



The broad range of impacts of the Zambia Child Grant model

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THE PROGRAMME

The Social Cash Transfer (SCT) programme is Zambia's flagship social protection cash transfer programme. The Child Grant (CG) model of the SCT, established in 2010 by the Ministry of Community Development, Mother and Child Health, currently reaches 20 000 ultra-poor households in three of the poorest districts of the country: Kalabo, Kaputa and Shangombo. These districts have Zambia's highest rates of mortality, morbidity, stunting and wasting among children less than five years of age. Within these districts, the CG model used a categorical targeting approach by which any household with a child under five was eligible to receive the transfer. At the time of the baseline household survey for this study, which took place in 2010, beneficiary households received 55 Zambian kwacha (ZMK) a month (equivalent to about US\$12) independent of household size, an amount later increased to 60 ZMK a month. The grant represents 28 percent of monthly expenditure by beneficiary households. Given the fixed amount, the transfer is larger in per capita terms for smaller households. Recipients receive the payments every other month through a local pay-point manager. There are no conditions for receiving the money.

The overarching goals of the CG model are to reduce extreme poverty and the intergenerational transfer of poverty. The objectives of the programme are to (i) supplement household income; (ii) increase the number of children in primary school; (iii) reduce the rates of mortality and disease among children under five years of age; (iv) reduce stunting and wasting among children under five; (v) increase the number of households that own assets such as livestock; and (vi) increase the number of households that are able to eat a second meal each day.

THE EVALUATION

The impact evaluation used a mixed-methods approach. A quantitative analysis, carried out by American Institutes for Research and Palm Associates, was based on a randomized control trial, which included several levels of selection, and was integrated into the targeting process. This yielded a study sample of more than 2500 households.

Baseline data were collected in October/November 2010, before the random assignment of the 90 CWACs to beneficiary and control groups. The random selection was concluded with the flip of a coin and was carried out in public with local officials, ministry staff and community members present. Half of the selected communities were

assigned to the beneficiary group and began receiving benefits in December of 2010. The other half initially served as the control group and was scheduled to start receiving the CG model at the end of 2013. Follow-up survey fieldwork took place in 2012 at the same time of year to avoid seasonality bias.



A LEWIE (Local Economy Wide Impact Evaluation) model was used to simulate the impact of the CG model on the local economy. The model uses baseline and follow-up household survey data combined with a business enterprise survey and the national Living Conditions Measurement Survey (LCMS).

RESULTS

Increase in consumption expenditure

The CG model had a large impact on overall consumption expenditures, which increase by more than the per capita value of the transfer. Most of the increased spending by CG model recipients was used for food (76 percent), followed by health and hygiene (7 percent), clothing (6 percent) and transportation/communication (6 percent). Within food spending, the CG model significantly increased both cereals and meats, and dairy, as well as sugars, oils and fats, and pulses. Overall the GC model led to an increase in dietary diversity.

Reduction of poverty and food insecurity

The programme reduced the incidence of extreme poverty by 5.4 percentage points. However, the largest impacts were on the poverty gap index (10.0 percentage points) and the squared poverty gap index (10.8 percentage points), which measure the distance of the households from the poverty line. The CG model increased the ratio of households eating at least two meals per day by eight percentage points, with almost everyone able to eat two or more meals per day (97 percent). The programme increased the number of households that were not severely food insecure by 18 percentage points.

