REPUBLIC OF ZAMBIA

MINISTRY OF COMMUNITY DEVELOPMENT AND SOCIAL WELFARE

THE MULTIPLE CATEGORICAL TARGETING GRANT – A COMPREHENSIVE SUMMARY OF IMPACTS (2011-2014)

Social Cash Transfer Programme Impact Evaluation Series (Randomized Control Trial)

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AIR American Institutes for Research®

SCT Social Cash Transfer

CONTENTS

This policy brief provides a summary of the main impacts generated by Zambia's Multiple Categorical Targeting Grant during the first three years of implementation (2011-2014). The brief provides information about the programme, study design, areas of effects, and areas where there is no evidence of effects.

Poverty: Over the past decade, Zambia achieved macroeconomic stability and recorded a growth rate of over 6% per year. Yet, there has only been a marginal decline in high rates of poverty and malnutrition. In 2010, the headcount rates for overall and extreme poverty remained high at 60.5% and 42%, similar to 2006 levels, whilst the absolute number of people living below the poverty line was increasing with population growth (from 6 million in 1991 to 7.9 million in 2010). Poverty is unevenly distributed nationally with rural areas having a headcount poverty rate of 74%, double the urban poverty rate of 35%, and an extreme poverty rate (58 %) four times higher than that in urban areas (13%). Children are among the most affected by poverty. From the total child population 0-18 years old, 65% lived in poverty in 2010 (and 46% in extreme poverty), representing around 4.6 million children. About 85% of all poor children live in rural areas.

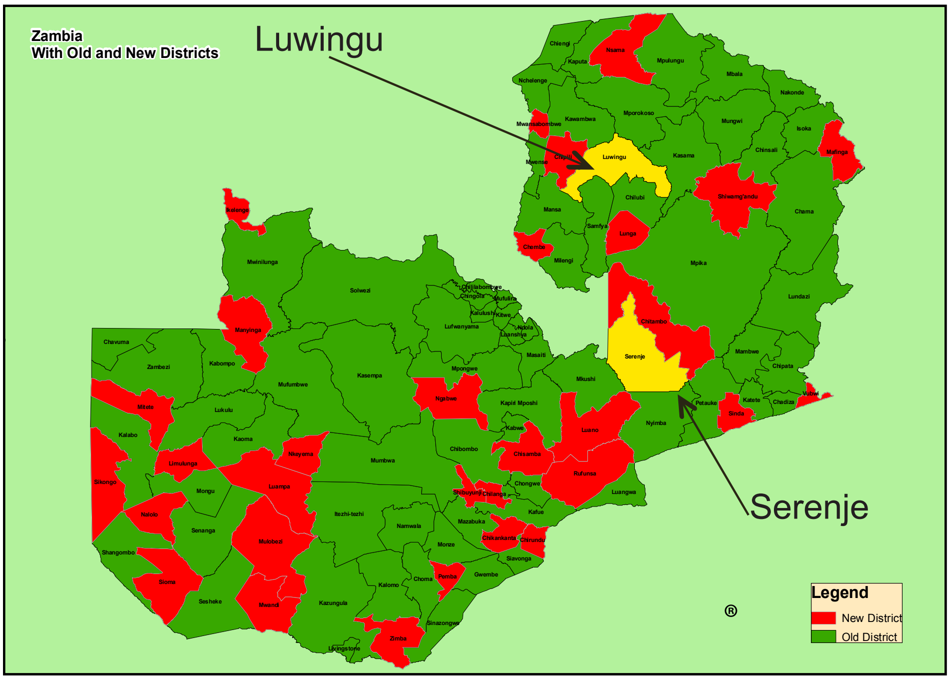
Government response to poverty: Given this backdrop, Government considers Social Protection as a key strategy to support inclusive economic growth, to achieve poverty and vulnerability reduction, and promote equity and fulfilment of human rights. In 2014, Government approved the National Social Protection Policy with an accompanying Implementation Plan for the 2014-2018 period. The policy defines social protection as "*Policies and practices that protect and promote the livelihoods and welfare of people suffering from critical levels of poverty and deprivation and/or are vulnerable to risks and shocks*". The policy's flagship intervention the Social Cash Transfer programme was established in 2003 as a pilot programme and in 2010, a number of cash transfer pilots were brought together under a single programme with a ten-year expansion plan. The latter entailed the introduction of two new grants: a Multiple Categorical Targeting Grant (MCTG) and a Child Grant (CG). Following a significant increase in Government budget allocated to the programme, the overall caseload for the Social Cash Transfers had reached 145,000 households at end 2014 and 185,000 households at end 2015.

