SOCIAL SAFETY NETS FOR POVERTY ALLEVIATION IN SOUTHERN AFRICA

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ABBREVIATIONS

CBPP	Contagious Bovine Pleuro-Pneumonia
CEP	Community Employment Programme [South Africa]
CfW	Cash-for-Work
CPS	Cash Paymaster Services [Namibia]
CSO	Central Statistics Office [Namibia, Zambia]
DDA	District Development Advisor [Zambia]
DDSP-WP	District Development Support Programme - Western Province [Zambia]
DFID	Department for International Development [UK]
DPPC	Disaster Prevention and Preparedness Commission [Ethiopia]
DRD	Directorate of Rural Development [Namibia]
EGS	Employment Guarantee Scheme [Maharashtra, India]
ESCOR	Economic and Social Committee for Overseas Research [UK]
EU	European Union
FAO	Food and Agricultural Organisation of the United Nations
FDI	Foreign Direct Investment
FfW	Food-for-Work
FHANIS	Food, Health and Nutrition Information System [Zambia]
GAPVU	*Gabinete de Apoio à População Vulnerável* [Mozambique]
GDP	Gross Domestic Product
GNP	Gross National Product
GTZ	*Deutsche Gesellschaft fur Technische Zusammenarbeit*
HAP	Human Awareness Programme
HDI	Human Development Index
IDS	Institute of Development Studies
IFPRI	International Food Policy Research Institute
ILO	International Labour Office
IGAs	Income Generating Activities
INAS	*Instituto Nacional de Acção Social* [Mozambique]
MAFF	Ministry of Agriculture, Fisheries and Food [Zambia]
MCH	Maternal-Child Health clinic
MICAS	Ministry for Coordination of Social Action [Mozambique]
MNG	Mongu Nutrition Group
MMD	Movement for Multi-Party Democracy [Zambia]
MPF	Ministry of Planning and Finance [Mozambique]
MPU	Micro-Projects Unit [Zambia]
Mt	Meticais [Mozambique]
NGO	Non-Governmental Organisation
NEPRU	Namibian Economic Policy Research Unit [Namibia]
NISER	National Institute for Social and Economic Research [Namibia]
NPC	National Planning Commission [Namibia]
N$	Namibia Dollar
PAM	Programme Against Malnutrition [Zambia]
PAMSCAD	Programme of Actions to Mitigate the Social Costs of Adjustment
PAU	Poverty Alleviation Unit [Mozambique]
PRA	Participatory Rural Appraisal
PRE	*Programa de Reabilitacao Economica* [Mozambique]
PRES	*Programa de Reabilitacao Economica e Social* [Mozambique]

PWAS	Public Welfare Assistance Scheme
RNE	Royal Netherlands Embassy
RRA	Rapid Rural Appraisal
SAIRR	South African Institute of Race Relations
SAP	Structural Adjustment Programme
SDA	Social Dimensions of Adjustment
SSD	Social Sciences Division [Namibia]
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children’s Fund
UNDP	United Nations Development Programme
UNRISD	United Nations Reseach Institute for Social Development
WFP	World Food Programme
WPCU	Western Province Co-operative Union [Zambia]
WLSA	Women and Law In Southern Africa [Mozambique]
YWCA	Young Women’s Christian Association

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- Poverty Research Programme Research Methods Seminar at IDS Sussex, October 1997 (paper presented: *'Alternative Approaches to Assessing the Impacts of Anti-Poverty Interventions'*);
- Poverty Research Programme Work-in-Progress Seminar at IDS Sussex, December 1998 (paper presented: *'Targeting Transfers and Safety Nets'*);
- *International Conference, 'What Can Be Done About Poverty?' at IDS Sussex, July 1998 (paper presented: *'Conceptualising Anti-poverty Programmes and Targeting Women in Sub-Saharan Africa'*);
- *Dissemination Workshop for the Zambian case study of this research project in Western Province, Zambia in October 1998 (paper presented: *'Cash-for-Work Impact Assessment in Western Province: Findings and policy implications'*);
- Dissemination Workshop for the Namibia case study of this research project at the University of Namibia in December 1999 (paper presented: *'Social Pensions in Namibia: Survey findings and policy implications'*);
- DFID Economist Group Seminar in London in June 1999 (paper presented: *'Social Safety Nets in Southern Africa'*);
- ODI/DFID Inter-Agency Workshop on Social Protection at Easthampstead in March 2000 (paper presented: *'Targeting Social Protection Policies and Programmes: Case study examples of issues'*).

Apart from these presentations, a paper based on findings from this research study, titled *'Targeting Transfers: Innovative solutions to familiar problems'*, was published in the April 1999 IDS Bulletin. That paper is annexed to this report, as are the conference paper and workshop report asterisked above.

CHAPTER ONE - INTRODUCTION

This research report is the principal output of a multi-country study examining alternative social safety nets for poverty alleviation in southern Africa. Funding support was provided by the Economic and Social Committee for Overseas Research (ESCOR) in the British Government's Department for International Development (DFID). The project leader was Dr Stephen Devereux, a Research Fellow of the Institute of Development Studies at the University of Sussex. The research model was collaborative, and three country teams participated in the research in southern Africa. The respective Country Researchers were Dr Ben Fuller, Deputy Head of the Social Sciences Division at the University of Namibia; Mr Belmiro Rodolfo, Research Director at ISRI - the *Instituto Superior de Relações Internacionais* - in Mozambique; and Ms Nangana Simwinji, an independent food security consultant from Western Province, Zambia.

Research Objectives

The overall goal of this research project was to enhance the livelihoods of poor and vulnerable people in sub-Saharan Africa, through providing information that would assist policymakers in designing new or improved social safety nets to deliver cash transfers to targeted beneficiaries. This project contributes to this goal by undertaking holistic impact assessments of the effectiveness and broader consequences of three contrasting safety net programmes in southern Africa - 'GAPVU' in urban Mozambique, social pensions in Namibia, and cash-for-work in rural Zambia. Comparative lessons can be drawn across these countries and for sub-Saharan Africa more generally, where many other countries are considering or are already implementing comparable social safety net interventions.

The programmes selected for analysis were introduced as public (government or donor initiated) responses to the disruptive consequences of market liberalisation, drought, civil war and chronic poverty. All three interventions were initially assessed as 'successful' but were subsequently subject to critical reassessment and review following the emergence of problems in each case.

In ***Mozambique***, where *GAPVU* was initially regarded as a uniquely successful urban welfare programme in Africa, evidence of rampant fraud and corruption led to its temporary closure in 1997 and the re-registration of beneficiaries.

In ***Namibia***, the delivery of *social pensions* was privatised in 1996, in an attempt to reduce security risks and rising fiscal costs to the state, and in 1999 a proposal to means test the social pension was tabled in parliament.

In ***Zambia***, the debate on *public works* is currently high on the policy agenda, with some donors arguing that food-for-work is the most appropriate response to drought while others advocate cash-for-work to promote market liberalisation.

Despite being near neighbours, the three countries selected have implemented social safety net programmes with distinctive features that make them instructive to compare and contrast. Whereas Namibia is one of the wealthiest countries in Africa, Mozambique and Zambia are two of the poorest countries in the world. This fact constrains the options available to Mozambique and Zambia, which could not afford Namibia's non-contributory pension without substantial long-term donor support. The three countries have suffered a range of socioeconomic shocks in recent years, including droughts (Namibia, Zambia and Mozambique), civil conflict (Mozambique until 1992 and Namibia until 1990), and structural adjustment (Zambia and Mozambique). The safety net programmes currently in place provide vital support to thousands of poor households, including those who have suffered most directly from these livelihood shocks. These programmes also reflect three very different targeting mechanisms: means testing (poverty) in Mozambique, indicator-based (age) in Namibia, and self-targeting (a work requirement) in Zambia.

Table 1.1. ***Characteristics of selected social safety net programmes***

Country	Safety Net Intervention	Targeting Mechanism	Targeting Indicator	Coverage
Mozambique	Cash transfer	Means testing	Poverty	Urban
Namibia	Social pension	Characteristic	Old age	Nationwide
Zambia	Cash-for-work	Self-targeting	Low wages	Rural

Primary data collection was undertaken for this project in all three countries. In each case, some secondary data was available. In Mozambique, two assessments of the functioning and impact of GAPVU already existed (Schubert 1995, Datt *et al.* 1996), though they focused on different issues to the present study. In Namibia, no systematic study of the pension system had been undertaken, but data on pensions were collected in the National Household Income and Expenditure Survey (CSO 1996), and in regional baseline surveys, some of which were implemented by the Rural Research Programme at the University of Namibia which I headed from 1993 to 1995. In western Zambia, an interim evaluation of the cash-for-work programme was carried out in late 1996 by a team which included myself and the Zambia Country Researcher (Broersma, Devereux, Mubiana and Simwinji 1997).

Policy Context

During the 1980s, economic constraints and the fiscal austerity associated with structural adjustment programmes motivated a policy shift throughout Africa, away from expensive open-ended programmes of support for the poor - such as universal consumer food price subsidies - towards targeted programmes which came to be categorised as 'social safety nets'. Along with labour-intensive growth and investment in human capital, ‘transfers and safety nets’ was the third prong of the poverty reduction strategy for the 1990s proposed by the 1990 World Development Report (World Bank 1990). Safety net programmes transfer cash or food to low-income individuals or households who face threats to their livelihoods. A literature review for UNICEF defined ‘social safety nets’ as "institutions and regularised practices which serve to protect individuals from remaining or falling below a defined minimum standard of living" (Reddy 1996:3).

The theoretical case for social safety nets is persuasive. An effective safety net reduces the risk to vulnerable individuals following a covariate or idiosyncratic livelihood shock - whether climatic (drought), economic (structural adjustment), political (civil war), or demographic (retirement). Safety nets have the potential to reduce poverty and food insecurity, in addition to their livelihood protection function (i.e., they can promote as well as protect entitlements). To the extent that all transfers - in cash or in kind - are fungible components of household income, they can be invested in education or productive activities, and they are often redistributed among a wider group, such as the beneficiary's extended family. However, empirical evidence on these 'second round impacts' of transfers is sketchy and anecdotal, particularly for sub-Saharan Africa. This research investigates both the investment and redistributive uses of transfer income, as well as their consumption impact.

A powerful 'real world' argument against safety nets is their cost. Critics point out that only relatively wealthy, highly unequal and/or very small countries have the fiscal base needed to implement a state-funded social security system (such as a non-contributory social pension for the elderly, which in sub-Saharan Africa is found only in South Africa, Namibia and Botswana). In low-income countries with large populations and poorly developed infrastructure, regular cash transfers to millions of people are financially and logistically unfeasible. In such contexts the need for safety nets is much greater than in countries that can afford them, but resource constraints necessitate targeting of welfarist interventions.

Thus Mozambique's cash transfer programme (GAPVU) is targeted only on the urban poor, using a combination of proxy indicators ('vulnerable groups') and means testing (low incomes), while public works programmes in Zambia and elsewhere rely on self-targeting (through paying low wages), to keep programme costs within budgetary constraints. On the other hand, the 'invisible cost' of this rationing of resources through targeting is the exclusion from programme benefits of needy individuals who do not meet the targeting criteria. To the extent that this exclusion restricts the coverage of safety net interventions, it also limits their anti-poverty impact.

Theoretical and Empirical Context

The literature on social safety nets divides into two broad categories: theoretical and empirical. The early theoretical literature was narrowly conceived and placed excessive emphasis on issues such as the extent to which public transfers ‘crowd out’ private transfers, with the policy correlate that publicly funded social safety nets may be largely unnecessary, since the poor have elaborate and adequate survival strategies of their own. A preliminary trawl of the literature found no studies which situated social safety nets within a conceptual model of household behaviour; tested the model's predictions by examining the impact of particular interventions; and evaluated the design and delivery of a specific intervention with reference not only to its own objectives but also in terms of beneficiaries' articulated needs and responses. (Note that the present study examines these issues without attempting to develop or test a particular model.) More recently, the theoretical terrain within which social safety nets is located has expanded to embrace such concepts as ‘social risk management’ (World Bank) and ‘social protection’ (DFID). These contributions to the discourse will be examined in the following chapter.

The empirical literature on social safety nets is dominated by design and management issues, such as targeting, coverage, leakages, and fiscal and political sustainability. Unresolved debates in this literature include: which targeting mechanism is most effective (self-targeting, means testing, or characteristic targeting); what is the appropriate ratio of administrative costs to resource transfers (as our Mozambique case study demonstrates, a low α-ratio increases transfer levels and numbers of beneficiaries but also raises the potential for fraud and corruption); the merits of alternative resources transferred (cash, food, or non-food commodities); and the implications for programme sustainability of public financing and delivery *versus* private delivery and external funding models. In chronically poor countries, domestic resource constraints often necessitate a reliance on donor support - food and non-food aid is the dominant source of financing for most safety net programmes in sub-Saharan Africa - but externally funded programmes raise questions about financial sustainability (as illustrated by our Zambian case study) and political commitment. It is also argued that they act as a disincentive for domestic mobilisation of resources and may, for example, discourage redistributive taxing.

Case study evaluations of specific interventions tend to focus more on effective delivery of resources than on impacts on beneficiaries. One of the arguments of this research project, which provides epistemological justification for the ‘holistic impact assessment’ methodology developed in Chapter 3, is that monitoring and evaluation of social safety nets is driven by technocratic concerns rather than a serious attempt to understand how interventions impact on the livelihoods of beneficiaries and of the broader social groups (households, families and communities) within which programme beneficiaries are socially and economically embedded. It is this perceived gap in the impact assessment literature that motivated this research project and is the empirical focus of this report.

Research Questions

During the 1990s, a proliferation of social safety net interventions were implemented throughout sub-Saharan Africa, typically initiated by governments with donor support, to protect poor and vulnerable citizens from adverse shocks associated with *inter alia*, drought, structural adjustment and civil conflict. Since most of these programmes are still relatively new, there is little agreement on key questions such as: how to target transfers so as to maximise coverage of the chronic or transitory poor while minimising leakages to the non-poor; which safety nets are most cost-effective; and which interventions have the greatest impact, both as a short term safety net and on long term poverty reduction. Few in-depth impact assessments have been conducted to date. Instead, monitoring and evaluation activities have tended to concentrate on design and management issues rather than on the holistic impact of cash transfers on beneficiaries and their communities.

Specific objectives of the present research address both clusters of questions - delivery and impact. 'Delivery' issues address the effectiveness of the programme from the design and implementation perspective, while 'impact' issues examine the contribution of the programme to reducing the poverty and vulnerability of beneficiaries and their families.

On the **delivery** side, the research hypothesises that ***social safety net programmes could be better designed and more effectively implemented, for maximum impact on poverty alleviation and poverty reduction***. This hypothesis was tested in fieldwork in each country by seeking answers to the following questions:

- how well ***targeted*** is each safety net, in terms of reaching the intended beneficiaries and minimising leakages to ineligible beneficiaries?
- how ***cost-effective*** is the intervention, in terms of its alpha-ratio (the proportion of total project budget paid out to beneficiaries), and other indicators of actual and opportunity costs?
- what is the ***coverage*** of the safety net, in terms of vulnerable groups who are either included or excluded from receiving benefits by the eligibility criteria?
- what processes of consultation and ***participation*** of intended beneficiaries informed the design and implementation of the safety net programme?

On the **impact** side, the research hypothesises that ***social safety net transfers have wider impacts than is commonly supposed, in terms of non-consumption uses of resources transferred, numbers of direct plus indirect beneficiaries, and social impacts on participating communities***. To test this hypothesis, a ‘multiple impact’ and 'extended beneficiary’ analysis methodology was developed (see Chapter 3), and impacts were investigated at several levels:

- ***individual*** - what is the direct impact of the transfer on the beneficiary, in terms of reducing poverty or vulnerability, and how are transfers allocated between immediate consumption needs, longer term productive investment and precautionary savings?
- ***household*** - to what extent do transfers 'trickle down' to other household members ('extended entitlements' analysis), and how does the safety net programme impact on intrahousehold issues such as gender relations?
- ***extended family*** - are private transfers such as remittances 'crowded out' by public transfers, or do public transfers support risk-spreading strategies such as 'split households', thus strengthening the extended family's overall well-being?
- ***community*** - what benefits do communities derive from safety net interventions, such as public works infrastructure, stimulus to trade, and income multipliers?

Structure of the Report

This research report is structured as follows. Chapter 2 introduces the conceptual framework that was developed for this research project, which applies Sen’s concepts of ‘entitlement protection’ and ‘entitlement promotion’ to anti-poverty policies. Chapter 3 elaborates the ‘holistic impact assessment’ methodology that was devised for the fieldwork.

The following three chapters present the substantive research findings, and are sequenced alphabetically by country. Chapter 4 considers 'GAPVU' in Mozambique, Chapter 5 investigates the social pension in Namibia, and Chapter 6 presents the data on cash-for-work in western Zambia. Chapter 7 draws comparisons and contrasts across the three case studies, and concludes with implications for policy. References are divided into theoretical and country-specific sources. There are five Annexes: the first presents the research instuments as designed and administered in the fieldwork; the second lists the key informants interviewed in each country; while the next three are papers arising from this research study - a conference paper, a workshop report, and a journal article.

CHAPTER TWO - CONCEPTUAL FRAMEWORK [1]

This chapter develops schematically a simple analytical framework which draws on Sen's entitlement approach in order to highlight distinctions between three categories of anti-poverty interventions: livelihood promotion, livelihood protection, and social safety nets (defined here as livelihood protecting or livelihood promoting interventions which compensate for state-contingent income declines). A number of conceptual and terminological questions emerge from this analytical approach, and the chapter continues with discussions of the non-separability of livelihood promotion and livelihood protection in reality, and of the disempowering implications of terms such as 'beneficiaries'.

Determinants of Poverty

Different groups of poor people are poor for different reasons, and each set of causal factors implies different remedial actions. This section first categorises three determinants of poverty, before matching these against their appropriate anti-poverty interventions.

Poverty and vulnerability - and their preferred opposites, affluence and livelihood security - are determined by interactions between *individual characteristics* and *external circumstances*. Every individual has a unique combination of ability to work and skills to sell - though some people are poor precisely because they have no labour power at all - but the extent to which this combination of strength and skills is converted into a viable livelihood is determined by the diverse economic, sociocultural, physical and political environments within which people live. The majority of the world's adults generate their livelihoods by labouring to produce food or earn a regular income. It is often remarked that labour is 'the poor's most abundant asset' - indeed, labour power may be the only productive asset that poor people own. Poverty for these people can be attributed simply to an inability to generate adequate returns to their labour. Lipton (1988:16,22) argues that "it is useful to analyse poverty as low *transformation capacity* of labour into food … Labour productivity is normally the main difference, as between large groups of households, in their effectiveness in converting a year's work into a year's income."

For our purposes a narrow definition of income or consumption poverty is implied, since the focus of this chapter is on targeted interventions that transfer cash, productive assets or consumption goods to people identified as facing consumption or income deficits.[2] This chapter argues that the determinants of involuntary income or consumption poverty can be disaggregated into three clusters of factors, two resulting from low or insecure returns to effort, the third reflecting an inability to work for a living at all. The three clusters are:

- ***low productivity*** - inadequate returns to labour and other income-generating inputs;
- ***vulnerability*** - risks and consequences of sudden collapses in income and consumption;
- ***dependency*** - inability to generate an independent livelihood due to inability to work.

The first and second clusters - *low productivity* and *vulnerability* - are often related to factors beyond the immediate control of the individuals concerned. Millions of people all over the world are unemployed or underemployed, being trapped in low-income livelihoods such as petty trading in the informal sector. (Alamgir (1980:17) memorably described the economy of rural Bangladesh

1 An earlier version of this chapter was presented at an IDS conference on poverty in 1998 (Devereux 1998a). It was subsequently revised and has benefited from comments by Sarah Cook, John Hoddinott, Naomi Hossain, Simon Maxwell, Neil McCulloch, Mick Moore and Howard White.

2 Chambers (1997:45-46) makes a powerful case against the inherent reductionism of 'poverty-line thinking', and argues instead for a broader understanding of 'deprivation', of which income-poverty is only one component. While agreeing entirely with the spirit of this argument, it remains the case that policymakers continue to work with narrow, economistic notions of poverty, and for that reason this report will work with these notions. For a discussion of narrow and broad definitions of poverty, see Baulch (1996).

as a "low-level poverty equilibrium ... in which the majority of the population seem trapped".) Millions more are engaged in occupations - such as rainfed agriculture - that are vulnerable to dramatic variability in returns from one season or year to the next. Poverty in these circumstances is further exacerbated by food price seasonality.

Low productivity causes *chronic poverty* and is related to low returns to labour, land and capital, while vulnerability causes *transitory poverty*, following sudden collapses in returns to these inputs (precipitated, say, by drought, retrenchment, or hyper-inflation). These 'external circumstances' can be affected only marginally by the expression of individual agency by the poor - though a sizeable literature exists on how the poor 'cope' with these structural constraints and livelihood shocks.[3] Some causes of low productivity poverty result from 'personal characteristics' rather than external circumstances, an example being illness such as malaria which debilitates farmers and reduces food crop production.

The third cluster of factors, *dependency*, arises entirely from personal characteristics which render an individual incapable of earning an independent living - that is, they are unable to generate adequate returns to their own labour, due to physical or mental disability, extreme youth or old age. All societies have both economically active members and dependents, the latter being defined as people who are economically dependent on the former.[4] They survive by being cared for within their families or communities,[5] by institutional provision from the state, by charity or by begging (which is a form of work). Although dependence on the state and other institutions for livelihood support is a clear indicator of poverty, dependents are found in both poor and non-poor households, so dependency and poverty are not synonymous. Infants are not regarded as poor simply because they cannot work, and children are not generally targeted for transfers unless they live in poor households or have no providers caring for them (e.g. street children or AIDS orphans). As one category of factors closely associated with poverty, therefore, dependency itself must be carefully deconstructed. Also, interactions are possible between the 'circumstances' and 'characteristics' categories. A natural disaster can leave economically active adults disabled and no longer capable of work, for example.

It is, arguably, a failure to demarcate clearly the 'circumstances' and 'characteristics' causal categories - particularly the stark contrast between 'low productivity' and 'no productivity' - that has resulted in a proliferation of terms in the literature for different categories of poor people. Yet at the same time confusion and lack of clarity surrounds these categorisations. Thus 'the poor' are variously contrasted with the 'absolutely poor', the 'core poor', or 'the poorest of the poor', yet the logical or empirical basis for distinguishing one group of poor people from another is rarely spelt out. One notable exception is Lipton's much adopted bifurcation of the 'poor' *versus* the 'ultra-poor' (Lipton 1988), which also implies a discrete distinction between poor groups, and in fact Lipton asserted that there are 'non-linearities' in poverty, meaning that the 'ultra-poor' are qualitatively different from the 'poor'. Empirically, however, this distinction is based not on discrete characteristics but on cut-off points along a continuous distribution of proportionate expenditures on food.[6] Recently, some aid agencies have drawn an explicit distinction between the

3 Two caveats: *unionisation* enables groups of workers to campaign for higher wages and better working conditions (but this requires mobilisation of individuals into groups); and *education* is regarded as a trampoline out of poverty (but access to appropriate, quality education is often constrained for the poor, and if the economy is weak its capacity to absorb educated school-leavers can represent a severe disincentive for the poor to invest in their children's education).

4 At the household level, the 'dependency ratio' is defined as the ratio of 'productive' to 'nonproductive' household members, or the number of 'producers' (income earners) in relation to 'consumers (i.e. total household size). Dependency can also arise from behaviour that appears to 'choose' poverty, such as voluntary unemployment (rather than an inability to find or undertake work). Though this report focuses on 'involuntary' poverty, 'voluntary poverty' can also be accommodated in the 'dependency' category of our analytical framework.

5 Drèze and Sen (1989:11) label the intrahousehold redistribution of resources from 'productive' to 'non-productive' members 'extended entitlements'; while Devereux (1993) prefers the term 'dependency entitlements'.