Impacts on children

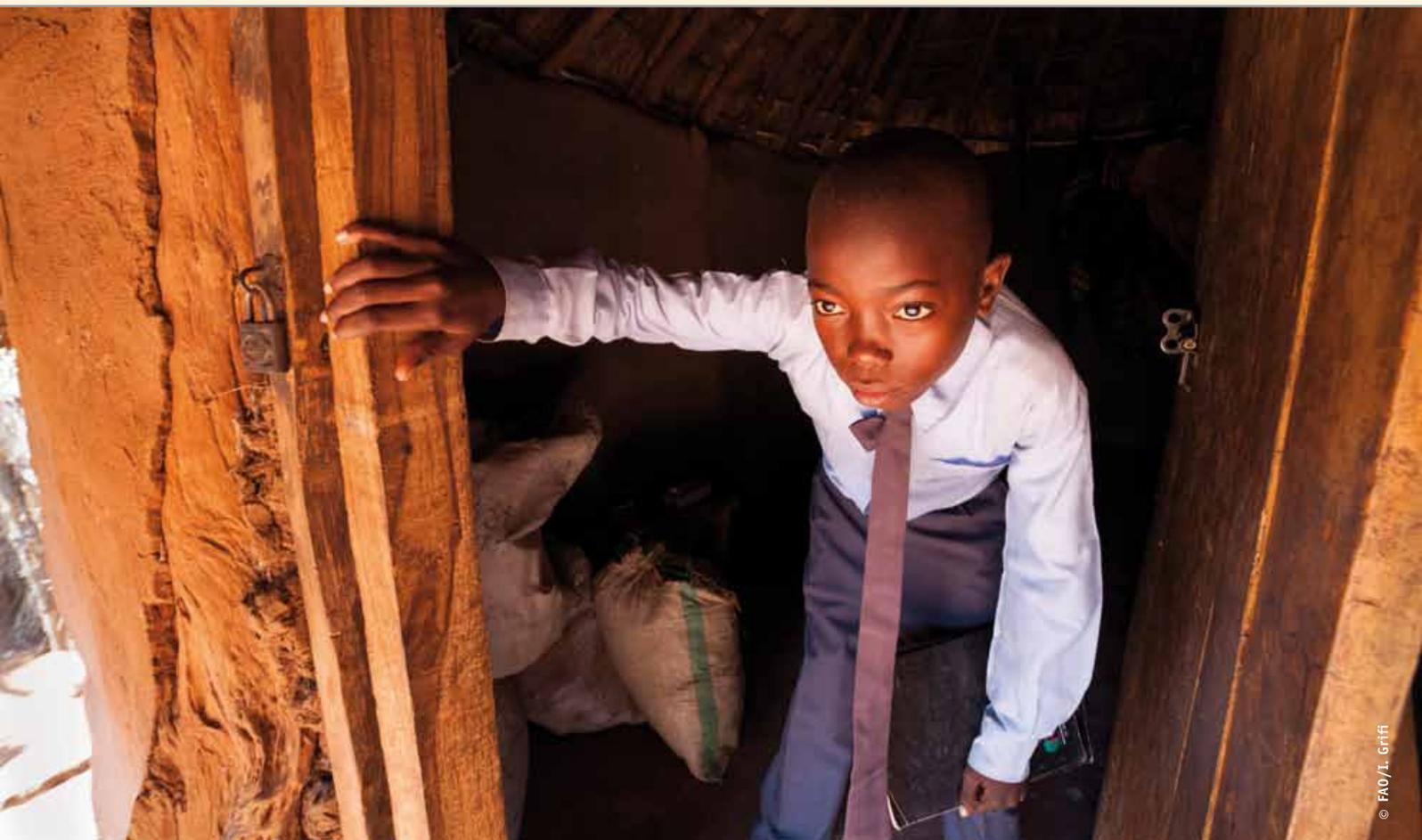
The CG model succeeded in reducing the incidence of diarrhoea by 4.9 percentage points in children under five years old but had no impact on other young child health outcomes, including curative or preventative health seeking. For children over the

age of five, the programme led to increased material well-being, with a 33 percentage point increase in the number of children who have all three needs met (shoes, second set of clothing, and a blanket). There were generally no impacts on education or health among this group. However, the programme increased school enrolment and attendance for children with less well-educated mothers.

Impact on household agricultural production

The CG model had major impacts on crop and livestock production. The programme increased the amount of land under production by 36 percent. It also increased expenditure on agricultural inputs, such as seeds, fertilizer and hired labour, by an average of 18 percentage points, the expenditure by smaller households increasing by 22 percentage points.

