July-August*	25,384	22,665	46
	September-October*	25,312	23,780	48
	November-December*	25,194	24,158	46

* This excludes Zvimba district with a little more than 4,000 households that was set to commence on e-payments in August 2017.

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