6 "People who spend 80 percent or more on food; yet fulfil less than 80 percent of the average calorie requirements for their age, sex and activity groups" are *ultra-poor*. "People spending 70 percent or

'non-productive' *versus* 'potentially productive' poor, the implication being that interventions such as microcredit should be targeted at the latter group rather than the former.[7] It is to such implications of alternative conceptualisations of the poor for anti-poverty interventions that this chapter turns next.

Anti-Poverty Interventions

The distinctions drawn above help to clarify both distinct clusters of causality factors and the most appropriate anti-poverty interventions for each cluster. Redistributive interventions that address unfavourable circumstances seek to create, restore or enhance returns to labour. Examples include (respectively) public works projects to generate employment opportunities for able-bodied adults; distribution of agricultural inputs for post-drought rehabilitation; and microcredit to alleviate capital constraints for small entrepreneurs.

Whereas unfavourable circumstances can often be addressed by interventions that reduce poverty and vulnerability sustainably, adverse personal characteristics are often permanent and irreversible.[8] Redistributive interventions that address dependency therefore tend to be of the 'social welfare' rather than 'productivity enhancing' variety. In some cases this takes the form of a direct transfer to the target group (as in disability grants and state pensions) while in other cases the transfer is mediated through economically active relatives (as with supplementary feeding for infants that is delivered to mothers). Another example is provided by the Employment Generation Scheme in Ethiopia, where workers receive variable food rations according to the size of their households. As a rule of thumb, at least 80% of all food aid is channelled through this food-for-work programme and no more than 20% is transferred directly to 'vulnerable groups' who are unable to work; the assumption being that most categories of dependents are living in households with relatives who are working and looking after them (Sharp 1997). As Leslie (1995:118) observes: "The difference between being the intended target and being the intended beneficiary of an intervention is significant."

Table 2.1 summarises the above discussion. The table shows that poverty which is caused by low productivity or vulnerability (chronically low returns or transitorily low returns following sudden collapses in returns to effort) can be redressed through interventions that raise or restore returns to effort. Low productivity is best addressed through productivity-enhancing interventions, while vulnerability is best addressed in the short term through safety nets, which can take the form of (temporary) direct cash or in-kind transfers, attempts to restore collapsed livelihoods, or the creation of new livelihood opportunities. (In the longer term, vulnerability should be reduced by interventions that reduce risk and variability, an example being the introduction of irrigation which raises crop yields and reduces agricultural vulnerability to drought.) Conversely, as previously noted, dependency can not be eradicated or 'solved' by productivity-enhancing interventions, and invariably requires direct 'social welfare' transfers. As Herring (1998:6) observes: "For poverty resulting from individual infirmities - debilitating illness, mental incompetence, age, physical disabilities - public works or asset redistribution would be inappropriate but transfer payments certainly work."

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more of income on food, and meeting 80-100 percent of requirements" are *poor* but not *ultra-poor* (Lipton 1988:8-9). These definitions are derived from Engel's Law, which asserts that spending on food as a proportion of total expenditure falls as income rises.

7 In 1996, DANIDA issued a general operational guideline which stated that, if economic growth is to be promoted for purposes of poverty reduction, the poorest 10-15% of the population should not be targeted except for welfare transfers (Bob Baulch, personal communication).

8 One exception is the category of 'youth' (infants and children), most of whom will grow up to be economically active, losing their dependency status and acquiring dependents of their own.

Table 2.1. ***Categorising poverty and anti-poverty interventions***

Poverty Problem	Anti-Poverty Intervention
Low productivity (chronically low returns to labour)	**Income generation** (productivity-enhancing interventions)
Vulnerability (transitorily low returns to labour)	**Safety nets** (direct transfers or productivity-restoring interventions)
Dependency (inability to work)	**Social welfare** (direct transfers)

A Conceptual Framework for Anti-Poverty Interventions

This chapter differentiates between two sets of public policy alternatives: interventions aimed at 'livelihood promotion' and those designed to achieve 'livelihood protection'.[9] This distinction is analogous to that drawn by Drèze and Sen (1989) between 'entitlement promotion' and 'entitlement protection' strategies.[10] Drèze and Sen's terminology elaborates on Sen's (1981) argument that all (legal) sources of food are derived from four categories of 'entitlement': production-based (notably agriculture), trade-based (exchange or sale of commodities), own labour-based (sale of one's labour power), and inheritance and transfers (gifts). This framework is extremely useful in terms of identifying precisely how anti-poverty interventions impact on livelihoods, and for that reason the four entitlement categories form the basis of the schematic conceptual framework that is developed below.[11]

The 'new poverty agenda', as elaborated in the 1990 World Development Report, drew attention to a category of interventions labelled 'safety nets', which at first sight seems to fit neatly into the 'livelihood protection' category, but in fact could have livelihood protection or promotion impacts:

- *livelihood promoting* interventions (e.g. microcredit) attempt to give people a 'hand up' out of poverty by sustainably raising their income-generating potential;
- *livelihood protecting* 'handouts' (e.g. disability grants) provide consumption support to people subsisting below a given poverty line, either chronically (the 'core poor') or temporarily (the 'transient poor'); the latter giving rise to a subset of interventions:
- *social safety nets* (e.g. emergency food aid delivered through public works projects) are livelihood protecting interventions that support vulnerable people whose incomes decline suddenly, but they can also have longer term livelihood promoting impacts.

9 For our purposes we adopt the narrow income-based definition of livelihoods favoured by Lipton: "A 'livelihood' is a set of flows of income, from hired employment, self-employment, remittances or (usually in developing rural areas) from a seasonally and annually variable combination of all these" (Ahmed with Lipton 1997:6). These three components share obvious overlaps with the four 'entitlement' categories.

10 The terminologies are not, however, interchangeable. Entitlement protection is narrower than livelihood protection, since it refers only to the *social safety net* function - not to lifting people out of *chronic poverty* towards a defined poverty line, but rather to preventing people from falling below this poverty line from an initial state of *non-poverty*.

11 Although Sen developed the concept of 'entitlement' to analyse access to food - its principal application being the analysis of famines - the entitlement approach has been applied to other contexts, including intrahousehold allocations of household resources, and access to natural resources in rural communities (see Leach *et al.* 1997 on 'environmental entitlements'). Precedents do exist, therefore, for adapting the concept of entitlements to non-food contexts.

Economists would describe the distinction between livelihood promoting and livelihood protecting interventions as being between 'mean-shifting' and 'smoothing' of incomes, where 'mean-shifting' interventions permanently raise the average income of individuals and 'smoothing' interventions compensate for or reduce fluctuations in income. Whereas income smoothing corresponds closely to safety net interventions, the distinction is not neat and unambiguous: long-term social welfare payments (such as disability grants and pensions, for instance) can be categorised as mean-shifting rather than income smoothing, because these transfers shift mean incomes permanently. Also, since smoothing interventions are responses to risk - i.e. they are activated by adverse changes in status - welfare transfers to the chronically poor (the disabled, the retired) must be categorised as mean-shifting; while smoothing interventions address transitory poverty only.

Many alternative categorisations of anti-poverty instruments are possible. Guhan (1995:92) proposes: "*promotional* measures that aim to improve endowments, exchange entitlements, real incomes and social consumption; *preventive* measures that seek more directly to avert deprivation in specific ways; and *protective* (or safety-net) measures that are yet more specific in their objective of guaranteeing relief from deprivation." The World Bank (1997:55) divides "social protection" for the vulnerable into *social insurance* programmes such as unemployment benefits and pensions which "aim to support people who - for reasons of age, the business cycle, or other circumstances - are outside the wage economy for some part of their lives", and *social assistance* programmes which "aim to help the poorest in society, those who are barely able to support themselves".[12]

Safety nets differ from other anti-poverty interventions in their focus on the prior position of the target group. Specifically, safety nets are concerned with *vulnerability* rather than with *chronic poverty*. While chronically poor individuals are unable to maintain a minimum living standard with the resources at their disposal, vulnerable individuals are above the 'poverty line' (however defined) initially, but face risks to their livelihoods which could drop them below the line without an intervening safety net to cushion their fall. Vulnerability is regarded here as a composite concept having two dimensions - *exposure* and *susceptibility* - where exposure refers to shocks or threats (i.e. 'covariate' risk factors) and susceptibility is a measure of ability to cope with and recover from shocks (i.e. 'idiosyncratic' risk, which is differentially distributed across individuals depending on, *inter alia*, their physiological status, relative wealth and access to alternative incomes.).[13]

Vulnerability and poverty are not synonymous. While poverty clearly increases *susceptibility* - since ability to cope is related to levels of asset ownership (Moser 1997) - not all vulnerable people are necessarily poor. Even the rich can be *exposed* to risk, an example being the Netherlands famine of 1944, when a trade blockade caused a famine in a wealthy society. Nonetheless, poverty and vulnerability do tend to interact and reinforce each other.

A little remarked feature of the entitlement approach is that three of its four component categories (all except 'inheritance and transfers') are directly concerned with returns to labour or effort, which resonates with the argument above that links poverty with an inability to generate adequate returns to labour power. It follows that livelihood promoting interventions should be targeted only on economically active individuals who are capable of taking advantage of these opportunities. Conversely, livelihood protecting interventions can be targeted either at economically inactive,

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12 The ILO sees this distinction rather differently: "*Social assistance* is defined as benefits in cash or in kinds that are financed by the state (national or local) and that are mostly provided on the basis on a means or income test. The concept also includes universal benefit schemes… *Social insurance* is social security that is financed by contributions and is based on the insurance principle. The essence of insurance is understood here to be the elimination of the uncertain risk of loss for the individual or household" (van Ginneken 1999:6).

13 This formulation follows Chambers (1989:1): "Vulnerability here refers to exposure to contingencies and stress, and difficulty in coping with them. Vulnerability thus has two sides: an external side of risks, shocks, and stress to which an individual is subject; and an internal side which is defencelessness, meaning a lack of means to cope without damaging loss". The paragraph on vulnerability here summarises a longer discussion in Devereux (1998b).

permanently dependent categories or at economically active but vulnerable groups whose livelihoods have been temporarily undermined.

The discussion below considers first livelihood promotion, then livelihood protection, and finally social safety nets.

- ***Livelihood promotion***

Poverty reduction can take one of two forms: reducing the *incidence* of poverty (reducing the headcount numbers of poor people), and reducing the *depth* of poverty (lifting people towards the 'poverty line' without necessarily crossing or even reaching that line).[14] Because of this potential confusion, the term 'livelihood promotion' is preferred here to 'poverty reduction'. Programmes that promote livelihoods raise the living standards of the poor on a *sustainable* or even permanent basis, by impacting on more than immediate consumption. The intention is to generate lasting income enhancements for beneficiaries even after the programme ends and transfers are withdrawn. Examples include infrastructure-creating public works (at the community level); and microcredit projects (at the individual level), where beneficiaries are perceived as facing financial constraints which a loan addresses, ideally by generating sufficient profits to repay the lender and move permanently to a higher level of income.

This approach reflects the view that economically active poor people are poor because they are not sufficiently productive - the returns to their labour inputs and energy expenditure are too low. This is shown in Figure 2.1, where the initial combination of entitlements acquired at time **t1** through production, trade and own-labour is insufficient for the individual or household to attain some minimum level of wellbeing, which might be defined as a 'dollar a day' poverty line or in terms of kilocalorie availability per person. In the absence of outside private assistance or public interventions, the individual or household will either strive to make good the gap through informal transfers (e.g. by begging), or must subsist at an inadequate level of living - the consequences of which will be reflected, *inter alia*, in poor nutrition status, higher infant mortality rates and lower life expectancies.

Sustainable poverty reduction in this context can be achieved only by increasing returns to effort or labour. This implies designing 'livelihood promotion' programmes that lift the chronically poor out of poverty by raising the returns generated by their livelihood systems. Livelihood promoting interventions must address at least one of the three labour-related entitlement categories. *Own-labour entitlements* can be addressed directly by creating employment (as in public works schemes) or by raising wage rates. *Trade-based entitlements* can be raised directly, by providing credit for small enterprises, or indirectly, through changes in the agricultural pricing and regulatory framework which lead to higher prices for crops or livestock sold by farmers.

In rural areas, much attention has focused on raising *production-based entitlements*, mainly by developing and delivering technological interventions that enhance agricultural productivity - high-yielding varieties of seeds, chemical fertilisers, animal or mechanical traction - to resource-poor smallholders. This was the thinking behind agricultural input subsidies in Africa, and the Green Revolution in South Asia. Farmers who successfully adopted improved technologies enjoyed incrased crop yields per unit of land for more or less the same application of labour. This outcome is depicted at time **t2** in Figure 2.1 - the household has raised its production to a level where total income is now at the 'poverty line', while its off-farm income from trading activities and labour sale

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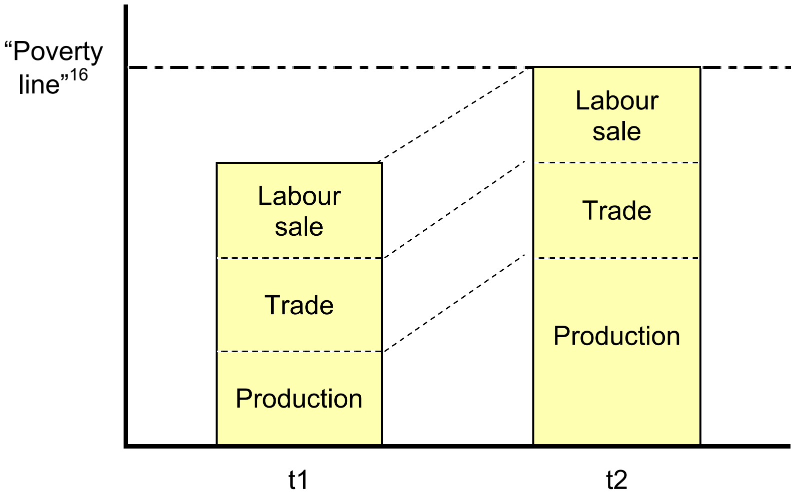
14 In the theoretical poverty literature these are known as the 'headcount' and the 'poverty gap' measures (Atkinson 1995), or P_0 and P_1 respectively. A *poverty line* is a measure of income, consumption or other cut-off indicator below which individuals or households are classified as poor and above which they are not. Commonly used poverty lines include the World Bank's 'dollar a day' (US$1) income measure and consumption-based indicators such as 2,200 kilocalories of food intake per day. Outcome indicators such as child nutrition status (stunting, underweight) or adult nutrition status (Body Mass Index) are less often used. Poverty lines are controversial because they are arbitrary in defining cut-off points and difficult to measure and to interpret, but they are useful in terms of identifying people to target with assistance and for intertemporal and cross-regional or cross-country comparisons.

remains unchanged because no competition for labour time follows from the adoption of new agricultural technologies. If this level of production can be sustained in subsequent seasons, then this household has 'graduated' out of poverty and the total headcount incidence of poverty in the community (and the country) will have fallen.

Figure 2.1. ***Livelihood promotion: 'Green Revolution'*** [15]



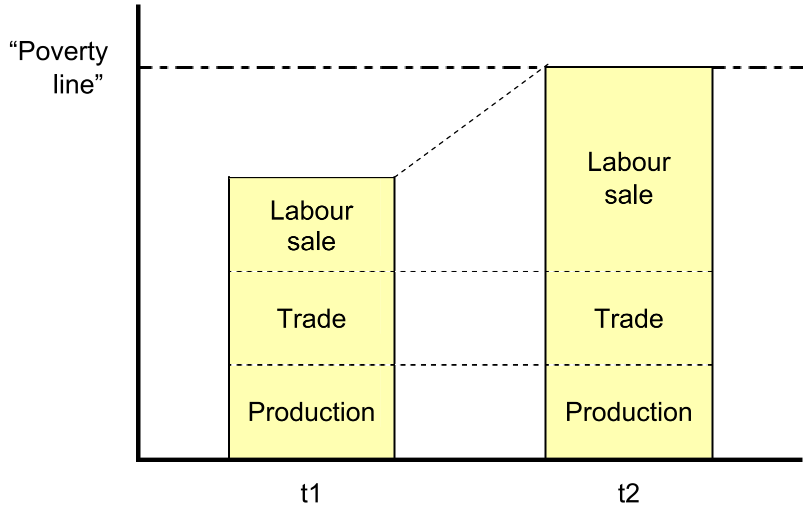
Agricultural production is only one component of a livelihood system, even in 'subsistence-based' rural communities. Another option for policy-makers is to reduce poverty through providing jobs (e.g. public works programmes), or to raise returns to labour by increasing workers' remuneration (e.g. setting a minimum wage). In either case, the effect on livelihoods is to raise *own-labour-based entitlements*, as shown in Figure 2.2 below. The corollary of this argument is equally valid: any intervention which reduces labour time makes people potentially better off because it frees time for labour to be applied to income generating activities elsewhere. If this simple rule is followed then the implications for policy-making are clear: livelihood promoting interventions should strive either to raise returns to labour or to have labour-saving outcomes.

The third possibility (not diagrammed) is to influence *trade-based entitlement*, for example by raising producer prices for export crops so that farmers earn more per unit of production (and labour expended) than before. In Sen's terminology, any movement in relative prices is a positive or negative shift in 'exchange entitlement mapping'. This price interventionism can apply equally to consumer prices - the terms of trade can be improved for the poor by reducing the real cost of essential commodities, especially staple food. A general consumer price subsidy has the effect of reducing the cost of living. (In these diagrams the poverty line would be lower.) Conversely, eliminating food subsidies for consumers without introducing compensatory programmes *raises* the poverty line, so that many households which were previously able to acquire a minimum basket of basic goods and services can no longer do so. If access costs for services such as primary health care and primary education are included in the specification of the poverty line, then introducing user fees has the same effect of raising the poverty line and increasing both the numbers of poor people and the poverty gap for those who were already below the line.

[15] These figures present stylised representations of household livelihood portfolios and the impacts of interventions. Poor households are depicted as engaging in multiple income-generating activities to raise incomes and diversify risks, intervening agencies are assumed to have perfect information about the income status of individual households, and interventions are assumed to be effective in terms of their anti-poverty objectives.

[16] Two limitations of the poverty-line approach should be noted. The first is that its focus on earned income simplifies the complexity of livelihood systems among the poor, which are often derived as much from sources outside the market as within it. The second is that the focus on 'means' (household or per capita income) rather than 'outcomes' (personal well-being) overlooks gender and other dimensions of discrimination against individuals that has nothing to do with incomes.

Figure 2.2. *Livelihood promotion: Employment creation*



❑ *Livelihood protection*

Livelihood protection refers here only to transfers that have an immediate but *temporary* impact on consumption (such as emergency food aid).[17] There are two possible intentions: to raise consumption to a certain level by means of food or income transfers, or to protect consumption levels by restoring incomes when they fall below a minimum standard - in both cases, alleviating the adverse consumption consequences of low incomes. The first case characterises 'social welfare' transfers to chronically poor groups, to bridge chronic consumption deficits. The second case describes 'social safety nets' for the transitorily vulnerable, smoothing consumption during difficult times (an example is unemployment insurance). The distinction reflects the initial position of the transfer recipient: chronically poor in the first instance, acutely vulnerable to sudden collapses of income and consumption in the second case.

Although they are a necessary component of any social welfare system, transfers are rarely sufficient for sustainable livelihood promotion. As a rule, distributing public resources through transfer entitlements - welfare grants or 'handouts' - has the disadvantage of being short-termist and possibly creating dependency, being unlikely to raise beneficiaries above the poverty line on a permanent basis. However, a distinction must be drawn between 'once-off' transfers (e.g. food aid distributed as famine relief) and 'permanent' transfers, which are guaranteed and repeated periodically (e.g. state pensions or unemployment benefits which are paid weekly or monthly). In the latter case, transfers substitute for other regular income flows and can be regarded as having sustainable anti-poverty impacts.

Livelihood protection through social assistance is illustrated in Figure 2.3, in which a transfer represents free additional income to a household whose total earned income is inadequate, but it has no knock-on impact on income derived from other components of the livelihood portfolio. The implication is that as soon as the transfer is removed the individual or household will return to its prior state of chronic poverty.

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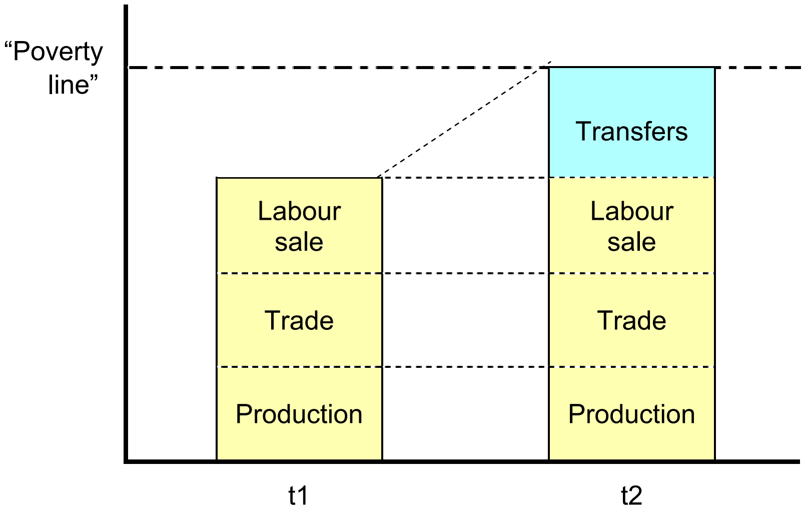
17 Transfers derive from two sources - public and private - which need to be treated separately since this report is concerned with public policy against poverty. 'Public transfers' include welfare programmes implemented by the state, donors or NGOS. 'Private transfers' include informal social security systems or 'moral economy' transfers between households, ranging from intra-family remittances to the redistributive practice of *zakat* within Muslim communities. Interactions between public and private transfers are considered below.

Figure 2.3. ***Livelihood protection: Social assistance***



The crucial difference between Figures 2.1 and 2.2 and Figure 2.3 is that a transfer in itself does not reduce poverty sustainably, because it is not a *livelihood enhancing* intervention. However, it might interact positively with other entitlement categories. Any free 'handout' from a government or donor enters the beneficiary's entitlement set in the transfer category. If it is used simply to top up consumption then that is probably the only impact.[18] But if some of this transfer is diverted to non-consumption uses - for example, if it is invested in agriculture or petty trading - then food production or income earned from trading increases and a second round multiplier effect will be achieved. In this way, a livelihood protecting transfer can have a livelihood promoting outcome.[19]

A concern often raised in connection with public transfers to the poor is the posited disincentive or 'crowding out' effect associated with the substitution of private for public transfers. As Cox and Jimenez (1995:321) argue: "If private and public transfers are close substitutes, an expansion of public income redistribution could prompt a reduction in private transfers, diluting programme effectiveness. For example, wider social security coverage might cause children to cut back private transfers to their retired parents, so that the well-being of retired elderly parents winds up being little affected by public transfers targeted to them." This extreme case of substitution between transfer categories is represented in Figure 2.4, where an attempt by the government to raise an elderly farming couple to the poverty line through a cash transfer (at **t2**) is completely offset by an equivalent reduction in private transfers (at **t3**) from their daughter working in town, leaving the elderly couple no better off than before. (incidentally, however, their daughter, has benefited from the public transfer directed at her parents - a substantial second round effect.)

A similar argument is often levelled against project food aid, such as supplementary feeding and school feeding programmes. The concern is that free meals provided at schools or clinics might simply substitute for meals at home, so that the main benefit from these programmes is in terms of school and clinic attendance, rather than child nutrition (Devereux 1998c). Recent evidence, however, suggests that the 'flypaper effect' (the extent to which a transfer 'sticks' to the intended beneficiary) can be considerable. Jacoby (1997:39) found "virtually no intrahousehold reallocation of calories in response to school feeding programs", implying that children who receive free meals at school are not generally deprived of food at home.