The Multiple Categorical Targeting Grant: The Multiple Categorical Targeting Grant, initiated in 2011, provides a monthly cash payment to the following type of households: widow-headed households caring for orphans, elderly-headed households caring for orphans, and households with a member with a disability. The overall objective of the MCTG is to reduce poverty and the intergenerational transmission of poverty. Specific objectives include improvements in food security, increased school enrolment and attendance, and increased asset ownership.

At end of 2014, the MCTG reached about 17,700 households in three districts (Zambezi, Serenje, and Luwingu). In 2011, 95% of MCTG recipients in Serenje and Luwingu lived below the extreme poverty line, as defined by the Central Statistics Office, compared with 74% of rural households across the country.

Between 2011 and 2013, the MCTG transferred 60 Kwacha per month to recipient households. In 2014, this amount increased to 70 Kwacha. The amount for recipient households is the same regardless of household size. The average recipient household has five members; thus, the transfer corresponds to 12 Kwacha per person per month. This value was set to provide one meal a day to each member in the average household.

The Evaluation: Alongside the expansion of the SCT programme, the government of Zambia commissioned a randomised controlled trial impact evaluation of the MCTG. The purpose of the evaluation was to generate evidence about the effects of the programme to make a case for cash transfers as a national programme for social protection and to inform the scale-up of the programme. Additionally, the evaluation provides both an opportunity for the government to learn about its programme and to provide accountability for the use of public funds for cash transfers. The impact evaluation was designed and conducted by the American Institutes for Research (AIR). It included 3,076 households from 2 districts (Serenje and Luwingu) with randomized treatment and control groups, a baseline measurement (2011), and repeated post-intervention measures at 24 months (end 2013) and 36 months (end 2014) after the start of programme implementation. The baseline, 24 month, and 36 month waves were conducted at the beginning of the lean season in November/December, when households start to experience food shortage. Given the use of randomization



and the existence of a baseline, differences between the treatment and control groups can be fully attributed to the MCTG rather than to other differences between the two groups.

The findings of the impact evaluation show that the MCTG has a broad range of positive impacts on beneficiary households, including on food security, poverty, child well-being, and productivity. Findings of the evaluation have over the years been used to make changes to programme design and since 2013 to increase budgetary allocations and programme coverage. This briefing note presents an overview of main findings.

The Findings:

Message 1: For every Kwacha transferred, beneficiary households have generated an additional 68 Ngwe through productive impacts

After 3 years of programme implementation, the overall impacts of the programme sum to a value that is greater than the transfer size. The programme was originally designed with the transfer size equal to roughly one additional meal a day for the average family for one month. However, the evaluation revealed that in addition to eating more meals and being more food secure, families are also improving their housing conditions, buying more livestock, buying necessities for children, reducing their debt, and investing in productive activities. Monetizing and aggregating these consumption and non-consumption spending impacts of the MCTG gives an estimated multiplier of 1.68. In other words, each Kwacha transferred is now providing an additional 0.68 Kwacha or roughly 70 percent more in terms of net benefit to the household. These multiplier effects are derived mainly through increased productive activity, including livestock rearing, agricultural production and diversification of income sources into non-farm enterprises.