The increased use of agricultural inputs had a positive effect on the value of aggregate production. The CG model increased the average



harvest value by ZMK 146 per year, a 37 percent increase from the baseline. The programme led to an eight percentage point increase in the share of large households growing maize and a four percentage point increase in the share of small households producing rice. The increase in production was destined for the market: the share of beneficiary households selling their crops grew by 12 percentage points (more than a 50 percent increase from the baseline) and there was no apparent increase in the consumption of food produced on farm.

The programme also increased the production of livestock. The CG model had a positive impact on animal ownership, both in terms of the share of households newly owning livestock (up by 21 percentage points from 48 percent at baseline) and in the total number of goats and poultry owned by beneficiaries. Further, beneficiary households made approximately twice the number of purchases and sales of livestock compared to control households.

Impacts on labour supply

The CG model led to shifts in the labour supply since beneficiaries were able to stop working on other people's farms as wage labourers and to focus on their own farm and non-farm enterprises. The share of beneficiary households operating a non-agricultural enterprise increased by 17 percentage points compared to control households. Moreover, the programme also increased the number of months of business operation, the value of total monthly revenues and profits and the share of households owning business assets. The CG model reduced the share of households with an adult engaged in wage labour by nine percentage points, an impact that was stronger for working-age females. Most of the reduction occurred in agricultural wage labour, where individuals worked 14 fewer days overall yearly. This effect was offset by significant increases in own-farm labour (20 days overall) and own non-farm enterprise (1.6 days weekly). The programme did not have any impact on child wage labour.

Impacts on savings and debt repayments

The CG model beneficiary households showed an increase in savings and tendency to pay off their loans. While a large share of households were able to accumulate savings in the form of cash, the amounts saved were most significant in the smaller-sized households. The share of households making loan repayments also increased, the amount of the repayment being most significant in the larger households.

Potentially positive impact on the local economy

When beneficiaries spend cash transfers, they pass on the benefits to others both inside and outside of the local economy, most often to households that are not eligible for the cash transfer because they tend to own the majority of the local businesses. The transfers are used to purchase goods and services, much of which is produced locally, and which stimulates demand and increases sales and profits for businesses. The CGP's LEWIE model

found that if households spend the transfer in the same way that they spend other cash, the transfers would lead to relatively large income multipliers. Every ZMK that is transferred to poor households has the potential to raise local income by ZMK 1.79. Beneficiary households would receive the value of the transfer plus an extra ZMK .17, for a total of ZMK 1.17. Non-beneficiary households would receive the bulk of the indirect benefit, or ZMK 0.62 for each ZMK received by the beneficiary households.

However, if land and capital constraints limit the supply response, higher demand for local commodities may put upward pressure on prices, which would result in a real-income multiplier that is lower than the nominal multiplier. While no evidence of CGP-induced price increases was found, if they were to occur, the real income multiplier of the programme could be as low as ZMK 1.34. Complementary programmes that increase the supply response (such as by providing credit to invest in capital and improving access to agricultural services) could increase the real-income and production impacts of the CGP.

OPERATIONAL PERFORMANCE

On the whole, the CG model has been successfully implemented. Beneficiaries received the correct payments on schedule (only one delayed payment occurred in Shangombo in two years). They were able to access the money at no cost and with relative ease and did not report experiencing unethical solicitations. Although recipients

understood the eligibility criteria for the programme, they did have some misunderstanding about the conditions required to remain in the CGP, with many thinking that they needed to spend the money to feed or clothe their children whereas there were no such requirements. The study suggests that such perceptions by the recipients could influence the impact of the programme.



REFERENCES

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The **From PROTECTION to PRODUCTION (PtoP)** programme, jointly implemented by FAO and UNICEF, is contributing to the generation of solid evidence on the impact of cash transfer programmes in Sub-Saharan Africa. PtoP seeks to understand the potential effects of such programmes on food security, nutrition, as well as their contribution to rural livelihoods and economic growth at household and community levels in Ethiopia, Ghana, Kenya, Malawi, Lesotho, Zambia and Zimbabwe.