Overall, there appears to be no uniform pattern in the extent of substitution of public for private transfers, and the evidence on intrahousehold redistribution behaviour - notwithstanding Jacoby's findings - is similarly inconclusive. What is certain is that private remittances and 'moral economy'

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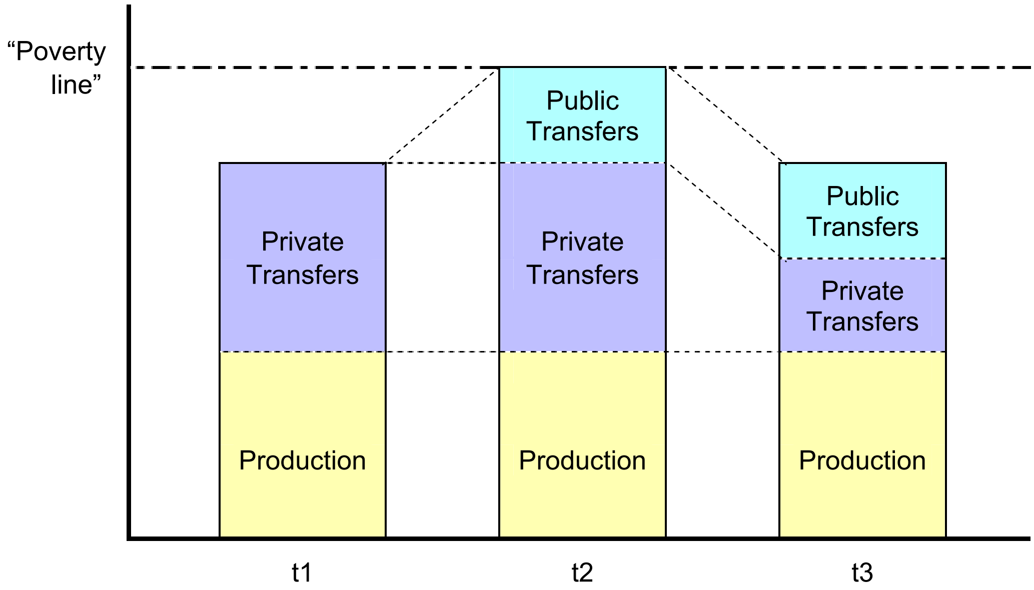
18 There are, of course, significant interactions between consumption and productivity at very low levels of income and food intake (Scrimshaw 1997). This possibility is considered below.

19 Actual examples from our case study interventions are provided in later chapters of this report.

transfers among extended families and community members are greater than is captured by standard household income surveys. Since many of these transfers occur among the poor, a likely consequence of increasing public transfers to the poor is to reduce the extent of private transfers among them. One policy implication is that any intervention which aims to lift beneficiaries out of poverty might need to build an 'overfunding' buffer into its budget (say, 30%) to allow for some behavioural effects on informal social security systems. The corollary of this argument is that private transfers might be predicted to rise in response to cutbacks in public transfers - a reverse substitution between private and public transfers.

Figure 2.4. ***Livelihood protection: 'Crowding out'***



- ***Social safety nets***

In the circus, a safety net catches someone who falls, its function being the prevention of injury or death. If 'social safety nets' are defined analogously, they should be applied only to contexts of situations of sudden income or consumption collapse. The 1990 World Development Report defined safety nets in terms of vulnerability, and it clearly separated out redistributive *income transfers* to chronically poor groups ("the old or disabled") from a system of *income insurance* or *safety nets* for people who are "acutely vulnerable to adverse events". This latter group "requires a safety net - some form of income insurance to help people through short-term stress and calamities" (World Bank 1990:90). So 'transfers' and 'safety nets' are seen as two distinct sets of interventions addressing two discrete sets of people: *transfers* are directed at "those unable to participate in the growth process", while *safety nets* are intended to support "those who may be temporarily in danger when events take an unfavourable turn" (World Bank 1990:101).

A broad definition of vulnerability would cover both categories, but narrow definitions focus on one or the other - the first category is *already poor* (currently vulnerable), the second category is *at risk* of becoming poor (potentially vulnerable). A narrow conceptualisation of safety nets focusing on the second category clearly excludes transfers to 'dependent' groups such as elderly or disabled people, whether or not they were once economically active. Acute poverty which is related to idiosyncratic incapacities should be addressed (if fiscally feasible) by formal *social security* systems, not by short-term safety nets. Conversely, safety nets would be an appropriate support for economically active people who were adversely affected by economic reform processes, such as retrenched civil servants. Since most poor countries lack unemployment insurance, social safety nets should assist them through the 'transitional period' until the restructured economy generates new private sector jobs to absorb those laid off from the public sector. Many social funds were in fact designed to assist retrenched government workers - yet these people are rarely among the poorest members of society. Because of this emphasis, critics such as Vivian (1994) argue that the World Bank's approach to social safety nets is politically motivated rather than poverty focused. 'Compensatory programmes' including social funds and other safety net interventions were primarily intended to mobilise social and political support - or at least to minimise popular opposition - for structural adjustment programmes.

During the 1990s safety nets became more broadly conceived, and the term is now often used interchangeably with 'social security systems' or 'social welfare' programmes. The ILO (1992:4) notes that the term 'safety nets' was initially applied only to "last resort social assistance benefits", notably short-term measures to assist people facing acute stress or calamities, but that the term has acquired a variety of meanings, including general social services as well as temporary "compensatory measures for those suffering as a result of structural adjustment". The World Bank itself now favours broader definitions. "Safety nets are programs which protect a person or household against two adverse outcomes in welfare: chronic incapacity to work and earn (*chronic poverty*); and a decline in this capacity from a marginal situation that provides minimal livelihood for survival with few reserves (*transient poverty*)" (Subbarao *et al.* 1996:2). This two-pronged approach is supported by Lipton (1997:1006), who suggests that safety nets should target "poor people whose health or age prevents work, or who are made unemployed by the vagaries of climate or market demand".[20] - in other words, both the 'working poor' and chronic 'dependents' are covered. According to the World Bank - 1996 version - social safety nets should include:

"(a) social services (health and education in particular),
(b) social insurance programs such as pensions,
(c) all publicly funded transfers (cash transfers such as family allowances, and in-kind transfers such as food subsidies),
(d) income-generation programs targeted to the poor (such as public works)" (Subbarao *et al.* 1996:3).

In my view this expansion of the concept of social safety nets is regrettable, mainly because it is difficult to reconcile the short-term consumption focus of the concept with longer term productive investments. The emphasis for safety nets is on "preventing people from falling into destitution", not on "promoting them out of poverty" (Hoddinott 1996:3). Any definition which conceives of social safety nets as "addressing unmet consumption needs" (Morgan 1996:15) would certainly exclude education and health subsidies or exemptions (investment in human capital), social funds and public works which focus on creating or maintaining infrastructure (investment in physical infrastructure) and institution building (investment in 'social infrastructure'). My preference would be to restrict social safety nets conceptually and operationally to consumption support following income shocks, which would extend to many social insurance and social assistance interventions but not to all categories of social policy (and certainly not to health care or education services).[21] Our definition sees the primary function of safety nets as raising - or smoothing - short term consumption, not necessarily as raising long term consumption.

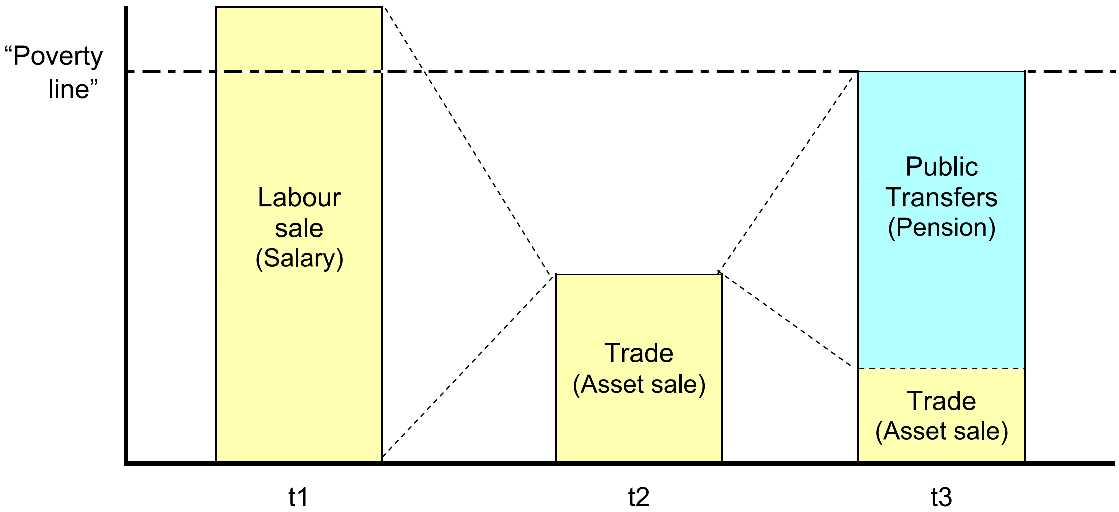
This suggests that social safety nets are a subset of 'livelihood protecting' interventions. The critical determinant is the recipient's prior position. Initially, the household depicted in Figure 2.5 below has an adequate livelihood. The bulk of entitlements derives from waged employment (own-labour), which provides an income sufficient to maintain them comfortably above the poverty line. However, this livelihood is vulnerable to loss of employment - a vulnerability which affects retrenched civil servants (though they are likely to have more resources to fall back on) just as severely as casual labourers who are laid off during a drought.

[20] Lipton (1997:1006) identifies the following categories of social safety nets: "The main types of social safety-nets in low-income countries comprise employment guarantee and other public-works programs; food distribution and other nutrition programs; and microenterprise credit."

[21] Note that this definition is much narrower than that preferred by Subbarao *et al*. It would certainly exclude (a) and would accept (b), (c) and (d) only under certain qualifiers.

Loss of employment income is shown in Figure 2.5 as a collapse of own-labour entitlement from **t1** to **t2** - say a bureaucrat loses his job and, having no other source of income, starts selling assets (say, livestock held as savings) to generate trade-based entitlement instead. But this income is insufficient to cover the household's subsistence needs. The function of social safety net transfers - in this case, social insurance such as unemployment benefit or an early pension - is to compensate people for their loss of labour income. At **t3** in the diagram, the household's livelihood portfolio has completely changed, but it is surviving at the level of the poverty line, because the loss of the household head's own-labour income has been partially offset by a rise in trading and transfer income.

Figure 2.5. ***Social safety nets: Cash transfers*** [22]

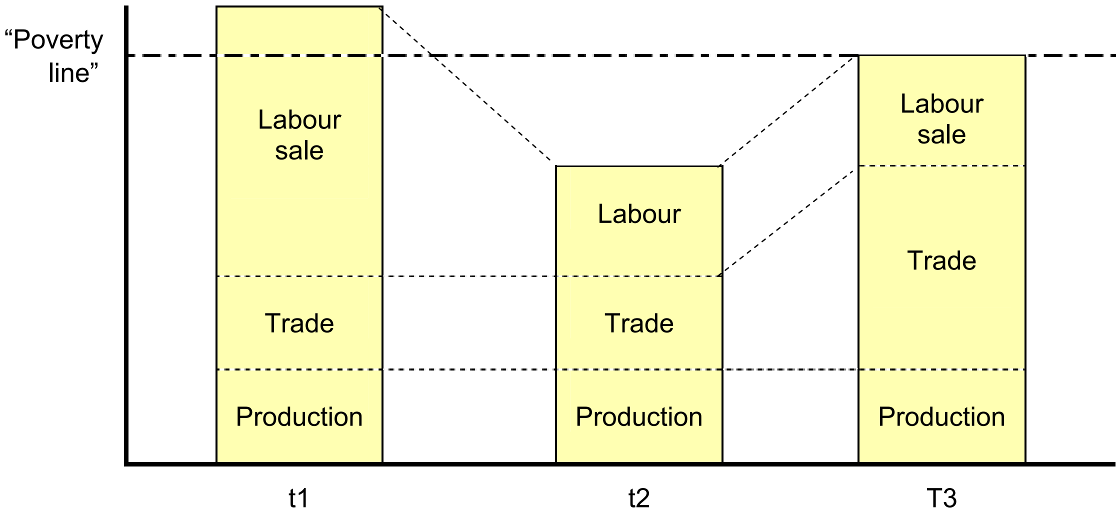


These forms of guaranteed compensation have been described as 'latent entitlements' (Devereux 1993), since they become operational only once other sources of entitlement fail. In most Western democracies unemployment insurance programmes provide a guaranteed source of income from the state for individuals who lose their jobs; all citizens are legally entitled to claim this transfer whenever their circumstances change to make them eligible. This also makes unemployment insurance an excellent example of a safety net: it 'catches' people who fall from employment into unemployment.

Although this argument has emphasised the risk mitigation objective of safety net programmes, in practice safety net transfers can raise incomes in the longer term, achieving poverty reduction as well as poverty alleviation outcomes. Typially this occurs when the intervention has both livelihood protecting and livelihood promoting objectives, not just one or the other. Public works projects, for example, by providing employment rather than free transfers actually raise returns to labour, restoring some of the individual's lost labour income (see Figure 2.2) and simultaneously creating productive community assets. Microcredit for the poor is another intervention which has livelihood protecting 'safety net' origins - it is a popular component of many 'compensatory programmes' - but potentially has livelihood promoting outcomes by raising returns to income-earning activities such as petty trading. This possibility is shown in Figure 2.6 below. In this case, we assume that the bureaucrat and his wife run a small business for which they receive working capital loans through a compensatory programme after the bureaucrat is retrenched. The result is a rise in trade-based income at **t3** rather than in transfer income - strictly speaking, credit has to be repaid so it does not constitute an unconditional cash transfer.

22 In these diagrams some simplifying assumptions about targeting of transfers are implicit. Transfers are assumed to be perfectly targeted on the poor (there are no leakages) and they raise beneficiaries exactly to the poverty line but not above it (there are no 'overfunding' errors). Besley and Kanbur (1993:68) describe this as 'the basic problem and the ideal solution'.

Figure 2.6. ***Social safety nets: Microcredit***



Social safety nets for the rural poor are less commonly observed - and even less commonly 'guaranteed'[23] - but emergency food aid to 'compensate' farmers for production failures provides one obvious example. However, any transfer that involves a labour requirement (e.g. food aid provided through public works) can compete with the application of labour to other activities, reducing the net impact to the extent that incomes derived from these other economic activities are reduced as a consequence of this trade-off.[24]

❑ ***Social protection***

The late 1990s saw a growing disillusion with social safety nets, which were seen as welfarist compensatory mechanisms that reduced the poor to passive recipients of 'handouts' and made no effective contribution to broader development goals or to sustainable poverty reduction.[25] Social funds, for example, which have been implemented in many Latin American and African countries since the 1980s, were intended to be demand-driven at the local level, building on community initiatives and resources, and participatory in design and implementation. However, several independent evaluations of social funds have been cautious or skeptical about their impacts and the extent to which they were genuinely participatory or empowering (Stewart and van der Geest 1995; Tendler with Serrano 1999).

A multi-country process of 'Consultations with the poor' highlighted the importance of income variability and livelihood insecurity as a previously neglected feature of poverty (Brock 1999; Narayan *et al.* 1999). Uncertainty encourages the poor, for whom the cost of downside risk is highest, to adopt risk-spreading strategies that reduce income fluctuations rather than maximising

[23] Not all social safety nets are guaranteed in advance, which is important because the provision of social security might influence behaviour in ways that unguaranteed safety nets will not. Current social security debates in Western democracies revolve around such 'moral hazard' issues as dependency and 'benefit traps', but these incentive effects are less significant in developing countries, where the poor are unlikely to stop working or farming in the expectation that the state or donors will provide for them.

[24] A key assumption in public works programmes is that the participants are unemployed or seasonally underemployed, and rural public works are often scheduled for the dry season specifically to reduce direct competition for participants' labour time with agriculture.

[25] In 1999 the donor community in Malawi designed a 'National Safety Net Programme' that would provide consumption support to up to 40% of the population - drought-affected smallholders, the rural landless, female-headed households, and AIDS orphans - but the Government of Malawi rejected this proposal, arguing that the resources allocated to these interventions would be better spent on more "productive" development programmes (Devereux 2000).

expected returns (Siegel and Alwang 1999), but this behaviour itself, though rational, contributes to keeping poor people poor. In response to these insights, more ambitious approaches have been proposed which would reduce risk and vulnerability *ex ante* rather than being reactive responses to livelihoods shocks *ex post*, and which would address the causes of poverty and vulnerability as well as the consequences.

The (draft) World Development Report 2000/1 on 'Attacking Poverty' focuses on three concepts: empowerment, security, and opportunity (World Bank 2000). The World Bank's 'Social Protection Strategy' incorporates several familiar instruments - labour market interventions, social insurance (including pensions), and social safety nets (including social funds) - that relate to the second of these concepts, but it goes further. Social protection is currently defined by the World Bank as "public interventions to assist individuals, households, and communities better manage risk, and to provide support to the critically poor" (Holzmann and Jørgensen 2000:2).[26] Social protection can therefore be seen as a broader concept than social safety nets, which was the third prong of the 1990 World Development Report on 'Poverty'. The expanded approach invokes 'social risk management' as an underlying conceptual framework. It argues that social protection should move beyond the residualist and reactive nature of conventional safety nets, to reduce and mitigate the risk and insecurity that have recently been recognised as central to the experience of poverty and illbeing.

The ODI proposes a similar definition: "Social protection refers to the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society" (Norton, Conway and Foster 2000:4). This definition addresses two categories of need: absolute poverty or deprivation, and vulnerability of the poor or non-poor to exogenous or life-cycle shocks. In contrast to the inclusive definition favoured by the World Bank, however, the ODI conceptualises social protection almost as narrowly as social safety nets. The ODI's definition refers to "the *protection* of those who fall temporarily or persistently under levels of livelihood deemed acceptable, rather than the *promotion* of a general standard of opportunity and livelihood for all citizens" (Norton *et al.* 2000:4).

Anti-Poverty Programmes in Practice

This section examines some implications of the preceding discussion in terms of applications to actual anti-poverty programmes. The first issue is whether the distinction between 'livelihood protection' and 'livelihood promotion' is valid and robust. This is followed by a consideration of the terminology used in anti-poverty programmes, and its implications for power relations between programme administrators and 'beneficiaries'.

❑ *Are livelihood protection and livelihood promotion separable in reality?*

In the minds of policymakers, livelihood protecting and livelihood promoting interventions are quite distinct. For example, microcredit is supposed to be used to generate additional income, whereas food given out on food-for-work projects is intended to be consumed by workers and their families. The theoretical distinction is between transfers which aim to increase returns to labour and transfers which aim simply to boost immediate consumption. In reality, this distinction is often blurred. One reason for this is the behaviour of transfer recipients, which conditionality - such as paying public works participants in food rather than cash to achieve consumption and nutrition objectives - only partly influences. All resources that enter a household's 'endowment set' are fungible, so they are not necessarily used in ways that programme designers intend or would prefer. Another confounding factor is that transfer programmes often have multiple objectives, which sometimes reinforce but (more often than not) contradict each other.

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26 Elsewhere, the same authors define 'social risk management' as "public measures intended to assist individuals, households, and communities in managing income risks in order to reduce vulnerability, improve consumption smoothing, and enhance equity while contributing to economic development in a participatory manner" (Holzmann and Jørgensen 1999:3).

The present research examines social safety net interventions in three African countries - cash transfers in Namibia and Mozambique (social pensions and GAPVU respectively),[27] and public works (cash-for-work in Zambia). Of these programmes, social pensions and GAPVU can be characterised as livelihood protecting social safety nets. Cash-for-work occupies an intermediate position between 'livelihood protection' and 'livelihood promotion', since the cash payment was intended to provide short-term consumption support while the physical infrastructure created was intended to increase local incomes and food security in the longer term.[28]

The social pension, GAPVU, and the cash-for-work programme are social safety nets in the sense that they 'compensate' people against income shocks associated with old age, destitution caused by war, and drought respectively. However, whereas public works projects insure against a *common* shock (drought); GAPVU and the social pension insure against *idiosyncratic* shocks (destitution, old age). Only the pension scheme is 'insurance' in the sense that it is guaranteed, universal and predictable in advance. Public works in Zambia was an *ad hoc* response to drought by a specific donor and was restricted in its geographical coverage - it was not an employment *guarantee* scheme as is found in parts of India - while GAPVU is discretionary in the sense that certain eligibility criteria must be met and local officials need to authorise registration.

Namibia's social pension is unusual in that it is not linked to retirement from formal employment, so it need not become operational following an income shock - often the pension constitutes 100% additional income. In this sense the social pension is not a *social insurance* transfer as conventional pensions are; instead it is a *social assistance* transfer to a group which is seen as chronically poor, whose poverty and vulnerability are exacerbated by age.[29] The social pension was designed as a livelihood protecting social welfare programme with consumption enhancing objectives. For two reasons, however, a significant proportion of the pension is diverted to non-consumption uses (as will be seen in Chapter 5): first, the level of payment is relatively high, and second, it is untargeted except by age, so that many wealthier recipients treat it as additional rather than 'basic needs' income. These two factors also interact: if the value of the pension was lower, wealthier Namibians would be discouraged from claiming it each month.

Mozambique's GAPVU is another livelihood protecting social welfare programme which has purely consumption enhancing objectives. The level of payment is much lower than Namibia's social pension, and means testing ensures that most beneficiaries are extremely poor (see Chapter 4). As a consequence, a high proportion of this income is used for the intended purpose - most beneficiaries spend all their GAPVU income on food and groceries, while those who invest part of this cash in income-generating activities articulate this as a need to increase the value in order to feed their families better: any profits earned are spent on food.

Like many public works projects, the labour-intensive road project in western Zambia has both livelihood protecting and livelihood promoting objectives: the cash transferred to workers enables drought-affected farmers to purchase food (enhancing short term food security); while building feeder roads integrates markets - bringing food prices down for net food purchasers - and

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27 The 1997 World Development Report claims that social assistance programmes, in the form of cash transfers to the poor, are "nonexistent" in Africa (World Bank 1997:56), but GAPVU and social pensions are classic examples of just such programmes.

28 This dual objective is explicit in Ethiopia's Employment Generation Schemes, which are defined as: "labour-intensive works designed to provide temporary employment for able-bodied people affected by a disaster, or threatened by severe food shortage, who have no other means of livelihood. Subject to the availability of resources, EGS can also be used at other times, in disaster-prone areas, to undertake labour-intensive works which serve to reduce the vulnerability of the communities concerned to disaster" (DPPC 1997:1).

29 South Africa's Social Pensions Ordinance of 1965 (which also applied to Namibia) provided a targeting criterion for disability which is remarkably similar to a contemporary livelihoods-based approach. A citizen was entitled to receive a disability grant if "physical or mental disabilities of a permanent nature render him *[sic]* incapable of deriving from any employment or occupation the means required to enable him to provide adequately for his own maintenance". Conversely: "No person shall be qualified to receive a disability grant if he has the ability and the opportunities to provide adequately for his own maintenance" (Republic of South Africa 1965:14).

stimulates trade, raising income from off-farm activities and enhancing food security in the longer term. Research results (as reported in Chapter 6) suggest that cash transfers on this cash-for-work project are used for a diverse range of consumption purchases, productive investments, and savings. This reflects the wide range of needs that poor households face, the complex strategies that they adopt to maximise the value of scarce resources, and the difficult trade-offs that they must make between immediate needs and longer term viability.

Having set up conceptual distinctions between livelihood protection and livelihood promotion, between livelihood protection and livelihood promotion, and between social safety nets and social welfare or social security, this research finds that these distinctions are artificial in reality. Even at very low levels of income any transfer to individuals or households - whatever the donor's intent - enters the household's basket of resources and can be used for either direct consumption or more economically 'productive' purposes, or more typically in varying proportions (across individuals and over time) of consumption and production. Even if all transfers are immediately consumed, this can have direct and indirect production consequences, either directly enhancing productivity - in cases where the food or cash enhances individual physical power of labour - or indirectly, by releasing resources from consumption needs for productive opportunities.