Multiplier Effect of the MCTG (2011 ZMW)	
Annual value of transfer per household (60 ZMW by 12 months)	720
Expenditure	
Savings	10
Loan repayment	23
Consumption (own produced and purchased)	966
Livestock	183
Productive tools	25
Total Expenditure (consumption + non consumption)	1207
Estimated expenditure multiplier	1.68

Note: Impacts are based on estimated econometric results from all evaluation reports. Where multiple estimates are available from different years, impacts are averaged. Estimate for productive tools is derived by multiplying the average increase in number of tools by estimated prices. Only statistically significant impact estimates are considered. Impacts account for other sources of income besides the MCTG since they are derived from the RCT design. Thus, impacts are entirely attributable to the MCTG. Everything is reported per household per year and deflated to 2011 ZMW, thus accounting for inflation.

Message 2: Cash transfers did not create dependency – they rather empowered households and strengthened their resilience to withstand shocks

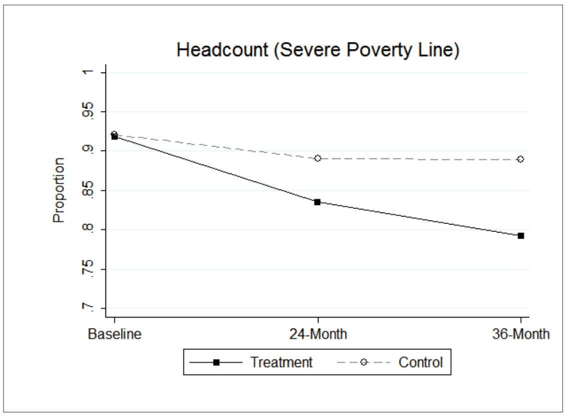
Unconditional cash transfer programs such as the MCTG are often criticized for being a handout, leading to dependency and inducing perverse incentives such as reducing work and increasing the consumption of alcohol and tobacco. However, the multiplier effect of 1.68 generated by the MCTG appears to put to rest the concern that unconditional transfers are a “handout” or that the poor do not use their money wisely. These multiplier effects are derived from underlying investments into productive activities that yield extra income to the household. In the case of the MCTG, the extra income was earned through increased livestock and non-farm activity, as well as from purchases of agricultural inputs that in turn increased crop production. The MCTG also managed to deliver large increases in school enrolment, just as large as or larger than those reported from well-established conditional programs such as Colombia’s *Familias en Accion* and Mexico’s *Progresa* (now called *Prospera*). Moreover, in no survey round did the evaluation find an increase in alcohol or tobacco consumption as a result of the program. Most of the consumption effect of the MCTG goes to food, and in fact allows households to increase their diet diversity by adding more protein to it. All in all, the MCTG, similar to the Child Grant, demonstrates that the common criticisms of cash transfers are simply not true in Zambia. The results also suggest that advocates of conditional cash programs may do an injustice to poor families by imposing conditions. In fact, the results from the CG and MCTG demonstrate how families effectively use unconditional transfers to increase current consumption and to invest in the future of themselves and their children.

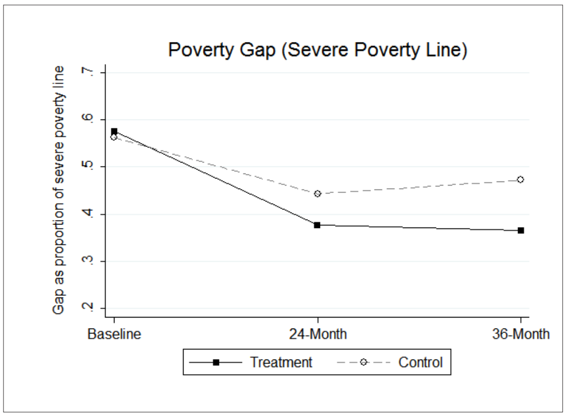
Message 3: The cash transfer reduces the depth of poverty in beneficiary households