Engel's curve logic predicts that people spend proportionately more of their incomes on food as incomes fall. This research confirms findings from other studies that poor people are surprisingly entrepreneurial, being inclined to invest even tiny amounts of income transfers in petty trading and other income-generating activities to increase the value of the transfer. This finding does not refute the Engel's curve prediction, since any profits generated are used mainly for food and other basic needs, but it does suggest that a more complex process is at work. Since households are simultaneously investment *and* consumption centres, these categories of behaviour cannot be neatly separated, and anti-poverty interventions should not manipulate or interfere with the interlocking nature of investment and consumption decision-making processes by applying any explicit or implicit conditionality to resource transfers.

Moreover, the existence of (public) social insurance systems, by smoothing income streams irrespective of individual entrepreneurial outcomes, encourages risk-taking behaviour. *Contra* "the view of modern proponents of free-market economics that social security is inimical to economic development", Rothschild (1995:732) points out that early political economists such as Adam Smith, Condorcet and Turgot "were convinced that some sort of minimum income security was a condition for economic development.... Turgot concluded that when the people were so poor as to be subject to periodic crises of their very subsistence, then conditions were unpropitious for enterprise, risk, and stable market institutions." Contemporary economists sometimes express similar views about safety nets, which "are seen as needed, both to mitigate the vulnerability (to droughts and floods, illnesses and twins) of the working poor, and to compensate those too old or ill to work; such security, indeed, can stimulate entrepreneurship and growth" (Lipton 1997:1004).

- ***A note on language, participation, rights and power***

Language in the discourse of policymakers is inextricably connected to praxis. For instance, the terms 'beneficiaries' and 'recipients' are used almost interchangeably in the academic literature and in project documentation. However, these terms are problematic, perhaps even pejorative, in that they imply a hierarchical relationship between project administrators (elite 'uppers') and 'beneficiaries' (subordinate 'lowers') (Chambers 1997). The terminology defines the terms of the exchange between the powerful - in this context, those who control public resources - and the powerless - dependents on gratuitous or subsidised resource transfers. Mozambique's GAPVU programme, for instance, published a bulletin called *'O Beneficiario'*, the title of which relegates GAPVU 'beneficiaries' to passive recipients of income transfers (see Chapter 4).

Another case in point is the social pension in Namibia, which - in a 1998 Amendment to the 1992 National Pensions Act - was renamed the 'basic state grant' as part of a deliberate strategy to exclude wealthier elderly citizens because, according to the government, it is incorrectly regarded by Namibians as a 'right' for everyone over sixty years of age (see Chapter 5). Thus the social pension will no longer be an *entitlement* for all elderly Namibians; instead it will be a *grant* from the state made only to those citizens whom the state deems to be in need of cash assistance. This shift from an 'objective' universal eligibility criterion - everyone over sixty - to a subjective discretionary judgement - 'poor people' over sixty - removes a legal right from Namibian citizens and gives the government unlimited discretion to restrict and limit payments, for instance by progressively tightening the definition of poverty and rigorously enforcing means testing.

Dissonances between language and power emerge starkly in the case of transfers involving work requirements. Someone who labours to build a road on a public works project is surely a 'worker' rather than a 'beneficiary', but workers have rights that are denied to people bearing more passive labels. In South Africa's Community Employment Programme (CEP) this contradiction, between administrators who viewed the CEP as a cash-for-work development project, and the unions who regarded it as a source of employment for their members, led to confrontations over issues such as the wage rate and job security (Everatt *et al.* 1996). These issues have rarely surfaced in public works projects elsewhere in Africa, where workers have internalised the administrators' view of them as 'beneficiaries' of development aid or relief - i.e. as passive recipients of charity from generous donors, rather than as active 'workers' with all the rights *vis-à-vis* their employers that this label and status implies. If the exchange of labour for cash or food confers any rights on the person providing labour, project administrators should recognise these rights, at the very least soliciting and incorporating the views of workers whenever any such anti-poverty intervention is designed and implemented.

The point is that if people are labelled as passive recipients or beneficiaries this disempowers them and allows administrators to design and implement programmes as philanthropic or charitable exercises, where the role of the beneficiary is simply to be grateful. (In our three case studies, attitudes of gratitude and reluctae to criticise or complain were most noticeable among GAPVU respondents in Mozambique.) It is perhaps not surprising, therefore, that all three projects examined for this research revealed a lamentable lack of participation by the people who were intended to benefit - at best, we found evidence of a nominal level of consultation in the Zambian cash-for-work programme (see Chapter 6).

It is, of course, easier to criticise than to suggest alternatives. Other terms like 'client' are currently fashionable but are probably inaccurate. In any event, the problem is not so much with the words themselves as with what these words imply for attitudes and practice. For purposes of this report, people who receive transfers are generally referred to as 'recipients' if the transfer is given for free (as with Mozambique's GAPVU and Namibia's social pension) and as 'participants' if a work requirement is involved (as with Zambia's cash-for-work programme). However, to retain some consistency with the discourse of the programmes being investigated, the term 'beneficiaries' is also used generically to cover either category.

CHAPTER THREE - METHODOLOGY

This research assesses the impacts of three anti-poverty interventions in a broader, more holistic way than is normally the case with conventional project evaluations. This required identifying, developing and implementing alternative approaches to assessing project impacts. In this chapter the methodology that was devised for this purpose is presented in four stages: conceptualising the methodological approach; designing the methodology; implementing the fieldwork; and data analysis.

Conceptualising the Methodology

The principal hypothesis of this research study is that social safety nets have wider impacts than is commonly supposed, in terms of non-consumption uses of resource transfers, numbers of direct plus indirect beneficiaries, and social and other impacts on participating households and communities. The methodological problem raised by this research focus was: how to capture these secondary impacts and beneficiaries? It soon became apparent that testing this hypothesis would not be possible using standard monitoring and evaluation techniques. This was partly because several levels or units of analysis were involved (from individuals and households to extended families and communities, as well as programme administrators), and partly because, while certain variables were amenable to quantification (e.g. economic impacts and resource allocation), others required ethnographic approaches (e.g. impacts on intrahousehold power relations and social relations within communities). Accordingly, a range of qualitative and quantitative tools was drawn upon to examine the secondary impacts and indirect beneficiaries of three case study interventions in the field. The key components of this synthetic methodology are elaborated here as ‘multiple impact’ and 'extended beneficiary’ analysis.

❑ *Secondary beneficiaries*

Although transfers delivered under social safety nets or broader anti-poverty programmes are made to individuals, these individuals are embedded in social groupings and institutions (households, families, communities), and it is generally recognised that the benefits of these transfers will be spread more widely than the recipients themselves. Often, in fact, the transfer is weighted to provide adequate food, or a basket of basic commodities, to an average sized household. Alternatively, the value of the transfer may vary directly with each recipient’s household size. (This is the case with GAPVU in Mozambique - see Chapter 4.) Evaluations of such programmes invariably assert that, say, 10,000 *households* benefited from the programme, even if 10,000 *individuals* actually received the transfer. However, the magnitude of this intrahousehold redistribution is rarely quantified, nor is the extent of any redistribution to others who are not members of the recipient's household, but who exert claims over resources owned by the recipient because of their social interdependence. It follows that the beneficiaries of any safety net transfer programme can be disaggregated into several categories:

- ‘direct beneficiaries’ are individuals who receive services or resources directly from the project
- ‘indirect beneficiaries’ can be calculated by multiplying the number of direct beneficiaries by the average household size
- ‘secondary beneficiaries’ are individuals who benefit through multiplier effects or informal transfers of resources transferred through the project.

In public works projects, direct beneficiaries can also be described as ‘wage beneficiaries’ (those who receive food rations or cash wages for working on the project) while secondary beneficiaries are ‘asset beneficiaries’ - "those who benefit from improved access to, or quality of, the assets created through the programme" (Riely and Mock 1996:14)). Public works projects have been criticised in the past for the often limited overlap between these two categories, but more recently efforts have been taken to ensure that people who work on such projects benefit directly from the assets created. (This was intended, and broadly achieved, in the Zambian cash-for-work case study - see Chapter 6.)

So resources transferred to targeted recipients are 'diluted' or 'multiplied' by being shared with others, directly or indirectly - redistribution (gifts), reallocation (shifts in household budgets), and economic multiplier effects (spending which generates profits for others):

⇒ directly, through informal redistribution of formal transfers by the beneficiary. An example of ***direct redistribution*** is the social pension in Namibia, which is known to finance the education costs of thousands of Namibian schoolchildren (see Chapter 5). These children are 'indirect beneficiaries' of the pension.

⇒ indirectly, through reallocation of private resources in response to receiving the transfer. An example of ***indirect reallocation*** is school feeding schemes, which are often evaluated negatively as failing to achieve their nutritional objectives, because parents choose to divert the money they would have spent on feeding their children to some other purpose (Jacoby 1997).

⇒ indirectly, through ***multiplier effects*** - in the case of cash or in-kind transfers, spending this income (or selling food aid) generates profits for traders which they in turn spend on purchasing produce from farmers, hiring staff, and so on.

These effects could be illustrated schematically as a series of concentric circles rippling out around the transfer recipient. Redistribution and reallocation effects could be interpreted either positively (as expanding the programme's reach beyond its actual coverage) or negatively (as leakages to individuals outside the target population). Neither assumption is generalisable: it needs to be tested in each sociocultural context, and even then, behaviour will vary from one household to the next.

A broader question underlying all these levels of analysis relates to inclusion and exclusion. Who benefits and who is excluded from transfer programmes? What are the implications for social status and access to resources of differentiated eligibility for safety net transfers between individuals, households and communities? Answering these questions required interviewing non-participants as well as programme beneficiaries.

❑ *Multiple impacts*

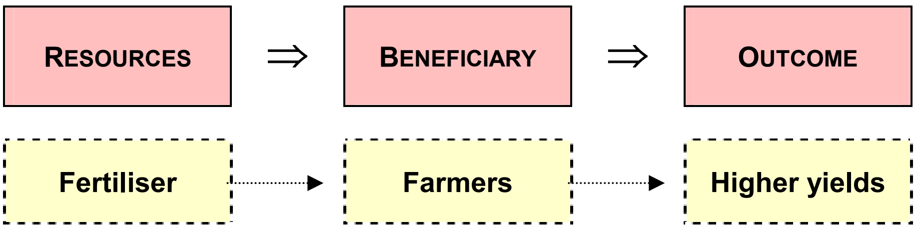
The approach proposed here recognises that any transfer of resources to resource-poor individuals inevitably has multiple impacts - including unintended consequences, both positive and negative, beyond the intended (positive) outcome. An example of unintended negative impacts comes from an evaluation of micro-credit programmes in Bangladesh which found that targeting loans at women raised their economic well-being but also increased the level of domestic violence against some clients from husbands who either wanted the loan money for themselves or feared that their economic control over their wives was undermined (Goetz and Sen Gupta 1996).

A holistic view of the impacts of a specific transfer programme on lives and livelihoods requires adopting an open-ended exploratory approach. Methods used in this fieldwork included discussions with key informants and beneficiary focus groups, and impact tree diagrams with communities. Once the multiple impacts of the programme have been elicited, it becomes possible to explore each impact in more depth. Some of these impacts are 'quantitative', but others are 'qualitative', suggesting that alternative methodologies must be employed in addition to questionnaire surveys. Examples of 'secondary impacts' that were recorded in this fieldwork in Mozambique, Namibia and Zambia include:

- *Wealth accumulation* + purchase of household and personal assets
- *Investment* + purchase of plough or livestock for farming
  + use of transfer income to finance petty trading
- *Time allocation* - public works projects might compete with agriculture
  - high opportunity costs for female-headed households
- *Power relations* - domestic disputes over control of transfer income
  + economic and social empowerment of women.

Conventional project evaluations adopt a linear ‘before and after’ approach to track causes and effects. A project transfers resources to a targeted beneficiary with a specific intention, and the project is later assessed in terms of its outcomes *vis-à-vis* this objective. For example, an agricultural project gives subsidised fertiliser to smallholder maize farmers, with the goal of raising productivity. After the harvest, beneficiaries’ maize production is compared to production the previous year, or against a control group of non-beneficiary farmers (see Figure 3.1). The project is deemed to have succeeded if beneficiaries’ maize output is significantly higher; if it is not, the project has failed.

Figure 3.1. ***Conventional approaches to project evaluation***



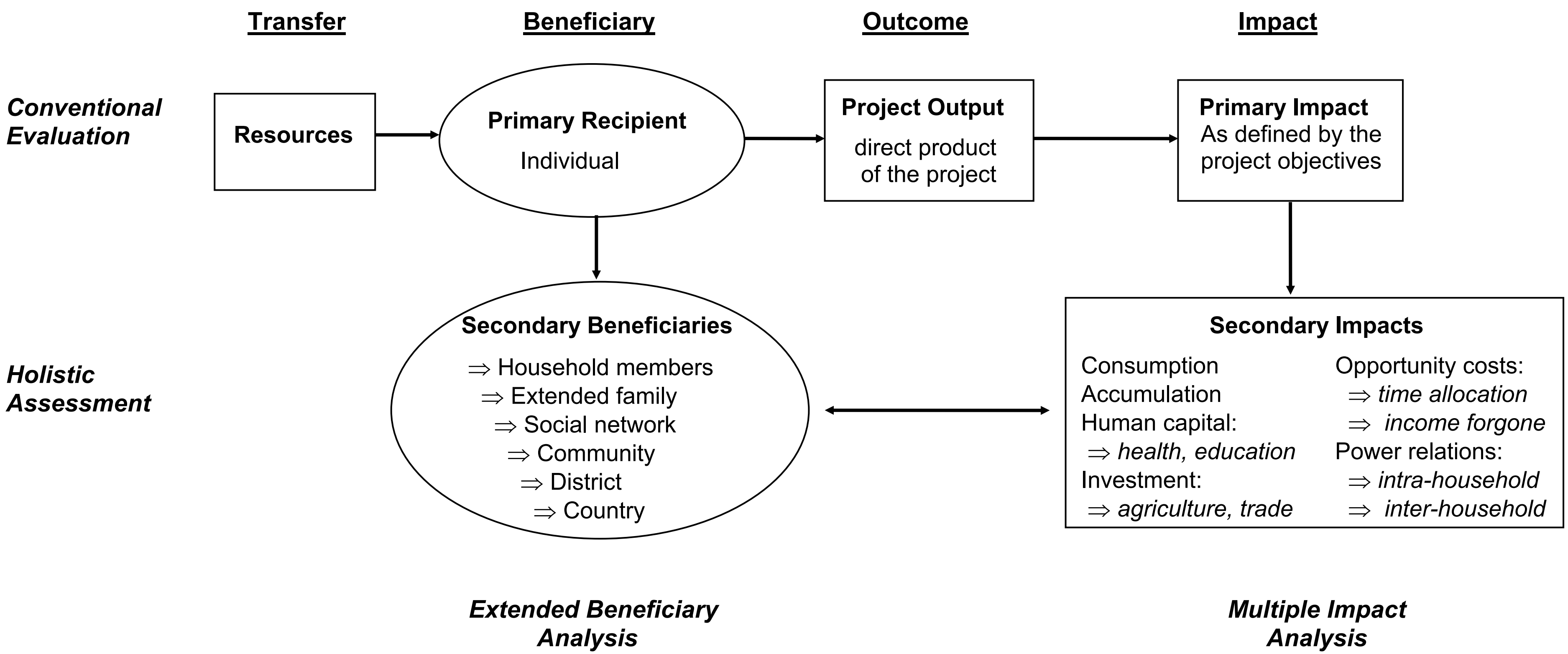
This approach is indicative of a narrowly focused approach to project evaluation or impact assessment. The term ‘impact assessment’ can be defined either narrowly or broadly:

- “In a narrow sense, impact assessment is defined as the analysis of the sustainable changes introduced by the project in relation to its specific objectives;
- in a broad sense, impact assessment is the study of overall changes, intended or not, caused by a project” (Goyder *et al.* 1998:5).

This research favours the broader definition. The argument informing this methodological approach has already been made: that a ‘holistic impact assessment’ should attempt to identify the full range of outcomes and impacts of the intervention, both intended and unintended. However, this raises an epistemological difficulty. Although outcomes are easily observed and measured, in the evaluation of impacts attributing causality to specific interventions is problematic: “attribution is difficult, with other influences substantial and inevitable” (CARE 1997). Similarly, as Riely and Mock (1996:19) observe: “While it may be relatively straightforward to describe cause and effect relationships... it is generally more difficult to *demonstrate impact* empirically." Outcomes are influenced by a variety of endogenous and exogenous factors, which makes it virtually impossible to attribute either success or failure to the intervention alone.

Figure 3.2 overleaf illustrates how the concepts of ‘extended beneficiary analysis’ and ‘mulitple impact analysis’ have informed the methodological approach to this research study, with the aim of extending the analysis beyond conventional project evaluations towards a holistic impact assessment methodology.

Figure 3.2. ***A holistic approach to project assessment***



Designing the Methodology

The overall methodological approach for this project was developed at IDS in consultation with colleagues, and was presented for discussion at a 'research methods' seminar at IDS. Methodological pluralism and a multi-level research design were preferred. This section elaborates on the survey instruments and the sampling rules used in the fieldwork.

❑ *Survey instruments*

Similar fieldwork methodologies were used in all three countries, to ensure comparability of findings, but precise survey instruments were developed in collaboration with the local research teams, and were adapted both between and within countries. For instance, locally appropriate wealth ranking indicators were elicited in each survey site, and questionnaires were modified for the urban, peri-urban and rural field sites in Namibia. To ameliorate the extractive nature of the data gathering - the core quantitative components being 1,350 interviews with programme participants and non-participants in the three countries - 'rapid rural appraisal' (RRA) techniques were used for specific topics.The final 'methodology matrix' (see Table 3.1) incorporated the following qualitative and quantitative techniques:

- semi-structured interviews with project staff and key informants in communities;
- price monitoring in local markets of food and basic commodities, livestock and assets;
- focus group discussions with men and women on gendered control of incomes and assets, intrahousehold division of responsibilities, and related matters;
- community-level RRA - social mapping, participation matrices, impact tree diagrams;
- a structured questionnaire survey of 300 project participants in each country;
- a structured questionnaire survey of 150 non-participants in each country;
- semi-structured interviews with 'secondary beneficiaries' such as local traders.[30]

Primary data collection occurred at three levels - institutions (governments, donor agencies and NGOs), communities, and individuals (beneficiaries and non-beneficiaries). At the ***institutional*** level, secondary research was undertaken before and during the fieldwork, into Namibia's social pension at the Parliamentary library in Windhoek and the South African National Library in Cape Town. Officials from the Netherlands Ministry of Foreign Affairs who were responsible for designing and authorising Zambia's cash-for-work programme were interviewed in The Hague. In Mozambique, Namibia and Zambia semi-structured interviews were conducted with the government officials and donors responsible for administering and financing each safety net programme studied, on such questions as:

- the *objectives* of the safety net programme, including coverage and outcomes;
- the *design* of the safety net programme, including targeting criteria, gender;
- the relative *success* of the programme in terms of its objectives;
- any administrative, fiscal and other *problems* that the programme faced.

Data collection techniques at ***community*** level utilised several qualitative and participatory tools, on such topics as: community perceptions of poverty and vulnerability (focus group discussions with men and with women, social mapping and wealth ranking exercises); public and private social security systems (Venn diagramming of community-based kinship and reciprocity networks and external safety net interventions) (Pretty *et al.* 1995).

[30] Actual survey instruments from the fieldwork in Mozambique, Namibia and Zambia are provided in Annex 1.

At the ***individual*** or household level, structured questionnaire surveys were administered to stratified random samples of beneficiaries and non-beneficiaries. Information obtained in these questionnaires addressed the following questions:

- *how is transfer income used?* - for food consumption, other basic necessities, non-essential consumption, precautionary savings, investment in physical assets, human or social capital;
- *what is the net value added (or additionality) of transfer income?* - its estimated contribution to total income, and whether it competes with alternative income-earning opportunities;
- *to what extent is transfer income redistributed?* - to the beneficiary's immediate household, their extended family and the local community;
- *are any costs associated with receiving the transfer income?* - in terms of work requirements, opportunity costs, 'benefit traps', bribes and other hidden costs.
- *what are the reasons for ineligibility or non-receipt of benefits among the non-beneficiaries?*

Table 3.1 summarises the range of research methods used in this research project, from the broadest level of investigation (the project and the local society) to the level of individual programme participants or beneficiaries, non-participants and 'indirect beneficiaries'.

Table 3.1. ***Methodology matrix for fieldwork undertaken in each country***

Level of Analysis	Information required	Methodology
Project	History of project, objectives, targeting, financing, future	Semi-structured interviews - key informants (project staff)
Society	"Rapid Sociocultural Assessment"	Key informants and direct observation
	Gendered ownership of assets, control of income, domestic duties	Focus group discussions
Local Economy	Local costs of purchasing a basket of basic commodities	Price monitoring in village stores and local markets
	Current prices of livestock and consumer goods	Price monitoring in village stores and local markets
Community	Participation & non-participation, eligibility & exclusion criteria	Village mapping exercise
	Community involvement in project planning and implementation	Participation matrix
	Project impacts at community level	Impact trees
Participants	Use of transfer resources; incomes; secondary beneficiaries; opportunity costs; mode of payment preference	Questionnaire survey (1) Individual case studies
Non-participating households	Reasons for non-participation; consequences of exclusion	Questionnaire survey (2)
Indirect beneficiaries	Income earned indirectly, through spending by project beneficiaries	Traders survey

❑ *Sampling*

A number of qualitative and participatory techniques were employed in the field which were not subject to statistical analysis. For the quantitative questionnaires, however, stratified random sampling was preferred, and consistent sampling rules and sample sizes were applied across all three countries. The first level of stratification was geographical. Three survey sites were chosen in each country, to reflect the diversity of project localities.

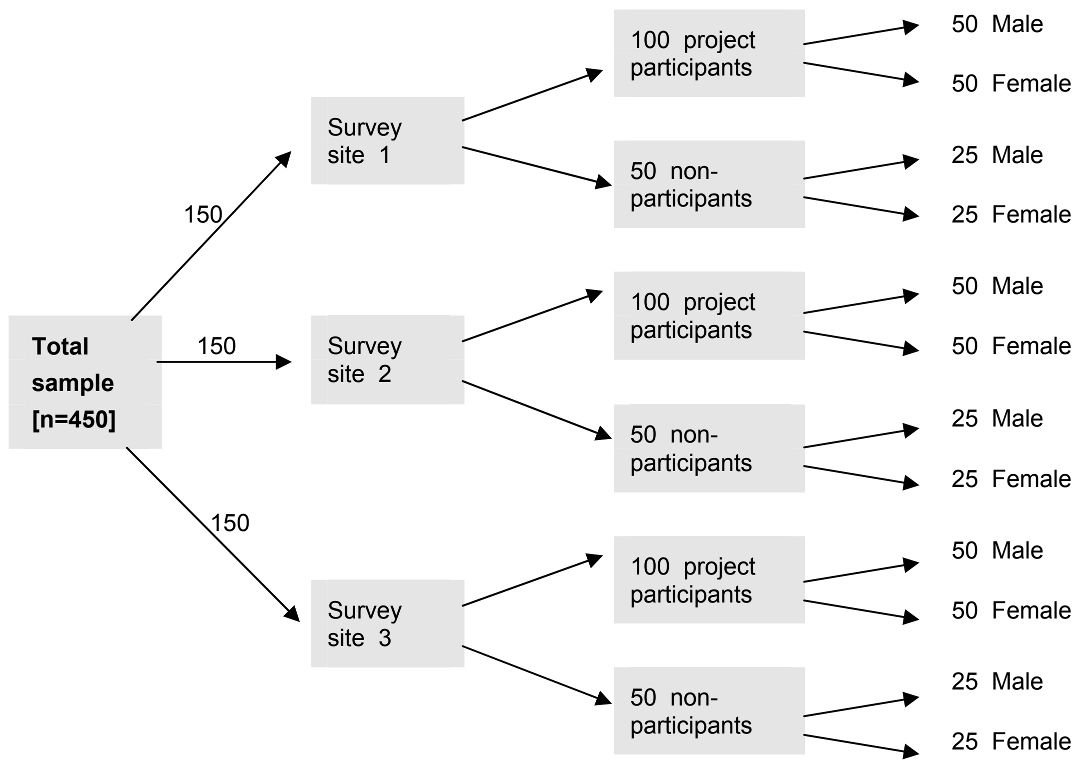
In **Mozambique**, GAPVU was operational in all fourteen urban centres. Three towns were surveyed: a large city in the south (Maputo), a medium-sized town in the north (Nampula), and a small town in the centre of the country (Chimoio).

In **Namibia**, the three survey sites reflected basic socio-economic divisions in the country: a rural farming community in the north, a semi-urbanised pastoralist community in the south, and urban residents in the capital in central Namibia.

In western **Zambia**, fieldwork was conducted in all three contiguous rural districts where the cash-for-work programme was operational. Several communities were surveyed in each district, both adjacent to the road projects and far away.

While the Mozambique study was necessarily urban-based and the Zambian study was entirely rural, fieldwork in Namibia was undertaken in both rural and urban communities. Three survey sites were purposively selected within each country. Sample sizes for the questionnaire surveys were large enough to allow statistical analysis of data, disaggregated to survey site level. Total sample size across the three countries was 1,350, comprising 300 programme participants (100 per survey site) and 150 non-participants (50 per site) in each country. Samples were gender balanced (50% female and 50% male respondents) at every level. Due to budgetary and time constraints, these samples are relatively small and the statistical results reported in subsequent chapters should be regarded as indicative rather than statistically representative of all GAPVU claimants in Mozambique, social pensioners in Namibia, and cash-for-work participants in Zambia.

Figure 3.3. ***Sampling rules for the quantitative survey in each country***



Implementing the Fieldwork

Preliminary visits were undertaken by the author to Zambia, Namibia and Mozambique between February and June 1997. These visits served several purposes: ‘social safety net’ interventions were assessed for their relevance, research collaborators (institutions and individuals) were identified, and approval for the research was secured from government departments. In October 1997 a final preparatory visit was made to all three countries to agree on budgets, payment schedules and contracts; to establish detailed procedures for institutional collaboration such as division of responsibilities; and to timetable project activities. Substantive matters such as research objectives and design - especially field methodologies - were also discussed, and programme administrators were visited for briefings on the current status of the three programmes and to ensure that the research would feed into ongoing policy formulation or programme evaluation processes.

For the main data gathering activities I was in the field for over three months, from January to April 1998, spending roughly one month in each country. Activities in each case included recruiting and training teams of fieldworkers and field supervisors; designing, pilot testing and finalising the methodology; and implementing the research. Fieldwork went remarkably smoothly, thanks to competent and committed fieldworkers, cooperative respondents and invaluable logistical support from local institutions - the Western Province DDSP (District Development Support Programme) in Zambia, the National Institute for Social Action and the Higher Institute of International Relations in Mozambique, and the University of Namibia and Department of Social Services in Namibia.

- ***Zambia***

Fieldwork was undertaken in three districts of Western Province where a Netherlands-funded cash-for-work road construction project was implemented on a labour-intensive basis following the 1995 drought. The methodology as developed at the conceptual level at IDS was operationalised in Mongu town during an intensive week of brainstorming with five fieldworkers and the country researcher, plus several rounds of pilot testing in and around town. Training was conducted by the author at the local government offices in Mongu, the capital of Western Province. The fieldwork teams were gender balanced, comprising three men and three women, one of whom was the supervisor and Country Researcher, Ms Nangana Simwinji. After translating and photocopying the questionnaires we left for the first survey site, where the fieldwork team administered the questionnaires, which I checked daily. I also facilitated PRA methodologies and focus group discussions. Once I was satisfied that the research was well under way and could continue without my direct supervision I left the fieldworkers and country researcher and proceeded to Mozambique.

- ***Mozambique***

I spent more time in Mozambique than Zambia or Namibia because I know the country least and had never worked with the research team before. Training, methodology design and pilot testing were complicated by my inability to speak fluent Portuguese, so that everything had to be translated both ways. Also, because GAPVU is an exclusively urban welfare programme, substantial adaptations were needed to the methodology developed in rural Zambia. Three teams of fieldworkers were recruited, one for Maputo in the south, one for Nampula in the north and one for Chimoio in central Mozambique, because of different languages (Shangaan, Macua and Manica) in each province, making 12 fieldworkers in all plus the Country Researcher. Logistics were complex: after two weeks of training and fieldwork with the South Team in Maputo we flew with the North Team to Nampula for one week, then sent them back to Maputo and flew to Beira where we met up with the Central Team and drove 200km inland to Chimoio town, near Zimbabwe. This division of the work into three components made the Mozambique study effectively three separate projects, and intense monitoring and supervision were required for the first few days in each survey site, as each team familiarised themselves with the sampling rules and survey instruments.

- ***Namibia***

The procedure in Namibia was similar to Mozambique: one week in Windhoek adapting the methodology and training three fieldwork teams - a Nama/Damara team for the south, a Herero team for Windhoek, and an Oshiwambo team for northern Namibia - followed by one week implementing and supervising fieldwork activities in the south and a week doing the same in Windhoek. The language complications here were ameliorated by the fact that Afrikaans (with which I am familiar) is spoken throughout most parts of Namibia. On the other hand, the fact that Namibia's social pension is the only nationwide programme in my research project meant that three permutations of the basic methodology had to be developed: one for urban areas, one for semi-arid peri-urban villages, and one for rainfed agricultural communities. For instance, completely different lists of assets and indicators of wealth or poverty were generated for each survey site. Unlike in Zambia and Mozambique, I had worked with the Namibian research collaborators while employed at the University of Namibia from 1992 to 1995, so the data collection was generally unproblematic.

Data Analysis

Following the fieldwork phase, the quantitative data collected in 900 questionnaires were entered into computers by data processors and analysed by subcontracted statisticians in Mozambique, Namibia and Zambia. Problems with the data processing team in Maputo necessitated redoing the data entry and analysis of the GAPVU survey, so the Mozambican questionnaires were posted to IDS and then to Windhoek, where the data were re-entered, cleaned and processed by the Namibian statistician. Data were analysed using Microsoft Excel and SPSS. The three Country Researchers from each country then came to IDS as Visiting Research Fellows in June-July 1998, to begin the report writing process. Additional support in terms of data analysis was provided at IDS.

Regrettably, finalisation of this research report was severely delayed as a consequence of the non-delivery of outputs from the Mozambique research team, due to personnel changes within the collaborating research institute in Maputo. Also, the dissemination workshop for the Namibian social pension study was delayed by the Government of Namibia until after the general election of December 1999. Although these unforeseen factors delayed the delivery of this research report, the quality of the research was not compromised.

CHAPTER FOUR - 'GAPVU' IN MOZAMBIQUE

This chapter examines the rise and fall of GAPVU, a cash transfer programme for urban destitute Mozambicans which was the main social safety net for the poor during the 1990s. Despite its problems, GAPVU represents a rare example of a permanent cash transfer programme to the poor in sub-Saharan Africa - which is even more remarkable given the fact that Mozambique is one of the world's poorest countries.[31] For this reason, Mozambique's experience with GAPVU has valuable lessons to offer to other low-income countries implementing safety nets or broader social protection policies. This chapter begins by setting urban poverty in Mozambique in its economic and political context, then considers GAPVU's strengths and weaknesses, before presenting our survey findings.

Mozambique: Economic and Political Context

Poverty and social indicators

Despite recent improvements, Mozambique continues to present some of the worst economic and social indicators in the world. In 1995 Mozambique had the world's lowest per capita income, with two-thirds of its population living in poverty and social indicators such as life expectancy and illiteracy rates that were much worse than its neighbours or the average for sub-Saharan Africa (Table 4.1). Out of a population of 17 million, about 9 million have no access to safe drinking water and the formal health system; two thirds of adults are illiterate and almost two thirds of these are women; about one million children a year do not attend primary school; and approximately 190,000 children a year die before reaching the age of five (Devereux and Palmero 1999). These poor indicators are reflected in Mozambique's low ranking in terms of UNDP's Human Development Index (HDI): in 1998 Mozambique was placed at 166 out of 174 countries.

Table 4.1. ***Mozambique's Human Development Index in regional context, 1998***

Country	HDI rank	HDI value*	Per capita GDP (PPP$)	GDP rank	Life expectancy	Adult literacy	School enrolment
Mozambique	166	0.281	959	159	46.3	40.1%	25
Malawi	161	0.334	773	166	41.0	56.4%	76
Uganda	160	0.340	1,483	136	40.5	61.8%	38
Tanzania	150	0.358	636	170	50.6	67.8%	33
Zambia	146	0.378	986	157	42.7	78.2%	52
Zimbabwe	130	0.507	2,135	124	48.9	85.1%	69
Namibia	107	0.644	4,054	85	55.8	76.0%	83
South Africa	89	0.717	4,334	80	64.1	81.8%	81
SSA	**n/a**	**0.386**	**1,407**	**n/a**	**50.6**	**56.9%**	**42**
World	**n/a**	**0.772**	**5,990**	**n/a**	**63.6**	**77.6%**	**62**

Source: UNDP 1998

* The HDI is a composite of 3 components of human development: longevity (life expectancy at birth), knowledge (adult literacy plus gross enrolment ratio) and standard of living (real GDP per capita). Its value falls in the range 0<HDI<1, with a value closer to 1 indicating a higher level of human development. Countries with HDI values between 0.500 and 0.800 are classified as having 'medium human development'. HDI values below 0.500 signify 'low human development'.

31 The other programmes analysed in this report differ from GAPVU in significant respects. Namibia's social pension is a permanent cash transfer, but it is untargeted and Namibia is comparatively wealthy. Zambia's cash-for-work programme was localised, not national, and was an emergency intervention rather than a regular transfer.

Map 4.1. ***Map of Mozambique, with survey cities highlighted***

Until recently, reliable and nationally representative statistics on the incidence and severity of poverty in Mozambique were simply not available, mainly because of the war which displaced millions of people and disrupted information systems of all kinds. In the early 1990s crude estimates put the proportion of poor Mozambicans at roughly two-thirds of the population (Green 1992; Government of Mozambique 1995b). In 1996 the Poverty Alleviation Unit in the Ministry of Planning and Finance (MPF) commissioned a national baseline survey into poverty, the results of which were published in December 1998 as a report titled 'Understanding Poverty and Well-Being in Mozambique: The First National Assessment (1996-97)' (Ministry of Planning and Finance (MPF) *et al*. 1998).

The report develops disaggregated poverty lines based on living costs by province, and estimates that the national incidence of poverty is 69.4% - "roughly two-thirds", in fact. Although the proportion of poor Mozambicans is only slightly higher in rural than urban areas, at 71% and 62% respectively, 82% of poor people live in rural areas, because of Mozambique's low level of urbanisation (just 20%). This implies that GAPVU - as an exclusively urban programme - is potentially reaching at most 18% of the national population living in poverty, or less than one poor Mozambican in five.

The distribution of poverty within Mozambique is skewed, with the southern provinces having the lowest incidence and the (formerly Renamo-controlled) central provinces having the highest. Sofala records the highest poverty rate of all, at 88%, while Maputo city has the lowest incidence, of 48%. The other provinces surveyed for the present study - Manica and Nampula - fall just below the national average.[32]

Table 4.2. ***Poverty estimates for Mozambique, 1997***

Geographic Area		Population Share	Poverty Headcount	Poverty Gap (Depth) [33]
	National	100%	69.4%	29.3%
	Rural	79.7%	71.3%	29.9%
	Urban	20.3%	62.0%	26.7%
North:	Nampula, Niassa, Cabo Delgado	32.5%	66.3%	26.6%
Centre:	Manica, Sofala, Tete, Zambezia	42.6%	73.8%	32.7%
South:	Maputo, Gaza, Inhambane	24.9%	65.8%	26.8%

Source: Ministry of Planning and Finance *et al*. 1998:96

The high levels of aggregate poverty registered in Table 4.2 are consistent with macroeconomic indicators such as GDP per capita, which at just US$80 in 1995 ranked Mozambique as the world's poorest country in the 1997 World Development Report (World Bank 1997). In the second half of the decade, though, per capita GDP grew at impressive double-digit rates in most years, albeit from a very low base, rising from its lowpoint in 1995 to US$143 by 1998. The extent to which these increases in national income have resulted in real gains for poor households is debatable, however: "There are also signs of modest gains in poverty reduction resulting from recent economic growth. But these signs rest on

32 Note that the poverty assessment results were not available when the present survey was being designed, so the selection of survey sites could not draw on these statistics, which in any case are disaggregated by provinces but not by urban centres.

33 The incidence or 'headcount index' of poverty is the percentage of the total population whose income or consumption falls below a cut-off level defined as the poverty line. The depth of poverty, or the 'poverty gap index', is the mean distance below the poverty line expressed as a proportion of that line and reflects how poor the average poor person is.

the improbable hypothesis that the standard of living has grown at the same rate as real per capita GDP, and assumes that inequalities have not worsened" (UNDP 1998:81).

Moreover, while a rising proportion of this growth is attributed to foreign direct investment (FDI), Mozambique remains unhealthily dependent on international aid. For much of the 1990s Mozambique was the world's most aid-dependent country, with foreign aid actually exceeding GNP in many years (Abrahamsson 1997). In the late 1980s food aid provided 35% of the national supply of cereals, and in the drought year of 1992 this proportion peaked at around 60% (Addison and de Sousa 1998). Between 1992 and 1994, donors financed more than 70% of the state budget, equivalent to roughly 50% of GDP when the figure for sub-Saharan Africa - by far the world's most aid-dependent region - was 16.3% (World Bank 1997). By 1996 this proportion had declined but was still nearly 50%.

Poverty reduction policies

In 1990 the Mozambican government presented a Poverty Reduction Framework Paper to its Consultative Group of donors, which set out three major goals: "the creation of employment and income-generating opportunities for the poor, including the restoration of basic infrastructure, the delivery of basic social services targeted to the poor, and the provision of safety nets for the poorest people" (Government of Mozambique 1990:2). Around the same time, a Poverty Alleviation Unit was established in the Ministry of Planning and Finance. In 1995 the Poverty Alleviation Unit published the 'Poverty Reduction Strategy', which identified the reduction of poverty as "the country's most pressing problem" (Government of Mozambique 1995b:1) and it reiterates the three priorities for achieving this objective: improved rural livelihoods, investment in human capital, and building a social safety net. Given the strong influence of the donors and the international financial institutions in Mozambique, it is perhaps no coincidence that these priorities closely resemble the three prongs of the 'New Poverty Agenda' as set out originally in the 1990 World Development Report (World Bank 1990).

Because poverty reduction is the government of Mozambique's stated first priority, almost all policy and strategy documents make direct reference to poverty. Key recent documents include the 'Policy Framework Paper' for 1998-2000, the 'View Into the Future' of 1998, and the 'Five-Year Plan' for 2000-2004. The Policy Framework Paper begins by listing the economic achievements of the past few years: real GDP growth of 12.4% in 1997 (well above the average of 6.9% per annum from 1993 to 1996); inflation down to 5.8% (its lowest rate since independence in 1975); exchange rate stability; and steadily rising social spending - government expenditures on education, health and social safety nets increased from one-quarter (26%) to one-third (33%) of total spending between 1994 and 1998, while real spending on health and education rose by 32% and 59% from 1991 to 1997. The government's medium-term goals are summarised as: "to create the conditions for poverty-reducing sustainable economic growth while lowering the country's dependence on external aid" (Government of Mozambique 1998a:3).

A second government document of 1998, 'A View Into the Future', focuses more attention on social goals. The government defines its specific priorities for the medium term as: "to increase individual income through rapid economic growth; to improve overall social conditions and in particular the development of the human capital; to increase the equity of income distribution in the country and reduce the poverty that affects the majority of the Mozambican population. In addition, the government will take specific actions to make the condition of women in Mozambican society more equal and equitable" (Government of Mozambique 1998b:3).

While Mozambique's first Five-Year Plan (1995-1999) emphasised, *inter alia*, poverty reduction and investment in the social sectors, the second Five-Year Plan (2000-2004) reflects a significant shift in the government's thinking. It aims at poverty eradication through major development projects, which will be implemented by private investors rather than government or donors (Government of Mozambique 1999). This approach reinforces a growing perception of Mozambique as "the country of the billion-dollar projects" (UNDP 1998:80), and raises questions as to the poverty orientation of these mega-projects and their likely impact on livelihoods and inequality indicators.

Gender and poverty

Frelimo took office in 1975 with a commitment to redressing gender inequities in Mozambique and ensuring that women were no longer discriminated against, either in society at large or under the law. In 1973 the *Organização das Mulheres Moçambicanas* (Organisation of Mozambican Women) was founded, which mobilised women in poor communities and ensured that their interests were represented in decision-making bodies at the centre of power. In 1981 the 'Family Law' was passed, which established joint ownership rights for husbands and wives over household assets and gave women the right to enforce child maintenance payments from absent fathers through the courts. Campaigns were also launched against prostitution, polygamous marriage, and the brideprice system of *lobola* (Hewitt 1995:548).

Chingono (1996) sees the steadily increasing involvement of Mozambican women in petty trading and other income-earning activities outside the home as an expression of women's struggle for emancipation from patriarchal domestic environments. Women were assisted in this struggle both by the civil war, because of its disruption of families - men leaving home to fight, men being disabled or killed - and the deepening poverty which the war induced, and by the economic liberalisation programme introduced in 1987, which privileged individualism over collective action - and represented Frelimo's final rejection of socialism - and provided new opportunities for (petty) accumulation.

As has been observed elsewhere, the war increased mobility (especially of young men) thereby contributing to marital instability. A lasting legacy of the war is high rates of divorce and large numbers of abandoned women and children. In a survey in Chimoio,[34] Chingono (1996:220) found that two thirds of households comprised single individuals living alone, many being widowed women or single mothers. Key determinants of women's economic options include household size and composition (sex and age structure), and the skills of household members. Throughout Africa, the absence of adult able-bodied males has consistently emerged as one of the single most significant correlates with household poverty (White 1999), and it is surely no coincidence that the civil war - which left one million Mozambicans dead, a high proportion of whom were young men - was associated with Mozambique's economic decline into the status by the early 1990s of the world's poorest country.

On the other hand, involvement in economic activities increases women's choices, so it would be misleading to portray all Mozambican single women as victims of widowhood or abandonment. Chingono also found several cases of women using the income they earned from street vending, beer brewing and similar activities to achieve autonomy and freedom from dependence on men, by separating from irresponsible or violent husbands. "In Chimoio, as in many other African cities, the ever expanding markets in food, cloth and imported goods has afforded market women a much stronger basis for adjustment to an emancipated status than is available elsewhere" (Chingono 1996:226). Even where these women remain married, their husbands are rarely involved in their businesses. "Instead women relied more on the extended family, kin and mutual aid associations, and more often than not their adult children assisted them. ....Women tend to prefer economic independence from their husbands and husbands' relatives." On the other hand, many women do not achieve this degree of economic and social independence. Instead they become totally impoverished and marginalised, "and in some cases are forced to resort to crime and prostitution" (Chingono 1996:227).

34 Chimoio is a town in Manica Province in central Mozambique, and was one of the survey sites for the present research.

Overall, though, Chingono is optimistic about the prospects for Mozambican women, and he concludes his study optimistically: “it is vital to recognise that women have not been mere passive victims: on the contrary they have actively shaped the course of their lives.... Financial independence, as elsewhere in Africa, has become the principal goal for many women in Chimoio, and when this conflicts with their marital obligations, the latter have often been the casualty” (Chingono 1996:239).

According to the national poverty survey, poverty in Mozambique does not appear to be noticeably gendered, at least not if sex of the household head is taken as an indicator. “Female-headed households, particularly those headed by widows or divorcees, are often identified as a group that are disproportionately poor. The data show that in Mozambique, this is not the case in rural areas, or among the population as a whole” (MPF *et al*. 1998: 65). If anything, members of male-headed households are rather more likely to be poor than members of female-headed households: poverty headcounts are 69.9% and 66.8% respectively (MPF *et al*. 1998:104). However, the authors note that the category ‘female-headed households’ needs to be disaggregated. In many cases, women are *de facto* household heads because their husbands are working elsewhere and remitting income regularly. Some of these households are among the wealthiest in their communities. Conversely, widows living without support are among the most vulnerable and poverty-stricken of all Mozambican citizens, largely because of women’s fragile land tenure and property rights (Casimiro *et al*. 1996).

Urban poverty in Maputo

An informal ‘poverty self-assessment’ survey was conducted for this research study among a small random sample of 35 residents of Maputo living in poor *bairros* on the outskirts of the city or on the streets, in February 1998. Interviewing was open-ended and non-directed: respondents were simply asked to describe the characteristics of poor people such as themselves and the conditions in which they lived. The largest cluster of responses centred on housing conditions, followed by employment or occupations.

Housing for the urban poor was described as being of poor quality - “it leaks when it rains”. Four categories of housing were identified: living in tin shacks on the outskirts of Maputo (the most common category); renting a room in someone else’s house; squatting in run-down colonial buildings in the city centre; and being homeless and living on the streets (“sleeping on the steps of buildings”). Poor people do not have access to running water; they have to beg others with taps or pay them for water, or they use rivers, sometimes fetching water using a wealthier neighbour’s containers in exchange for some of the water. Nor do they have electricity in their homes; they use charcoal for cooking and candles or kerosene lamps for lighting. They have little furniture other than basic cooking utensils - one or two saucepans and some plates (often plastic plates given by UNHCR during the refugee resettlement period). They usually sleep on straw mats rather than beds. Housing is usually overcrowded - too many people sharing a single room or a partitioned space. Poor housing conditions compound their vulnerability: the city’s outskirts are high crime areas where there is little security and inadequate policing; while poor access to clean water and sanitation leads to high susceptibility to outbreaks of disease such as the cholera epidemic of early 1998, which was concentrated in the slum areas of Maputo and Beira.

Very few of the urban poor have formal employment; those who do have jobs earn less than the minimum wage of Mt 318,000/month. (One definition of urban poverty offered was: “Those who live on less than Mt 30,000 a day.”) Many poor Mozambicans are repatriated refugees or demobilised soldiers who subsequently failed to find jobs. A sure sign of poverty is working on the streets, usually as street vendors - selling handicrafts to tourists (men and boys), selling cashew nuts or peanuts (women and girls), selling charcoal (women) or sand (a soft brown mineral-rich soil eaten by women during pregnancy (women)). Men also do casual work off-loading delivery trucks, or filling in potholes for (voluntary) payment from passers-by. As a rule, the poor have only irregular, temporary employment; they work long hours for low pay; and they spend a good deal of time looking for work. The very poorest are beggars who survive off small amounts of cash and food given by sympathetic pedestrians and tourists; they also scavenge for food and other items in garbage-bins. Another characteristic of the poor is that they receive assistance from church organisations or NGOs, and the state (e.g. GAPVU).

Poor people wear old, torn clothes which they rarely change. When they buy clothes they can only afford used or second-hand clothes. Their children are usually barefoot and go to school - if they go at all - in “slippers” (flip-flops). Malnutrition is high among the poor because they eat food of inferior quality and insufficiently varied. They eat only once or, if they are lucky, twice a day; sometimes parents will go without food all day to allow their children to have at least one meal. Conversely, some “bad parents” waste scarce cash resources on drink and cigarettes; poverty in such cases is seen as the fault of the poor.

Family sizes and dependency ratios tend to be higher among the poor than the rich; seven or eight children are not uncommon. Many poor households are female-headed: single mothers, women widowed during the war and “economic widows” whose partners have abandoned them to seek work in South Africa, never to return and rarely remitting income. Many of those living on the streets of Maputo are children or teenagers, orphaned by the war or abandoned by their parents.