Decreased Poverty: Three years into implementation, the programme obtains strong impacts on extreme poverty (a reduction of 9 percentage points) and on the poverty gap (a 12 percentage point reduction), ultimately decreasing the depth of poverty by bringing households closer to the poverty line. The poverty gap measures the difference between a household’s consumption and the extreme poverty line. The gap represents how much below the extreme poverty line a household is situated. In other words, this measure accounts for the distribution of individuals below the line rather than whether individuals moved above the line. The reduction in the poverty gap for MCTG recipients implies that more of the MCTG households are now closer to leaving extreme poverty. Additionally, the programme had greater effects on poverty reduction for those farther below the extreme poverty line.

The figures below show the difference in poverty headcount and poverty gap between the treatment and control group after three years of implementing the programme. Lower numbers indicate less poverty. The treatment and control groups were equivalent at baseline due to randomization.

Differences in Poverty between MCTG Households and Control Group over Time

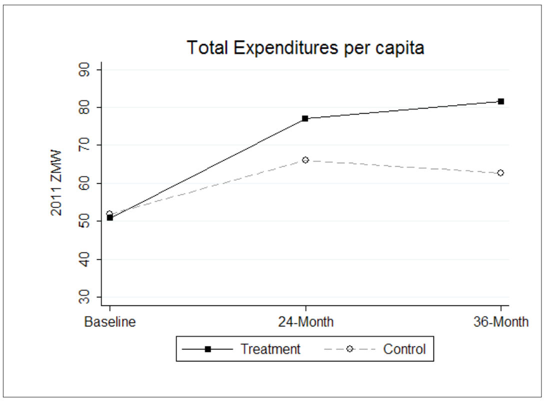


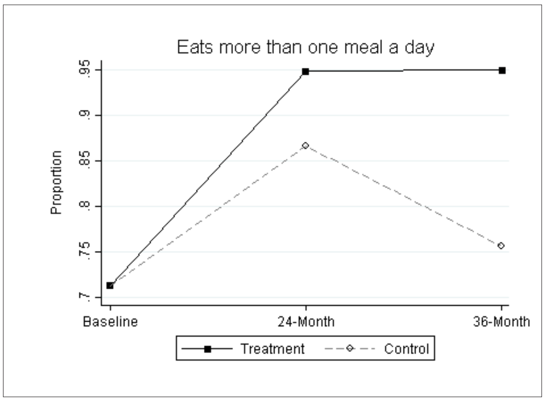


Message 4: The cash transfer helps households to be more food secure throughout the year

Increased Consumption and Food Security: One of the goals of the MCTG is to improve the food security of beneficiary households and specifically increase the percentage of households eating two or more meals per day. The programme has large impacts on consumption (ZMW 19 per capita per month after 3 years, a 37 percent increase), with most of the impact going towards increased food consumption (ZMW 17 per capita per month). The additional consumption of food translates into greater food security. The MCTG increases the percentage of households eating two or more meals per day, with almost all beneficiaries eating two or more meals per day (95 percent) after 36 months of implementation. It is interesting to note that the control group also improved over time, perhaps due to the general improvement in Zambia's economy between 2011 and 2014.

Differences in Consumption between MCTG Households and Control Group over Time





Message 5: The cash transfer improved the living conditions of beneficiary households

Improved Living Conditions: Beneficiaries also use the transfers to purchase items to improve their living conditions. For example, the MCTG induced a 9 percentage point increase in the number of households that own a mosquito net (which now stands at 89 percent). Owning a mosquito net is important for reducing incidences of malaria. The findings also reveal that beneficiaries improved their daily living conditions by purchasing torches or candles to light their home instead of using an open fire. Over half the households used open fire to light their home at baseline (57 percent). The MCTG had an 18 percentage point impact on the number of households using a purchased method to light their home, such as candles or torch, with 82 percent of beneficiary households using a purchased method after three years[1]. Wood smoke from an open fire is very harmful to one's health, especially for children. Thus, the MCTG's impact on reducing the use of an open fire in the home also contributes to reducing health problems caused by wood smoke.