Much poverty in Mozambique was induced by the civil war and the displacement or physical disablement that went with it. Many urban poor are former farmers who were forced to migrate to towns and cities to escape the fighting, and have not adjusted to urban life because they have few skills to offer. Often they continue farming around their tin shacks, but they own no livestock (only poultry, dogs and cats) and they do not even have hoes to cultivate their land, so they work for food or hire of hoes and other farming implements, rather than for cash. Not surprisingly, disability - such as missing limbs, paralysis or blindness caused by landmines - makes finding employment virtually impossible, especially low-skilled manual labour.

A significant proportion of poverty is inherited. (“Most poor people had poor parents.”) Poor people are typically illiterate; they either never went to school or dropped out early - teenage girls often drop out on falling pregnant, for instance - and their children also tend to be non-attendees or early leavers.

> *“I cannot say if I am poor or not poor. Perhaps I am both. There are many kinds of poverty. Some people are poor because they have no material possessions. Some people are spiritually poor because they are not right with God. Some people are physically poor because they are handicapped. I am poor because I have no possessions, but I am not poor in other ways.”*
>
> *- a woman resident of Maputo, February 1998*

The Social Safety Net in Mozambique

Origins of GAPVU

The formulation and implementation of GAPVU as a targeted social safety net for the urban poor in Mozambique reflected a shift in government thinking, away from "support-led security… to growth-mediated security" (da Silva 1993:8). Following the abolition of the urban food rationing scheme in Mozambique in the late 1980s (Gebauer 1991; O'Laughlin 1996), three safety net programmes were implemented for the poor: public employment programmes, a wage supplement scheme, and 'GAPVU' (*Gabinete de Apoio à População Vulnerável*, which is Portuguese for 'Office for Assistance to the Vulnerable Population'). GAPVU was established in 1990 as an administratively and financially autonomous public institution within the Poverty Alleviation Unit of the Ministry of Planning and Finance, but in 1992 it was relocated to the Secretariat (later Ministry) of Social Action. Despite its broad title, in practice GAPVU is a single programme of regular cash transfers to one group of vulnerable citizens, namely the 30% of households who were classified as destitute in Mozambique's provincial capitals.[35]

An initial impetus for GAPVU arose out of a global concern during the late 1980s about the 'social costs' of structural adjustment programmes, which prompted the World Bank to implement Social Dimensions of Adjustment (SDA) interventions in many African, Asian and Latin American countries - including Mozambique (Yahie 1996).[36] But GAPVU was a specific response not only to Mozambique's *Programa de Reabilitacao Economica* (PRE) of 1987 and the *Programa de Reabilitacao Economica e Social* (PRES) of 1989, but also to the social and economic upheaval associated with the civil war, which displaced millions of rural Mozambicans from their villages, who fled either to UNHCR's refugee camps in neighbouring Malawi or to the relative security of Mozambique's urban centres. The majority of these internally displaced people lacked any means of support. Most were farmers with no skills to offer on the job market, many had been disabled by fighting or by landmines, while others were elderly and young children with no able-bodied adults to support them.

The decision to restrict GAPVU's coverage to urban areas was also motivated by a recognition that emergency food distribution programmes were ongoing in war-afflicted rural communities, but that the urban areas were largely ignored by these interventions. As a cash-based urban safety net, therefore, GAPVU complemented the existing food-based rural safety net. Clearly, the intention was simply to top up income in households living below the poverty line: poverty alleviation rather than sustainable poverty reduction (Schubert 1992). An assessment of urban poverty in 1995 concluded: "Poverty alleviation initiatives through the Social Dimensions of Adjustment (SDA) programme were at best *ad hoc*, while safety net approaches such as the GAPVU programme for vulnerable groups, though effective, are only palliative" (de Vletter 1995:2).

Intriguingly, the idea of a cash transfer to the urban poor was first proposed as one of a range of *food security* interventions for vulnerable groups by the World Bank in its 'Mozambique Food Security Study' (World Bank 1989), and was partly motivated as a replacement for the inefficient food rationing scheme. The World Bank argued - not only in Mozambique, but generally - that the rural poor were likely to benefit from market liberalisation reforms that reversed historical biases against small farmers, but that urban food security could be undermined by escalating living costs associated with currency

[35] Since 1998, as discussed below, GAPVU's remit has expanded to smaller towns, and it will eventually reach out to rural areas as well.

[36] One of the best known of these interventions in Africa was Ghana's PAMSCAD - 'Programme of Actions to Mitigate the Social Costs of Adjustment' - which achieved mixed results.

devaluations and the abolition of consumer subsidies.[37] Urban Mozambicans faced rapid food price rises as a consequence of the war, droughts and liberalisation of agricultural markets in the late 1980s and early 1990s. For this reason, GAPVU has always been officially described as a 'food subsidy', despite being a cash transfer.[38] GAPVU aimed at improving the nutritional status of the market-dependent urban poor indirectly, though increasing their purchasing power. Intriguingly, in the light of the entitlement-based conceptual framework presented in Chapter 2 of this report, O'Laughlin (1996:218) has argued that GAPVU "reflected the World Bank's translation of Sen's concern with entitlements into the notion that increasing purchasing power can be more important than direct nutritional assistance for the food security of the poor".

Design issues

The decision to implement a targeted cash transfer, instead of the untargeted food subsidy that GAPVU replaced, raises a number of questions around cost-effectiveness, coverage, targeting accuracy and related design and implementation issues.

- ***Cost-effectiveness***

GAPVU's administrative costs and its cash transfers to beneficiaries were financed out of the state budget rather than by donors, though given the high proportion of government spending that is funded by external assistance this distinction is sometimes difficult to draw. For instance, initial funding for GAPVU came from the monetisation of food aid; consultants and advisors to GAPVU were paid by the Social Dimensions of Adjustment Project, which was financed by the World Bank and several European bilaterals (the British, Dutch, German (GTZ) and Swiss) and by UNICEF - over 50% of beneficiaries were malnourished children. It would be unfair, however, to dismiss GAPVU as a donor-driven programme or as a token gesture by the World Bank to deflect criticism about the social costs of structural adjustment programmes in Mozambique. From the outset, the government ran the programme with no direct financial assistance, and it maintained its commitment to GAPVU even when GAPVU was experiencing great difficulties in 1996.

The costs of the programme amounted to about 2% of the state budget and 1.5% of annual foreign aid inflows. Though expensive, GAPVU performed well in efficiency terms in its initial implementation and expansion phase. The share of administration in total expenditure was 13% in 1992 - so 87% of the budget went in direct cash transfers to beneficiaries - and administration costs fell to 7% by 1995. These figures compare favourably with similar programmes in other countries. A review of 30 social sector programmes throughout Latin America found that administrative costs in cash transfer programmes ranged from 3.5% to 12%, with a median of 10% (an alpha-ratio of 0.90). For all programmes involving individual assessment, administrative costs ranged from 0.4% to 29%, with a median of 9% (Grosh 1995:473). Supporters of GAPVU argue that alternatives such as food price subsidies, direct food distribution and food vouchers are prone to higher administrative costs and leakages, and would not have achieved such a high benefit-to-cost ratio. However, as will be seen below, this administrative 'efficiency' was achieved only at great cost in terms of targeting errors and leakages, though the scale of the problem was hidden for several years.

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[37] As long ago as the 1970s, Michael Lipton had observed an 'urban bias' in government policy throughout the developing world, which included governments trying to pacify their vocal urban constituents with consumer food price subsidies, which necessarily implied lower prices for food producers (Lipton 1977).

[38] This anachronism persisted when, in 1998, GAPVU diversified into labour-intensive public works, which they called 'food-for-work projects' even though participants were paid in cash. This created some confusion with the World Food Programme's food-for-work projects, which paid people in food rations (interview with WFP Country Representative, Maputo, April 1999).

❑ *Coverage*

At first, registration of GAPVU beneficiaries proceeded slowly. Although 80,000 urban households were classified as destitute nationwide in 1990, only 57 individuals were registered for GAPVU by January 1991 and 572 by September 1991. The government was concerned by this very slow start, both because this signified a failure of the new social safety net initiative to reach most of the target group and because it resulted in an unacceptably low ratio of income transferred to administrative costs. The obvious solution was to embark on a massive recruitment drive, but without a corresponding increase in GAPVU administration - yet weak administrative capacity had been identified as early as 1990 as a major constraint on GAPVU's effectiveness (Schubert and Balzer 1990).

In 1992 GAPVU entered a phase of rapid expansion. Ambitious beneficiary enrolment targets were set - 4,000 by mid-1992, 8,000 by mid-1993 and 20,000 by mid-1994 (Schubert 1993) - to increase coverage towards the programme target of reaching all 80,000 eligible households. "The adoption of such ambitious coverage targets became the over-riding criterion for evaluating the success of the transfer program, minimising the importance of careful and accurate targeting and efficient, effective program administration" (Low *et al.* 1998:16). In other words, once enrolment targets had been set it became more important to achieve these targets than to scrutinise every applicant's eligibility or to monitor those who were responsible for registering beneficiaries.

By September 1993 total registration already stood at 54,000 (Schubert 1993), and by June 1995, GAPVU was reaching about 70,000 households - 88% of the target and 16% of all 450,000 urban households in Mozambique. Enrolment figures eventually peaked at 92,300 beneficiaries (significantly *above* the initial target population) when GAPVU was closed down in December 1996. During 1997 all registered beneficiaries were individually assessed for eligibility, but only 32,300 had been re-registered by January 1998 - almost two-thirds of the 92,300 former beneficiaries were found to be ineligible. The grossest instance of over-registration occurred in Nampula (one of our survey sites), a city which registered 14,000 households despite being considerably smaller than Maputo, which had 8,000 beneficiaries in 1996. Similarly, registered beneficiaries in the small towns of Nacala and Tete exceeded the numbers in Maputo and Matola, where more than half of the nation's urban population resides.[39] When a re-registration exercise was undertaken for verification purposes, 70% of names registered in Tete could not be traced at all - they were "imaginary beneficiaries" (Low *et al.* 1998:11).

The underlying reason for over-registration was the failure to match GAPVU's rapid expansion with an upgrading of staff levels or expertise. As noted above, the alpha-ratio stood at 0.87 in 1992, but GAPVU's Director, reacting to pressure from the government and donors to maximise cost-effectiveness, aimed to cut administration costs to no more than 5%. She therefore refused to increase staff levels, and by 1995 the alpha-ratio had risen to 0.93, which is high for a targeted programme based on individual assessment, also bearing in mind that the value of the transfer was extremely low (at the equivalent of £1.50 per month). At that time GAPVU employed only 92 staff members at both central and provincial levels, or one employee per 1,000 beneficiary households. O'Laughlin (1996) argues that GAPVU's bureaucracy was too small to deal with the increasing scale and complexity of the programme. This inadequate level of staffing resulted in poor supervision and monitoring, and contributed to the high levels of corruption (by staff) and fraud (by beneficiaries) that emerged when gross anomalies were detected in records from several cities during 1996, during an internal investigation by the government. Some staff members actively defrauded the system, while others simply could not carry out all the home visits that were needed to monitor beneficiary households' circumstances at registration and for

[39] In mid-1995 Maputo city had 5,855 GAPVU beneficiaries, just 8% of the national total, while Nacala and Tete had registered 11,378 and 11,164 households respectively, each town accounting for 16% of all beneficiaries nationwide (Datt *et al.* 1996:28).

annual re-registration. Before the corruption was detected, though, GAPVU was being applauded for its cost efficiency: "the cost efficiency of the program is excellent: only 3.2% of the budget was spent on administration" (Schubert 1995).[40]

- ***Targeting***

Initially, GAPVU targeted four designated 'vulnerable groups': the elderly and disabled, whose eligibility was based on 'dependency' (poverty caused by inability to work); and certain categories of women and children, whose eligibility was based on household food insecurity (indicated by poor nutrition status). These criteria were believed to cover most manifestations of destitution and food insecurity in Mozambique's urban areas. The precise eligibility criteria for these target groups were established in 1990 (MPF 1990):

- ***Malnourished pre-schoolers -*** Households with a severely malnourished child under 5 years old (clinically diagnosed kwashiorkor, weight-for-age or weight-for-height below the third percentile of reference standards);
- ***Malnourished pregnant women -*** Households with a pregnant woman who was severely malnourished (clinically diagnosed anaemia, or monthly weight gain of 500 grams or less for single births);[41]
- ***Elderly -*** Persons over 60 years old who had been unemployed for at least two years and were living either alone or in households without any individuals of working age (between 18 and 59);
- ***Disabled -*** People with physical disabilities 18 years old and above who were unemployed and unable to work, and were either living alone or heads of households without any other persons of working age.

Two other 'vulnerable groups' were added as eligible categories during 1995:

- ***Female-headed households -*** Female heads of households with five or more children and with no other resident individuals of working age;
- ***Chronically ill -*** Household heads who were diagnosed as chronically ill.

In addition to satisfying at least one of these criteria, potential GAPVU beneficiaries were required to meet three stringent additional requirements.

- ***Poverty -*** per capita monthly income in applicant households should be less than a minimum threshold level (Mt 24,000 before 1995, Mt 32,000 from 1995 onward) - a means testing criterion to establish destitution;[42]
- ***Residence -*** the local *chefe de quarteirão* had to verify that applicants had lived in their locality of registration for at least one year (this criterion was designed to discourage migration into urban areas to register for GAPVU);
- ***Absentee workers -*** applicants were required to state that there were no working age members of their households who were temporarily absent and working in neighbouring countries (e.g. South Africa).

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40 If Schubert's figure is accurate this would imply an extraordinarily high alpha-ratio of 0.968.

41 The nutritional status of children and pregnant women was verified by nurses in MCH clinics.

42 As the Mozambican metical was in steep decline during the early 1990s, this income threshold was unfeasibly low from the start. In August 1990 Mt 24,000 was worth a nominal US$ 26, but Mt 32,000 could buy just US$ 3.54 in August 1995 (Low *et al*. 1998:11). Datt *et al*. (1996:20) noted that the income threshold was equivalent to just one-third of actual mean consumption expenditures among beneficiary households, and 27% of the reference poverty line in 1995. They conclude: "It is questionable whether such a low threshold would even ensure survival." In practice, this criterion was effectively ignored: only 15% out of 515 beneficiaries surveyed in 1995 met this requirement.

GAPVU had exit as well as entry criteria. Beneficiaries were not intended to receive payments indefinitely, but were reassessed annually and were re-registered only if their circumstances had not improved. Beneficiaries were supposed to graduate from GAPVU once their incomes rose above a threshold of Mt 26,000 (initially) or Mt 32,000 (from 1995), if their children 'graduated' from severely to moderately malnourished, if they moved to another town or to the rural areas, and so on. Malnourished pregnant women received financial assistance only for six months after delivery. In practice, though, few beneficiaries other than post-natal women were ever dropped from the programme.

An early assessment found that GAPVU's targeting criteria were effective in terms of minimising leakages to the non-needy. From a small sample of beneficiaries in Maputo, 70% were 'destitute', 20% were 'absolutely poor but not destitute' and only 10% were neither absolutely poor nor destitute (Schubert 1993).[43] GAPVU was the main or only source of support for the majority of beneficiary households. Almost 50% of GAPVU households surveyed in 1995 had no income from employment, while among the old-age group, 60% had no income at all, and only 27% received assistance from their children - large numbers of whom were killed or disabled during the civil war. On the other hand, 70% of old-age beneficiary households had at least one working-age member, which was incompatible with the eligibility criterion which stated that they should have none.

In terms of the distribution of beneficiaries between the four eligibility categories, elderly people without support dominated (52% of all beneficiaries in mid-1995), followed by malnourished children (38%) (Datt *et al.* 1996:28; see Table 4.3).

Table 4.3. ***GAPVU beneficiaries, 1990 to 1998***

By year	Number [% of target]
1990	57 [0.1%]
1991	572 [0.7%]
1993	54,000 [68%]
1995	70,000 [86%]
1996	92,300 [115%]
1998	34,000 [43%]
Target	**80,000 [100%]**

By category (mid-1995)	Number (%)
Elderly household heads	35,541 (52%)
Malnourished pre-schoolers	25,968 (38%)
Malnourished pregnant women	4,549 (7%)
People with disabilities	2,927 (4%)
Total	**68,985 (100%)**

Following GAPVU's closure in 1995 and its relaunch as 'INAS' in 1997, the number of beneficiaries was severely reduced under new, more vigorous registration procedures. The two biggest categories also saw the severest declines: 'women with malnourished children' fell from 26,000 to 3,250, while 'elderly' beneficiaries were cut from 35,500 to 25,000. By town, Nacala and Quelimane had their beneficiaries cut by 84% and 73% respectively, while only Matola and Beira emerged with their beneficiary lists more or less intact. Of the three towns where the present research project was conducted, Nampula and Chimoio each had their beneficiaries halved (from 6,250 to 3,107, and 6,075 to 3,007 respectively), while Maputo saw a reduction of 29% (from 5,855 to 4,175),[44] compared to the average across all 13 towns of 53% (Low *et al.* 1998:43).

43 Cut-off points for monthly per capita expenditures were set (in 1991 US dollars) at <$10 for 'destitute' and $10-$15 for 'absolutely poor'.

44 Information provided by Mr Igidio de Sousa (INAS, Nampula), Mr Rui Xavier Chiposse (INAS, Chimoio), and Mr Eduardo Borges (INAS, Maputo) respectively.

❑ *Corruption and fraud*

Identification and registration procedures depended greatly on honest self-reporting and local verification. Urban Mozambique is organised into hierarchical community structures: the *quarteirao* comprises up to 500 households, and the *Chef de Quarteirao* is personally familiar with most or all of these households. A *bairro* consists of several *quarteiraos* and is headed by the *Secretario do Bairro*. Information about GAPVU was disseminated through *bairro* and *quarteirao* leaders, and the programme exploited *Chefe do Quarteirao* knowledge of community members to screen applicants for GAPVU eligibility (Rogers 1994). Applicants declared their incomes to their community (*bairro*) leaders or GAPVU representatives, who registered beneficiaries and were required to visit their homes each year to assess their assets and living conditions. One reason for the over-registration that subsequently occurred was that financial incentives to register people were built into the system. In each *bairro* GAPVU had a representative called the *permanente*, who was paid Mt 2,000 for every new GAPVU beneficiary registered. Nurses at clinics were offered similar financial incentives for every malnourished child that was registered for GAPVU. This 'commission' unintentionally encouraged *permanentes* and nurses to register people even if they were technically ineligible, not only to collect the small registration fee but also, in cases where the beneficiary colluded in this fraudulent behaviour, to divide GAPVU payments between them - typically on a 50:50 basis.

The small value of the GAPVU transfer motivated corruption on a grand scale. At a basic rate of Mt 24,000 in 1995, beneficiaries received less than the equivalent of £1.50 per month. Poor design and monitoring not only allowed corruption to occur, it effectively encouraged it. For example, most GAPVU beneficiaries are illiterate, so thumbprints are used for registering and when collecting payments. GAPVU officials in Nampula simply completed hundreds of registration forms and payment receipts, drawing on lists of household names obtained from the local administration, and used their own thumbprints to claim the cash for themselves. An example of how the incentive structure encouraged corruption is the case of nurses at clinics, who were paid Mt 2,000 for every child registered for GAPVU. This created an obvious incentive to register ineligible children, a practice in which parents colluded because they also derived financial benefits. Steps were taken to remedy these problems. The GAPVU officials in Nampula were replaced, and nurses are now remunerated per day or per week rather than per child registered.

One case which illustrates the distorting effects of the incentive payments was 'the baby with seven mothers' - a women from Nacala town in Nampula Province who 'lent' her malnourished infant to six friends, all of whom registered for GAPVU.

> *"Some nurses benefited from issuing certificates of vulnerability. There were cases of nurses sending people out to seek beneficiaries. If someone brought ten he or she was paid Mt 1,000 per person. The most ironic case was of a child who was issued a certificate seven times with seven different 'mothers'. Each beneficiary of a certificate had to pay the nurse concerned a certain amount varying from Mt 3,000 to Mt 10,000. When the trick was discovered and some nurses prosecuted, many of them abandoned the work."*
>
> \- *Interview with Marcelino Verde, INAS chief clerk, Nacala, February 1998*

The evidence of rampant fraud and corruption in the GAPVU programme raises the broader issue of capitalism and corruption in Frelimo's Mozambique: "Why is it that corruption is now rampant when, by all accounts, it was at a very low level during the first years of independence?" (Cravinho 1995:54). In the 1970s, corruption was regarded as 'economic sabotage', and incurred severe penalties. Cravinho's explanation focuses on "the construction and dissolution of the Frelimo ideology and the Frelimo state" between the 1970s and the mid-1990s. Cravinho argues that Frelimo enforced subordination and control under the guise of Marxist ideology, and that this was effective until the Marxist discourse started to unravel during the 1980s, culminating in the adoption of structural adjustment programmes in 1987 and 1989. O'Laughlin (1996:201) observes that the shift in economic policy was paralleled by dramatic shifts in "the moral tenor of everyday life… The egalitarianism, austerity and political engagement of the late 1970s gave way in the 1990s to sharp differences between rich and poor, conspicuous opulence set against the misery of street children eating from rubbish bins, and mass political cynicism".

Another consequence of the shift from a political rhetoric to economic opportunism was an increase in 'rent-seeking behaviour' or petty corruption by state officials. This reflected both the state's weakened ideological credibility and moral authority and its diminishing economic capacity, which meant that officials could survive only by abandoning their morals to supplement their salaries. "Everywhere, it seems, police and customs officials engage in supplementing their salaries in a way that is nominally illegal and yet accepted and facilitated by the political authorities who have no other means of attempting to obtain social peace" (Cravinho 1995:25). GAPVU staff were no exception to this trend, although initially it seems incidents of corruption were few.

"The growth, throughout the 1980s, of that portion of the population which rejected the Frelimo project and of that portion of officials which used their position for personal gain, may thus be seen as no more than a natural consequence of … creeping capitalism" (Cravinho 1995:229; see also Harrison 2000 on Frelimo's 'grassroots authoritarianism'). On the other hand, Cravinho rejects this explanation as incomplete, arguing instead that Frelimo's project and its claim to represent the will of the people was flawed from the outset. Nonetheless, Mozambique's "enthusiastic adoption of the free market" (Financial Times, 25 June 1997) was a crucial contributor to the dissolution of Frelimo hegemony during the 1980s. "The centralization of resources and control in the institutions of the party-state did not imply that there was a centralized system for distributing the benefits of those resources. The state-system was far too weak to police itself and the state-idea had long since lost its capacity to motivate (or "mobilise" in Frelimo's language) without employing coercion" (Cravinho 1995:281).

- ***Payment levels***

GAPVU beneficiaries received monthly cash payments that varied with household size. The initial payment was set in June 1990 at Mt 7,500 per month for a single-person household ("individuals not belonging to a family unit" (GAPVU 1990)), Mt 12,500 for households with two members and Mt 15,000 for households having three members or more. Despite a commitment that: "The food subsidy will be readjusted in proportion to increases in the minimum wage" (GAPVU 1990), actual adjustments were made on an irregular, *ad hoc* and lumpy basis. GAPVU beneficiaries would receive the same monthly payment for two or three years - while its value steadily eroded - then received a sudden and sometimes dramatic increase. Substantial increases were made in 1993 and 1996 (Table 4.4), with occasional minor adjustments in the intervening years.

Table 4.4. ***GAPVU payments to beneficiaries, 1990-1996 (meticais/month)***

Household Size	1990	1993	1995	1996
1	7,500	20,000	24,000	32,000
2	12,500	32,400	38,000	51,000
3	15,000	40,000	48,000	64,000
4	15,000	42,000	60,000	72,000
Per extra person	+0	+ 2,000	+ 6,000	+ 8,000

Note: Mozambique's currency is the Metical (singular) or Meticais (plural). At the time of our survey in early 1997 the sterling exchange rate was approximately Mt 18,000 = £1.

The value of GAPVU transfer income was always intended to be only a fraction of the minimum wage, to discourage dependency and encourage self-help initiatives so that enterprising beneficiaries would exit the programme of their own volition. But while the implicit intention was to maintain a constant ratio between GAPVU and the minimum wage, in practice this ratio fluctuated dramatically because the minimum wage was adjusted more frequently (every 8-12 months) than GAPVU's payment schedule. At its inception in mid-1990, GAPVU's stipulated payment of Mt 7,500 to a single person was equivalent to 30% of the minimum wage of Mt 25,100, but this declined to 13% before the first big increase in early 1993, when Mt 20,000 was worth 34% of the minimum wage (at that time) of Mt 58,800. Thereafter the ratio started to slide again, reaching its lowest value of 8.8% before the 1996 increase to Mt 32,000, which elevated it only to 11.8% because by then the minimum wage had escalated to Mt 272,000 (Low *et al.* 1998:14). The variable minimum wage itself was sufficient to buy a nutritionally adequate food basket for 1.3 to 2.7 adults between 1990 and 1996 (Pires 1997). Given that GAPVU was worth one-third to one-tenth of the minimum wage at various dates, this implies that GAPVU was sufficient to meet the food needs of 0.4-0.9 persons at the best of times and 0.1-0.3 at the worst. This low purchasing power is largely responsible for the limited nutritional impacts that were reported in GAPVU evaluations (as discussed below).

Surveys conducted in 1995 and 1996 found that 30% of GAPVU beneficiaries had experienced interruptions in payments while 59% were receiving less than their entitlement (e.g. GAPVU officials did not always inform beneficiaries that the level of payment rises with household size). In many cases of interrupted or under-payment, GAPVU officials were pocketing the cash that was intended for the beneficiaries.[45]

Table 4.5 shows that, except for single-person households, GAPVU beneficiaries consistently reported receiving less than their full transfer entitlement. The average two-person household received only three-quarters, while households with three or more members received at most two-thirds, of the monthly income to which they were entitled. In some cases this discrepancy might have reflected staff members' ignorance of the detailed payment schedule, but in many cases they took advantage of beneficiaries to pay them less than they were entitled to receive, and pocketed the difference.

Table 4.5. ***GAPVU monthly payment schedule in 1995: stipulated and actual***

Household size	Stipulated total transfer per household (Mt)	Stipulated transfer per capita (Mt)	Actual transfer received per capita (Mt)	Actual transfer per capita as % of stipulated transfer
1	24,000	24,000	24,664	103%
2	38,000	19,000	14,276	75%
3	48,000	16,000	10,273	64%
4	54,000	13,500	9,188	68%
5	60,000	12,000	8,095	67%
6	66,000	11,000	7,359	67%
7	72,000	10,286	6,283	61%
8	78,000	9,750	6,213	64%
9	84,000	9,333	5,087	55%
10	90,000	9,000	4,119	46%
11+	111,534	8,208	3,314	40%
Average	**57,016**	**11,715**	**7,610**	**65%**

Source: Calculated from Datt *et al*. 1996:43

45 One incident reported to me occurred in Sofala, where the provincial Governor was concerned to see long queues outside the GAPVU office for weeks on end. When he approached these beneficiaries they told him that - according to GAPVU staff - no money had been sent from Maputo for the past 3 months. The Governor checked with Maputo and found this was untrue: GAPVU staff in Sofala had simply stolen 3 months worth of GAPVU's provincial allocation.

Another possibility is that beneficiaries might have failed to report their household size and composition *in toto* to GAPVU officials; for example, in cases where elderly beneficiaries knew that the presence of working age adults in the household would disqualify their application. The 1995 survey of 515 GAPVU households found that elderly beneficiaries had an average of 0.7 adult members of working age in their households, which the authors found "surprising because according to the eligibility criteria they should not have any" (Datt *et al*. 1996:9).

This discussion has demonstrated that the value of GAPVU transfers was extremely low in absolute terms from the outset and was further reduced by a number of factors, including a failure to adjust payment levels upward regularly in line with high levels of inflation and constantly rising minimum wages - the benchmark against which GAPVU should have been pegged - occasional episodes of interrupted payments, and consistent under-payment to multi-person households.

Given GAPVU's extremely low contribution to household purchasing power, there have been repeated recommendations to raise the level of payment and to maintain its value at a constant ratio of the national minimum wage. In 1998 the Ministry of Social Action requested the Ministry of Planning and Finance to raise the rate to 50% of the minimum wage, without success (Eduardo Borges, INAS Director, pers. comm.). The present survey questionnaire included an invitation to respondents to suggest what they felt would be a fair rate. The average response was a reasonable Mt 145,000. At the time the minimum wage was Mt 354,000, so beneficiaries were asking for just 41% of this. Responses also reflected regional differences in living costs, with GAPVU beneficiaries in the northern town of Nampula asking for just Mt 88,000 (25% of the minimum wage).

This provides support for the argument that a standard payment schedule across the entire country is quite inappropriate. Arguments made in favour of uniform payments in interviews with GAPVU officials included "fairness", and that beneficiaries would be tempted to move to higher-paying towns under a regionally differentiated payment system - both of which are questionable, given the variable real value of the Metical in different localities. Low *et al.* (1998:29) argue that the income transfer should be set at a level that allows the household to purchase one-third of its food needs (approximately 750 kcal/person/day), based on the cost of acquiring this food in each region.

GAPVU's achievements

GAPVU's objective was to alleviate (rather than eradicate) the 'food poverty' of destitute urban Mozambicans, by providing a cash supplement that was intended to be used to purchase additional calories, to enable all beneficiaries to attain a minimum calorie intake which was set by the Poverty Alleviation Unit at 1,700 kcal per person per day. Because of this precisely specified - if rather limited - goal, the value of the income transfer was never sufficient to cover all of the recipient's basic food and non-food needs. For example, if an individual whose minimum nutritional requirement had been set at 1,700 kcal/day was surviving on 1,300 kcal/day, then assistance was needed only to cover the 400 kcal 'calorie gap', not to purchase the entire daily food basket. The assumption was that a well-targeted transfer would reach only those households whose poverty was so severe that they would spend virtually all incremental income on staple food items.[46]

One immediate problem that this consumption-driven objective introduced is that it locked evaluators into a necessity to measure success in terms of nutritional impact, which

[46] This thinking follows from the 'Engel's curve' observation that the proportion of total income spent on food falls as income rises, and from Lipton's (1983) definition of the 'ultra-poor' as those who spend 80% or more of their cash and in-kind income on food.

successive evaluations have consistently failed to find.[47] This problem was compounded by a failure to adjust the level of payment in line with changes in living costs, especially rising food prices, despite an undertaking written into the initial formulation of GAPVU that payments would be pegged to increases over time in the national minimum wage. In practice, since GAPVU was state-funded and had to compete with other programmes for budget allocations from the Ministry of Finance, payment levels (and even the numbers of beneficiaries) were dictated not by cost of living criteria, but instead by the size of the allocation that GAPVU had available for disbursement each year.

Destitute households in Mozambique spend 75-80% of their income on food. A small survey of GAPVU beneficiaries in Maputo in 1992 found that households spent 82% of their incomes on food before receiving the transfer, and 79% afterwards. A comparison of the nutritional status of infants of beneficiaries and non-beneficiaries found that the transfer seemed to have a positive impact on birthweights and infant mortality rates. Sahn and Alderman (1995:12) found that the positive impact of GAPVU income on the nutritional status of children was higher than for other sources of income. Another small survey in 1993 found that GAPVU households spent this transfer income as follows: 66% on food, 18% on fuel; 12% on transport; and 7% on clothing. According to the same source, some beneficiaries reported using their GAPVU income to buy commodities which they resold for profit so as to buy more food than the transfer itself would allow. This practice, which was confirmed in the present survey (discussed below), "represents a sensible and nutritionally sound use of the transfer" (Rogers 1994:13).

A larger survey of 515 GAPVU beneficiaries in 1995 found that the average beneficiary was surviving below a regionally disaggregated poverty line - average consumption expenditure in these households amounted to 91% of the reference poverty line. Consumption net of GAPVU transfers averaged 80% of the poverty line, so GAPVU income contributed approximately 12% to total consumption expenditure (Datt *et al*. 1996:17). Assuming complete displacement of consumption expenditure, receipt of GAPVU benefits was found to reduce the headcount incidence of poverty from 71% to 65% of this sample: 6% of sample households moved above the poverty line as a consequence of receiving GAPVU income. A more significant impact was observed on other poverty measures: “The poverty gap index without GAPVU transfers would have been higher by 27%, and the squared poverty gap index would have been higher by 44%” (Datt *et al*. 1996:18). This evidence, that GAPVU reduced the depth of poverty more than its incidence, suggests that the transfer’s incidence and impact are progressive among beneficiaries - it has a bigger impact on the severely than the moderately poor.

Datt *et al*. (1996:18) found that 29% of their stratified random sample of 515 GAPVU beneficiaries were living above the poverty line in 1995, and that 31% of total GAPVU transfers were ‘leaked’ to these non-poor beneficiaries. In the absence of nationally representative poverty statistics, Datt *et al*. were unable to conclude how serious these targeting errors were - if the incidence of poverty in the general population was around 70%, “then the GAPVU screening process does no better than a purely random sample from the general population”. In fact, as is now known, the national headcount incidence of poverty - from the 1996/97 baseline survey - stood at 69% (see Table 4.2 above), so GAPVU appears to fail this test of targeting efficacy, though the urban poverty headcount was 62%, so GAPVU fared marginally better on this more relevant measure.

[47] It would be unfair to dismiss GAPVU as a failure for this reason, however. During the 1990s accumulating evidence from food and cash transfer programmes suggested that transfers are more fungible at low levels of income than was previously thought (indeed, this study hopes to contribute to this re-evaluation): scarce resources are allocated among many competing priorities, of which immediate food consumption is only one; the food insecure do not follow a ‘food first’ strategy but a ‘livelihood first’ strategy; even at very low incomes, some incremental income is invested and saved rather than consumed; resources targeted at one household member (e.g. free school meals) might be ‘reallocated’ by substitution within the household so that nutritional impacts are not limited to the target group; and so on. (A review of some of this literature with respect to project food aid is provided in Devereux 1998c.)

A nutritional assessment of beneficiary households conducted in 1996 found high levels of stunting and wasting throughout the sample, but found no statistically significant difference between children from homes where malnutrition defined eligibility for GAPVU and those where other criteria determined participation in the programme. Even worse, many children who were registered as severely malnourished for GAPVU purposes were either moderately malnourished or not at all malnourished. The authors found it difficult to explain whether this observation "represents leakage of the intervention to households who were not eligible (did not have a malnourished child at onset) or whether the nutritional status of children did improve as a result of participation in the program" (Datt *et al*. 1996:11). In either case - and the former explanation seems more plausible, given the small value of the income transfer - these households should have been removed from the GAPVU programme.

Finally, a survey in December 1997 found no statistically significant difference in calorie consumption between elderly GAPVU beneficiaries and elderly non-beneficiaries (Bazo 1998, cited in Low *et al.* 1998:19). This was attributed largely to the low value of the transfer at that time, which could purchase only 225 kcal/day if it was spent entirely on food. The main benefits that the income transfer did provide were social rather than economic or nutritional: beneficiaries were able to purchase more of their food and were less dependent on begging or informal support networks.

From GAPVU to INAS

After GAPVU was closed in December 1996, its Director was arrested (but subsequently released without being charged), most of the staff were fired, and a new Director was appointed who came from the Ministry of Finance and (significantly) had a background in accounting and experience of financial management systems. GAPVU was restructured and new administrative systems were put in place, including a computerised database of all beneficiaries, which allowed multiple registrations and 'ghost' beneficiaries to be detected and removed from the programme. Opportunities to enrol non-existent or ineligible people have been reduced by introducing a double-checking system of two lists held independently by the local *permanente* and the provincial programme administrator. Incentives to excessive registration have also been removed: *permanentes* and selected nurses are now paid monthly salaries rather than a payment per person registered.

In 1997 GAPVU was relaunched as a nameless urban "cash transfer programme" under the National Institute for Social Action, or 'INAS' (*Instituto Nacional de Acção Social*), a department in the Ministry of Coordination of Social Action (MICAS).[48] The transformation of GAPVU into INAS signified a break with the past; it was an attempt to distance the programme from the problems and tainted reputation that GAPVU had acquired in its latter years.[49] But this was more than a change of name and institutional home; it also heralded a new direction for social safety net programming in Mozambique.

Most significantly, the overall objective has shifted from a residual welfarist function of providing subsistence support to people living in chronic poverty (poverty alleviation), to a more ambitious developmental goal of reducing poverty by raising beneficiaries above the poverty line on a sustainable basis (poverty reduction).

Quite apart from its corruption problems, GAPVU had been losing support from key players in the Mozambique government, who argued that it was a nominal safety net programme

[48] Since the 'cash transfer programme' continues to be known colloquially by the acronym 'GAPVU', the term 'GAPVU' is preferred throughout this report.

[49] Unfortunately, INAS itself did not appear to be totally free from corruption. A report on local television while I was conducting this fieldwork in Nampula featured residents of Namikopo *bairro*, complaining that men who wanted to register for INAS had to pay Mt 10,000 to INAS officials, wile women had to "give themselves" (i.e. offer sex).

that perpetuated poverty and dependency rather than assisting ‘destitutes’ to become active participants in the economy. Accordingly, INAS has introduced a range of ‘social action’ programmes that make a clear distinction between participants who are able to provide physical labour and those who cannot, with differentiated forms of assistance being provided to each category of vulnerable group. “Destitute elderly and disabled households will continue to be supported with cash transfers, cash-for-work opportunities will be created for households having malnourished children or high dependency ratios, and special training programs will be promoted for youth (Low *et al.* 1998:17).

The introduction of a work requirement and training schemes for able-bodied programme participants brings INAS into line with thinking on targeted income or in-kind transfers elsewhere in Africa (including in Zambia - see Chapter 6), that the unemployed or underemployed poor should be provided with employment rather than gratuitous relief (“from welfare to workfare”). Labour-intensive cash-for-work programmes have been initiated in urban areas where INAS is operational (mostly town cleaning activities or infrastructure maintenance such as road repairs). An official from the Ministry of Social Action argued that this work requirement would improve targeting and reduce opportunities for corruption: *“Many able-bodied people were benefiting from GAPVU who could be working instead, so INAS is more concerned with creating jobs and skills and less for giving people free money. … In the new framework it will be more difficult to bribe someone because people will be working for the cash, not getting it for free.”*

The Director of INAS pointed out that introducing cash-for-work would allow the value of the transfer to participants to be increased. *“32,000 meticais is a meaningless amount. We proposed raising it to 100,000, but the Ministry of Finance refused. They will increase the payment for those who can’t work to 50,000, but on the work programmes we will pay the minimum wage, which is much higher than they are getting now.”*

Also, reflecting the government’s concern that GAPVU might have encouraged displaced rural families to settle in towns after the civil war ended in 1992, INAS is mandated to provide assistance to programme participants who wish to return to their villages. This provision is part of a wider ambition to extend INAS from an urban safety net to a national social safety net programme, partly by integrating it with ongoing safety net activities in rural areas and partly by introducing new elements, such as microcredit and training for both the urban and the rural poor. The Regional Director of INAS in Nampula explained: *“GAPVU did not bring about any transformation of society because it lacked a vision to shift people out of poverty and dependence. But INAS is looking to create a ‘chain of beneficiaries’, by setting up projects that will employ other people, also by working with multiple partners in communities, for a more integrated approach to poverty.”*

Our survey asked GAPVU beneficiaries whether they would prefer either being trained and assisted with finding employment, or continue receiving gratuitous cash. Only one respondent in four favoured the training course option, but usually for understandable reasons: 77% of those who expressed a preference for cash said they are too old or weak to work, while a further 10% had physical disabilities. (Several had landmine injuries. One woman who had lost a leg after stepping on a landmine in her farm outside Chimoio town said: *”I would like to learn a skill according to my disability”*.) Those who welcomed the offer of training pointed out that they could earn higher incomes through employment than they received from GAPVU.

Survey Findings

This section presents findings from fieldwork in Mozambique in 1998. At the time of our survey of 300 programme participants, GAPVU/INAS was operational in Mozambique's 11 provincial capitals plus two smaller urban centres. Our survey was undertaken in 25 purposively selected poor *bairros* of 3 provincial capitals: Maputo (13 *bairros*), Chimoio (8 *bairros*) and Nampula (4 *bairros*). These towns were selected using two criteria: population size and geographical dispersion. Maputo (the national capital) is a large city in the south, Nampula (capital of Nampula province) is a medium-sized city in the north, and Chimoio (capital of Manica province) is a small city in central Mozambique.[50]

Demographic characteristics

Following a sampling rule that roughly equal numbers of men and women should be interviewed, almost half the respondents were male (n=140) while slightly more than half were female (n=155).[51] Three households in five were male-headed (58%) while two in five were female-headed (42%). The average household size, at 4.3 members, is small by African standards. The high proportion of female-headed households and the small household size probably reflect a combination of three factors: the demographic impact of the civil war; the fact that the survey was restricted to urban areas (where children are more likely to be seen as a net cost than in rural areas, and where women living without male partners are more likely to be found); and - most significantly - the criteria for GAPVU eligibility, which included the absence of employed adults in the household.

Interestingly, in light of GAPVU's focus on targeting assistance to people displaced to urban areas during the civil war, 41% of these households had migrated into Maputo, Nampula or Chimoio from a rural community elsewhere in Mozambique. However, only one in four expressed a preference for living in town - three-quarters stated that they preferred living in rural areas. This appears to endorse the recent decision by GAPVU (now INAS) to support poor urban households who wish to relocate back to rural areas.

Out of 383 GAPVU participants in 300 households surveyed, females outnumbered males by 210 to 173 (55% vs. 45%). Although one participant was just 22 years old, the majority were elderly, with an average (mean) age of 53 years at the time of the survey. In two-thirds of cases, the recipient of GAPVU income was the head of their household (67%), while the remainder were typically either the wife (11%), daughter (9%) or son (7%) of the household head. Many female household heads were war widows.

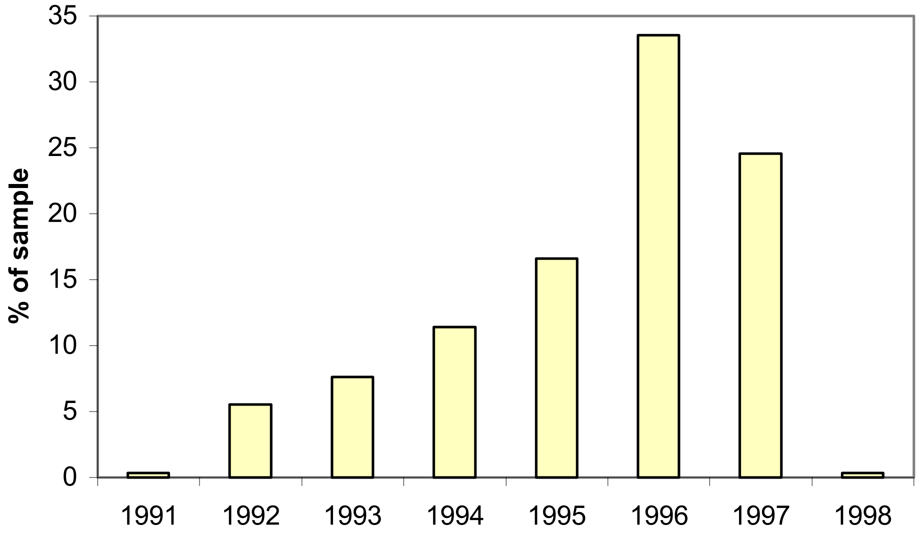
GAPVU participation

Most of the 300 households surveyed had first registered with GAPVU during the height of its expansion phase between 1994 and 1996, with 12% registering in 1994, 17% in 1995 and 34% in 1996 (Figure 4.1). Only 6% had registered before 1993, but a further 25% had joined in the year preceding our survey, during 1997. Most households had only one GAPVU participant (86%), but 30 households had two participants each (10%) and 12 households - curiously, all in Chimoio - had three or more participants (3%), up to a maximum of eight.

[50] Mozambique's National Institute for Physical Planning classifies *small cities* as those with less than 200,000 inhabitants and a low level of urbanisation (Chimoio, Inhambane, Lichinga, Pemba, Quelimane, Tete, Xai-Xai); *medium cities* as those with over 200,000 inhabitants and a medium level of urbanisation (Beira, Matola, Nampula); and *large cities* as those with over 200,000 inhabitants and a high level of urbanisation (Maputo) (Government of Mozambique 1994:3). The two urban centres that are not provincial capitals, but where GAPVU was also operational, are Nacala (in Nampula province) and Maxixe (in Inhambane province).

[51] Five incomplete questionnaires were discarded during data cleaning, leaving a total of 295 valid observations for most variables reported here.

Figure 4.1. ***GAPVU beneficiaries by year of registration***



One in four respondents complained that they had not received GAPVU payments continuously since they registered. Most of these had experienced disruptions of between one and three months. The most common reason given by respondents related to the period when GAPVU changed to INAS and beneficiaries had to re-register. Some explanations offered are indicative of GAPVU officials abusing their positions before the programme was closed down: *"We were told that GAPVU had no money"*; *"The person who pays GAPVU was absent"*; *"They said I had no right and tore my paper up"*.

On the topic of beneficiary participation in programme design and implementation, participation matrix exercises were conducted with groups of male and female GAPVU beneficiaries in each of the three cities. All these beneficiaries confirmed that they were not involved at all in conceptualising and designing the programme, nor in negotiating payment rates or programme implementation, except that the selection of beneficiaries was delegated to community representatives - the *permanente* in each *bairro*. Several beneficiaries expressed that they wanted to be involved in discussions about payment levels, but others simply felt grateful for government's support and were reluctant to complain about this free income: *"Government decided to help us. They are not obliged to help us. We don't think it's fair to ask for more."*

Many GAPVU participants said that they had been consulted by programme officials and researchers about various aspects of GAPVU design, but that no changes had followed from these consultation processes. For example, participants in Nampula asked GAPVU officials for help with housing and access to land for urban gardens, but "nothing has happened yet". Admittedly, these issues fall beyond GAPVU's remit. More significantly, though, beneficiaries were asked about payment preferences, and many asked for half in cash and half in food, but again no changes followed. In our survey we asked the same question, and found that only half our 295 respondents preferred payment in cash only while the other half would prefer partial or full payment in food (cash = 51%; food = 7%; half cash plus half food = 42%). Reasons given for preferring cash related to freedom of choice (*"I know what I need"*) and to meet non-food cash expenses (*"To pay for medicine and fuel"; "You can't live in town without money"*). Reasons for preferring food related to its role as a basic necessity and the high cost of acquiring it (*"Food guarantees survival"; By getting food I always have the minimum to eat"; "Food is very expensive"*). Some of our focus group participants suggested that anyone who was registered by GAPVU as poor should be entitled to free health care, or at least reduced clinic fees and medicines.

Household income

GAPVU cash is disbursed to individuals but is targeted at the household level, so no household should have more than one registered beneficiary, even though the payment is made proportionate to household size. In Maputo and Nampula the number of GAPVU participants corresponded to the number of households in the survey, but in Chimoio 30 households had two members receiving GAPVU transfers and one household had eight (mean=1.74), which clearly represents a gross error in the registration process.

The average (mean) monthly payment received from GAPVU by the 295 respondents was Mt 51,032, though the mode was Mt 32,000, which corresponds to the stipulated transfer to a single-person household in 1998, while a maximum payment of Mt 112,000 was recorded for the Chimoio household with eight members. (At that time the exchange rate was Mt 18,000 to the pound and Mt 12,000 to the dollar, so Mt 32,000 was equivalent to £1.78 or $2.60, and Mt 51,032 was worth a nominal £2.84 or $4.25.)