Message 6: The cash transfer increased the number of children who had all their material needs met

Material Needs of Children: There is a large impact on children aged 5-17 years in terms of the extent to which their material needs are met (2 sets of clothing, shoes, and a blanket). In fact, while in a comparable situation at the start of the programme, 63 percent of children in beneficiary households now have all materials needs met compared to 41 percent in control households. The overall material needs indicator is driven by having a pair of shoes, highlighting that money from the cash transfer is used for this children's item in particular

Message 7: Children aged 11-14 and 15-17 who live in a beneficiary household are more likely to be enrolled in school and less likely to drop out than their peers in control households

Impact on Schooling: Unlike the Child Grant (which targets households with children under five years old), the MCTG households have a large number of school-aged children. Thus, the programme has a greater potential to affect education outcomes. The MCTG impacts school enrolment for children aged 11-14 and 15-17 years old, where the risk of drop-out is highest. The overall programme impacts on enrolment are 8 and 11 percentage points for children 11-14 and 15-17 respectively (with enrolment rates standing at 81 percent and 57 percent respectively). For the 11-14 age range, the enrolment effect mostly applies to boys, while the attendance effect is mostly driven by girls. School enrolment for these households tends to decrease at age 13, so the programme is having a positive effect on children during the ages when they are more prone to dropout.

Overall, the evaluation does not find impacts on participation and number of hours spent in unpaid/ paid work for children above 5 years old. This is a positive result because it suggests that the programme's positive impact on agricultural productivity is not occurring because of an increase in child labour.

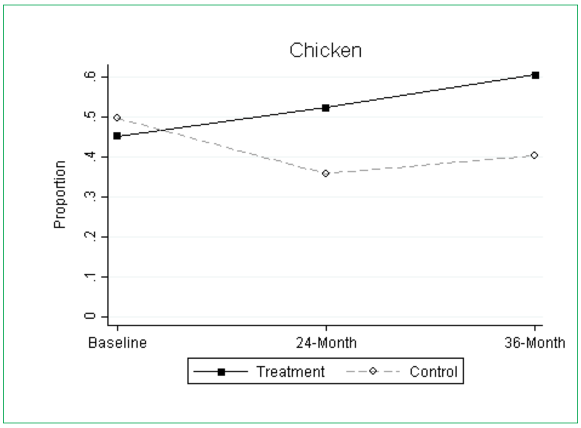
Message 8: The cash transfers increased productivity and asset ownership among beneficiary households.

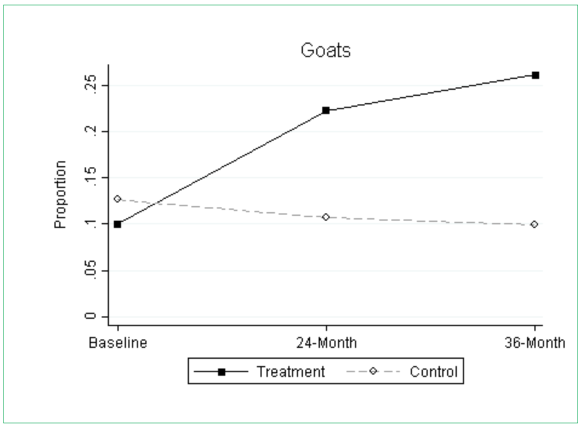
Productive Impacts: The MCTG generates impacts on production activities of beneficiary households, in addition to the poverty, food security, and human capital outcomes discussed. In particular, the MCTG increased asset ownership and farm productivity.

Asset Ownership: Besides reducing debt levels of recipient households, the MCTG enabled them to increase the amount of assets they own, such as livestock and household items. After 36 months, the MCTG demonstrated a positive impact on the ownership of a wide variety of livestock, both in the share of households with livestock and in the total number of animals. As a result of the transfer, the number of recipient households that owned chickens increased by 26 percentage points and for goats it increased by 23 percentage points, with 61 percent of recipient households owning chickens and 26 percent of recipient households owning goats after three years of programme implementation. Households receiving the transfer are more likely to own a bed, a mattress, a charcoal iron, and a radio. For some of these assets, programme impacts are quite large. For example, the proportion of beneficiary households that own a mattress at 36 months is about 51 percent, whereas only 27 percent of control households own a mattress.

[1] The control group also improved over this time explaining the difference between the impact of the programme and the difference between baseline and follow-up. The impact of the programme factors out changes in the control group.

Proportion of households owning chicken and goats





Farm Productivity: The MCTG strengthened existing flows of income through increased farm production The share of households producing maize and groundnuts each increased by 11 percentage points. Additionally, the share of households cultivating beans increased significantly (by 17 percentage points). This production occurred through hiring labour to farm more land. The MCTG had a significant impact on total operated land (which on average increased by 0.16 hectares) and expenditure on inputs, primarily hired labour and fertilizer (20 and 32 Kwacha respectively).

Summary overview of change and programme impact for selected indicators – MCTG summary

	All households at baseline in 2011	SCT households in 2014	Control group households in 2014	Impact of the SCT after 36 months
<u>Poverty</u>				
Proportion of households living below the poverty line (headcount poverty)	92%	79%	89%	**9 percentage points**
Poverty gap ratio (distance to poverty line expressed as % of poverty line)	57%	37%	47%	**12 percentage points**
Per capita expenditure	ZMW 51.35	ZMW 81.23	ZMW 62.50	**ZMW 19.66**
Proportion of households who do *not* consider themselves very poor	33%	65%	39%	**30 percentage points**
Proportion of households who consider themselves better off than 12 months ago	8%	42%	10%	**41 percentage points**
<u>Food Security</u>				
Proportion of households who eat more than one meal a day	71%	95%	76%	**5 percentage points**
Per capita expenditure on food items	ZMW 39.51	ZMW 60.70	ZMW 45.80	**ZMW 16.79**
Food insecurity scale (0-27)	14.67	9.83	12.47	**- 2.69**
Proportion of households that are not severely food insecure	17%	32%	19%	**19 percentage points**
<u>Housing conditions</u>				
Proportion of households with toilet	79%	94%	91%	No impact
Proportion of households with cement floor	6%	5%	5%	No impact
<u>Child well-being: Schooling</u>				
Proportion of 15-17 year old boys & girls enrolled in school	71%	57%	50%	**11 percentage points**
Proportion of 11-14 year old boys enrolled in school	81%	81%	77%	**8 percentage points**
Proportion of 11-14 year old girls enrolled in school	81%	81%	78%	No impact
Proportion of 8-10 year old boys & girls enrolled in school	68%	76%	76%	No impact
<u>Child well-being: basic material needs</u>				
Proportion of children 5-17 years old whose basic material needs are met (i.e. a 2nd set of cloths, a blanket, and shoes)	16%	63%	40%	**28 percentage points**
<u>Adolescent well-being</u>				
Age at first sex		16.5	16.6	No impact
Condom use at first sex		31%	30%	No impact
CES-D Depression Scale (10-30)	17.89	19.24	19.50	No impact
Proportion of adolescents who claim to feel depressed	33%	45%	46%	No impact
<u>Production and economic activity:</u>				
Proportion of households operating a Non-Farm Enterprise		11%	8%	**3 percentage points**
Proportion of households owning chicken	48%	61%	40%	**26 percentage points**
Proportion of households owning goats	11%	26%	10%	**23 percentage points**
Proportion of women holding any savings in the previous 3 months	13%	26%	10%	**18 percentage points**
Volume of home maize production	400 kg	406 kg	417 kg	**127 kg**
Volume of home groundnut production	64 kg	73 kg	46 kg	**37 kg**
Proportion of crops sold	15%	20%	25%	No impact

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