Table 4.6 lists the various income sources (GAPVU plus others) reported for 1997 by our respondents. Considering the fact that GAPVU was a means tested benefit, and that our survey was conducted after participants were re-registered having been closely assessed for eligibility, the range and scale of non-GAPVU incomes are surprising. As is typical of poor families throughout Africa, most households diversify their livelihoods by engaging in multiple occupations (Reardon 1997; Ellis 1998). However, many of these households were technically ineligible for GAPVU - for instance, 15% had wage- or salary-earning members, though mostly in low-paying, low status occupations (as security guards or domestic servants, electricians, railway employees, factory workers or office workers).

Half the sample households were engaged in various informal sector activities, including petty trading (in the market, on the street, or 'round the houses'), cutting wood or grass for sale, repairing houses, tailoring, beer brewing, and handicrafts (e.g. making clay pots, mats and baskets).

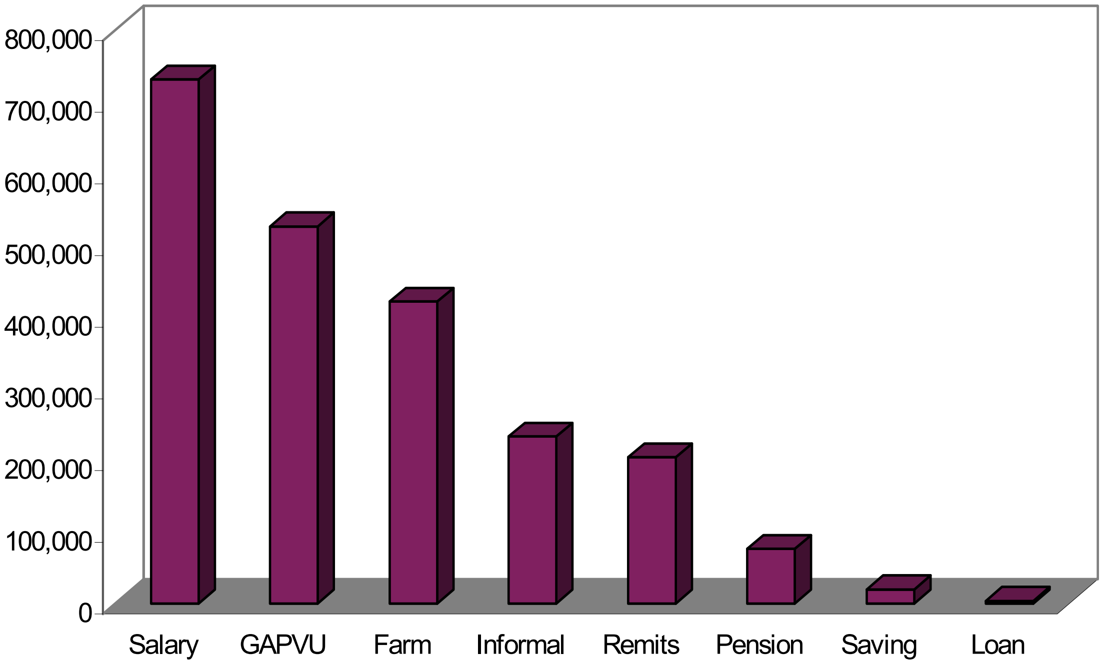
More than one household in three was farming and earning cash income from sales of produce, which is high for urban areas but consistent with recent evidence which finds that urban agriculture is commonly practised by the poor in most African cities (Streiffeler 1999). Also, more than a quarter of these households received remittances from relatives working elsewhere, which indicates both that these households are poor and that GAPVU made an inadequate contribution in terms of raising beneficiaries out of poverty.[52]

Table 4.6. ***Sources of household income and mean annual income, 1997***

Income source	n	%	Mean value (Zeroes excluded)	Mean value (Zeroes included)	%
GAPVU	295	100.0	526,048	526,048	24%
Informal sector	150	50.9	1,614,000	421,281	19%
Farming	111	37.6	623,686	232,561	11%
Remittances	77	26.1	1,003,017	204,003	9%
Salary	43	14.6	6,538,364	731,410	33%
Loan	10	3.4	100,700	3,414	0%
Pension	9	3.1	2,494,667	76,108	3%
Savings/Rent	5	1.7	1,162,200	19,698	1%
Total income				**2,214,523**	**100%**

52 By contrast, social pension recipients in Namibia are more likely to be donors than recipients of remittances, because the pension is worth considerably more than GAPVU (see Chapter 6).

Figure 4.2. Mean annual income by source, 1997



As is clear from Figure 4.2, salaries made the largest contribution to income across all households in the sample (even though only 15% had salary-earning members), followed by GAPVU, with informal sector earnings ranked third, ahead of farming and remittances, with minor contributions coming from loans, pensions, savings or rental income. Of 139 respondents who were working before registering with GAPVU, 53 (38%) subsequently stopped that work. Most gave the reason that they were too frail (old or sick) to continue working, which is consistent with over 40% of the sample reporting that they qualified for GAPVU by virtue of being elderly household heads. Significantly, only one respondent said they had stopped working because: *"I get help from the government now".* Clearly, the value of GAPVU was not sufficient to provide a disincentive to earn other income.

Next, Table 4.7 disaggregates income earned in 1997 by GAPVU households by gender. Average male earnings in this sample were 34% higher than average female earnings.

Table 4.7. ***Mean annual income by sex of income earner, 1997***

Income source	Male		Female		Ratio Male/Female
	n	Mean value	n	Mean value	
GAPVU	125	511,424	145	523,593	0.98
Informal sector*	47	1,491,792	58	1,623,775	0.92
Farming	19	385,368	72	715,958	0.54
Remittances	33	840,030	9	1,180,667	0.71
Salary	22	6,912,545	7	4,071,429	1.70
Loan	1	100,000	4	98,750	1.01
Pension	9	2,494,667	0	n/a	n/a
Savings/Rent	1	2,736,000	1	1,800,000	1.52
Mean income		**1,058,095**		**792,346**	**1.34**

Note: The sum of male and female incomes is less than mean household income in Table 4.6 because some income (e.g. from joint farming activities, or remittances) is not attributed by gender but is recorded as accruing to both male and female household members.

Most salary earners in our sample, and all those with private or occupational pensions, were men. Conversely, more women than men were active in informal sector activities. This gendered allocation of employment opportunities is typical of Mozambique's urban population overall. A 1995 national survey found that men outnumbered women in formal employment by over 2:1 in Maputo and 5:1 in provincial towns, but women outnumbered men 3:1 in self-employment activities such as street vending (de Vletter 1995:8).

It is worth noting at this point that gendered differences in survey findings (such as these for access to income-earning activities, as well as those recorded for asset acquisition and investment behaviour) were generally consistent across our three study areas, despite the fact that southern Mozambique is a predominantly patrilineal society, while northern Mozambique (north of the Zambesi river) is mainly matrilineal (Temba and Andrade 1997). As Casimiro *et al.* (1996:xi) found, "in both patrilineal and matrilineal societies, current customary norms discriminate against women". Women in Nampula appear to be as economically disadvantaged and socio-culturally subordinate to men as women in Chimoio and Maputo. (In focus groups in Nampula, married women told us that, just as in Chimoio and Maputo, they have to 'show' any income they earn to their husbands and decide jointly how to spend it.) Despite popular perceptions that matrilineal societies bestow more rights and autonomy to women, in fact Mozambican women have fewer opportunities and incentives than men to accumulate wealth in either sociocultural context. Similarly, while there is a high proportion of war widows in Mozambique, "the notion that a widow will have greater 'social protection' in a matrilineal than in a patrilineal society is unfounded" (Casimiro *et al.* 1996:xi).

Table 4.8 disaggregates household income by the three survey sites, and finds that total incomes and city size are positively correlated. Maputo residents have more sources of income (almost three per household) than smaller towns like Nampula and, especially, Chimoio (two per household). Maputo residents are also more likely to have access to lucrative income sources such as salaried employment, and are less likely to engage in farming, while residents of smaller towns - which have some rural characteristics - are more dependent on agriculture for both food and cash income.

Table 4.8. ***Mean annual household income by town, 1997***

	Maputo		**Nampula**		**Chimoio**	
Income source	**n**	**Mean value**	**n**	**Mean value**	**n**	**Mean value**
GAPVU	99	485,455	99	559,558	97	534,470
Informal sector	64	2,130,700	48	713,923	37	1,240,375
Farming	18	1,392,941	49	502,214	44	461,750
Remittances	38	1,694,567	32	308,080	7	328,400
Salary	37	7,231,333	5	3,924,000	1	900,000
Loan	8	94,625	2	125,000	0	n/a
Pension	6	2,842,000	0	n/a	3	1,800,000
Savings/Rent	4	1,261,500	0	n/a	1	765,000
Mean income	**280**	**5,700,057**	**235**	**1,454,562**	**190**	**1,313,590**

Maputo households also enjoy much higher average incomes - approximately four times higher in this sample - than Nampula and Chimoio households. For this reason, GAPVU makes a correspondingly smaller contribution to total household income in Maputo (only 9%) than in Nampula (38%) and Chimoio (41%). This suggests a case for differentiating GAPVU payment rates by province, according to local average incomes and local costs of living. On the other hand, these data might suggest that GAPVU is poorly targeted, especially in Maputo where a number of relatively wealthy households were registered.

Support for this possibility comes from a wealth ranking exercise in which households were scored from 0 to 5 on locally determined indicators of poverty or wealth. (Indicators included: access to running water, access to electricity, and whether any household member was literate.) As Figure 4.3 illustrates, households from Chimoio (mean = 0.7) and Nampula (mean = 0.8) were clustered around the lower end of the wealth ranking spectrum (over 80% of the sample in each city scored 0 or 1), while households from Maputo dominated the upper end of the spectrum (60% scored 2 or above; mean = 1.7).

Figure 4.3. ***Wealth ranking in three Mozambican cities***

Uses of GAPVU income

Given the extremely small value of GAPVU income, and the reality that most GAPVU beneficiaries are extremely poor, the range of uses to which this income was put is truly remarkable. Several questions were asked to establish how GAPVU income was used. The first (open-ended) question asked respondents to list the three main things that they had done with all GAPVU money ever received. The fungibility of household income makes it methodologically difficult to separate out expenditure funded by one source of income - in this case, GAPVU - from household spending as a whole. However, most respondents were clear and definite about how they had used their GAPVU cash, which was treated separately from other income sources, perhaps because of its regularity and reliability (as opposed to the variable and irregular income earned from informal activities such as street vending), making planning and allocation of GAPVU income easier. Our questionnaire asked respondents to recall detailed items of expenditure, matched against reported monthly income. The following list was generated.[53]

[53] This list has been recoded to eliminate possible distortions such as people being forced to think of three items when in fact they purchased only food - many respondents did in fact mention three food items, so this is counted as three responses under 'food items'. On the other hand, the list clearly over-emphasises purchases (only one respondent mentioned saving or investing GAPVU income, though other investigative mechanisms identified these as widespread), and underestimates spending on illicit activities (drinking, prostitution).

Table 4.9. ***Three main uses of GAPVU income***

Spending item	n	%
Food items*	395	57.3
Clothes	103	14.9
Fuelwood/Coal	43	6.2
Kitchen utensils	32	4.6
Soap/Detergent	25	3.6
School expenses	22	3.2
Farming expenses	13	1.9
Transport	12	1.7
Furniture	11	1.6
Housing	10	1.5
Cigarettes/Snuff	6	0.9
Water	5	0.7
Medicine/Hospital	4	0.6
Other	8	1.2
Total	**689**	**100%**

* 'Food items' are dominated by staples (bread, flour, maize, rice, cassava), but also include vegetables, fish (though not meat), milk, cooking oil, salt and sugar. 'Other' includes blankets, poultry, and grinding maize.

Table 4.10 disaggregates household spending for 1997, for those reporting non-zero expenditure on each item (so the individual figures do not sum to an average household budget - few households spent on transport, for instance, despite its apparent dominance in this ranking). This table gives some idea of the ranking of various expenditure items and the trivial amounts of cash income available to these extremely poor households (sterling equivalents are provided at the prevailing exchange rate, though this does not reflect purchasing power parity).

Table 4.10. ***Food and non-food spending by GAPVU households, 1997***

Food items	Meticais	£
Cereals	110,236	6.12
Milk	29,571	1.64
Beans	25,000	1.39
Cassava	24,231	1.35
Cooking oil	12,481	0.69
Curry	12,159	0.68
Vegetables	11,375	0.63
Fish	11,308	0.63
Sugar	9,324	0.52
Peanuts	7,400	0.41
Eggs	4,000	0.22
Water	1,600	0.09
Salt	1,000	0.06
Other food	92,167	5.12

Non-food items	Meticais	£
Transport	182,500	10.14
School expenses	126,425	7.02
Clothes	72,425	4.02
Medicine/Hospital	62,667	3.48
Poultry	50,000	2.78
Housing	49,000	2.72
Farming	39,318	2.18
Kitchen utensils	36,417	2.02
Furniture	20,556	1.14
Grinding maize	13,500	0.75
Savings	12,500	0.69
Cigarettes/Snuff	10,167	0.56
Fuelwood/Coal	8,192	0.46
Soap/Detergent	6,875	0.38

Spending patterns across the entire sample found that food purchases dominated total expenditure to an extent that suggests most of these households should be classified as ‘absolutely poor’. On average, around 80% of household income in 1997 was spent on food items (mean = 78.7%, median = 82.6%) and only ±20% on non-food items. Little difference was observed across the three cities in this respect (nor by sex of household head), although Chimoio had the highest average (mean = 80.8%, median = 85.3%). Interestingly, Maputo households spent almost the same proportion of their income on food despite earning four times as much as Chimoio and Nampula households. This apparent contradiction of ‘Engel’s law’ can be explained by the fact that Maputo households are less likely to engage in farming, so are more market-dependent for food. Conversely, spending on food in Chimoio and Nampula underestimates household food consumption since most of these respondents derive substantial proportions of their staple food, vegetables and meat from urban gardens or farms in nearby rural areas.

Three in five respondents said they had purchased one or more assets using GAPVU income. As Table 4.11 reveals, most of these assets were low-price consumer goods - clothes and blankets, cooking pots and bowls for the kitchen, mats and stools for the house, second-hand radios, hand hoes and axes for farming, school books - which added little to these households’ net wealth. A crude categorisation reveals that a low proportion of these acquisitions were productive assets (11%); most were pure consumption goods.

Table 4.11. ***Assets purchased with GAPVU income***

Asset purchased	n	%
Clothes	151	55.3
Kitchen utensils	62	22.7
Farm implements	22	8.1
Furniture	21	7.7
School books/uniform	7	2.6
Housing materials	7	2.6
Radio	2	0.7
Poultry	1	0.4

Asset category	%
Personal use	56.0
Domestic	33.1
Agriculture	8.4
Education	2.6

Generic category	%
Consumption	89.1
Investment	11.0

By far the most popular type of asset acquired was clothing. As one woman explained: *“The day you get paid by GAPVU there are people outside the office selling capulanas [women’s wraparound cloths], cooked food, packets of sugar and other things. Everything you need is there, so you could spend all the money immediately if you are not careful.”*

In general, assets acquired by men and women fell within their domestic domains: thus women were more likely to buy cooking utensils and clothes for themselves and their children; while men were more inclined to buy furniture and ‘luxury’ items such as radios. Invariably, ownership and disposal rights over these assets were reported as accruing to the household head, even if the household head was male and the purchaser was his wife. It is doubtful whether this ‘cultural’ factor inhibited women’s propensity to acquire assets as seriously as the economic fact that the transfer income was simply too little.

Households from the poorest city, Chimoio, made their GAPVU cash go furthest. Having the fewest assets to begin with, the Chimoio sample increased the value of their kitchen utensils, farm implements and furniture respectively by 24.3%, 21.7% and 16.5% using GAPVU income. The corresponding figures for Nampula were 5.2%, 5.5% and 5.2%, and for Maputo just 0.1%, 1.0% and 2.4%.

The main reason for the low impact of GAPVU income on asset accumulation was the low value of the transfer. Since most respondents were living in poverty and living in urban areas, the bulk of their income went on consumption items, leaving little to spare for investment in expensive assets.[54]

Only one respondent in ten (30 out of 295) stated that they had invested some of their GAPVU cash in income-generating activities, either informal business (21 cases: several women traders paid a daily fee of Mt 3,000-4,000 for their market stall, for instance) or farming (9 cases, all but one in Chimoio and Nampula). Even fewer respondents (14 out of 295, or 4.7%) said that they had saved some GAPVU cash. The mean amount saved was Mt 30,600, equivalent to just under one month's GAPVU payment (but with great variability across the three cities, from Mt 14,000 in Chimoio to Mt 55,000 in Maputo), while two respondents - both from Maputo - had each put aside Mt 100,000.

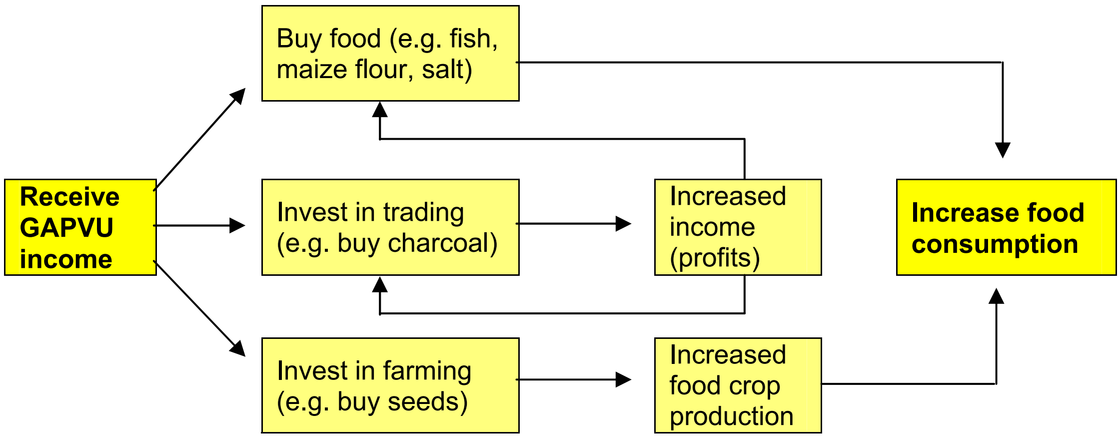
Discussions with groups of GAPVU beneficiaries revealed that many found ways to make their GAPVU income go further. One elderly man in Maputo saved up to buy a panga and knife, which he used to make baskets and wooden spoons for sale. Several women used GAPVU cash to finance their petty trading activities, often in complex and intricate ways.

> *"They told us this money is for feeding our children. But what can you buy with Mt 32,000? So I take the money and buy something small to sell in the market, to increase my profit. Then I take this profit and buy food for my daughter."* - *a woman GAPVU participant from Chimoio, March 1998*

A group discussion with twelve women in Nampula found that eight of the twelve were working - only four were too old or physically unable to engage in income-earning activities - and most were using their GAPVU cash as working capital. These informal sector activities included: brewing maize beer (*maheo*, a high quality beer, or *kabanga*, a cheap beer made from discarded corn cobs); baking bread, cakes or coconut biscuits; selling salt, firewood, charcoal or kerosene in the market. One woman used her monthly GAPVU money to buy a sack of charcoal which she retailed in small quantities, then bought flour with the profits to make dough cakes, and used these profits to buy food.

Impact tree diagrams drawn by groups of GAPVU participants in the survey communities illuminated three distinct ways in which GAPVU contributed to improved food security in beneficiary households (Figure 4.4). GAPVU income improved access to food either directly, through food purchases, or indirectly, through raising foodcrop production (production-based entitlement) and profits from trading (trade-based entitlement).

Figure 4.4. ***Impact tree diagram: GAPVU's impact on household food security***



54 This contrasts with the experience of social pensioners in Namibia (see Chapter 5) and cash-for-work participants in Zambia (see Chapter 6), where much higher value transfers financed significant accumulation of consumer durables, livestock and other investment assets.

Informal safety nets

One in three respondents stated that they had received 'help' of some kind from relatives and friends before registering with GAPVU. The most common source of informal support was male relatives (58%), followed by female relatives (31%), with relatively few friends and neighbours (10%) providing assistance. Clustering these individuals into categories: immediate family (children, parents, siblings) = 79%; extended family (aunts and uncles, cousins, nephews and nieces, grandchildren, in-laws) = 11%; non-relatives (friends and neighbours) = 10%. In virtually all cases, the provider lived either in the same town (76%) or in another urban area of Mozambique (14%).

Most help provided through informal support systems was in-kind - food (55%) and clothes (17%) - rather than cash (26%). Occasionally assistance came in the form of zero-interest loans, or payment of children's school fees. On the other hand, when cash was given it was often substantial, averaging Mt 1,300,000 across 44 reported cases.[55] As with most sources of income, the average was higher for Maputo (at Mt 1,800,000) than for Nampula or Chimoio. The value of food transfers was about half the value of cash transfers, at just over Mt 600,000 in recipient households.[56]

Registering for formal assistance from GAPVU resulted in a partial loss of informal assistance for one-third of households - a 'crowding out' effect. One respondent was asked rhetorically by a relative who had formerly supported her: *"Why should I help you now that you are getting assistance from the government?"* But the majority (63%) continued to receive informal transfers at the same level as before, as well as GAPVU transfers. This finding corresponds to other surveys (e.g. Schubert 1995) which found almost no displacement of private transfers by GAPVU, which Low *et al.* (1998:27) attributes to "the low value of the transfer". However, there was some evidence of envy or social stigma: GAPVU beneficiaries were called *"children of Finance"* in Maputo.

Only one in ten respondents in this survey had engaged in informal safety nets as donors rather than recipients - or occasionally as both - which is hardly surprising given that most respondents were extremely poor. Again, relatives received the bulk of informal support, though neighbours and friends featured more prominently as recipients than as providers. Recipients were typically resident either in the same neighbourhood or in other Mozambican towns. Food and clothes dominated over cash as the preferred form of transfer, but the value of donations by respondents was much smaller than the value of informal transfers received by them - cash and food gifts each averaged less than Mt 200,000. Registering for GAPVU appeared to make little difference to the pattern of informal transfers made to others by these GAPVU beneficiaries, but their value increased sharply: cash gifts doubled to just over Mt 400,000 on average, while food transfers trebled in value to Mt 576,000.

It is unclear to what extent this increase is purely nominal, reflecting rapid price inflation in Mozambique during the 1990s, and to what extent it indicates that GAPVU income was either used directly or released other resources for increased informal transfers. The former explanation seems more likely, given that the number of households providing informal assistance to others did not increase after the respondent registered with GAPVU. We therefore conclude that the extent to which formal income transfers from GAPVU were informally redistributed was rather limited, because of the small value of the GAPVU transfer and the fact that the acquisition of GAPVU income was often partially offset by the displacement of informal transfer income.

55 If these informal transfers were included in figures on household income they would add Mt 143,166 on average, or approximately 6% to mean total income.

56 'Food transfers' includes basins or bags of cereals or cassava, but not cooked meals, which would certainly increase this figure but probably not by very much.

Other economic and social impacts

The value of income transferred under GAPVU was so low, and the number of GAPVU beneficiaries was so limited as a proportion of the urban or national population, that the programme made no discernible impact on food prices or prices of other commodities.[57] As mentioned above, there was some stimulus to local trade in the vicinity of GAPVU offices on paydays, with various items - ranging from cooked food and sweets or school books for children to second-hand clothes and kitchen utensils - being hawked by street traders as GAPVU beneficiaries emerged from the office with their meticais.

GAPVU was not seen by our respondents as imposing severe opportunity costs in terms of lost income or wasted time. The majority were unemployed - this was a requirement for eligibility, though not all beneficiaries met this criterion - and living in towns meant that the local GAPVU office was rarely far away.[58] One or two respondents complained that they often had to queue for several hours (e.g. from 8am to noon) before being paid.

The low value of GAPVU income may also be responsible for the fact that few instances of adverse social impacts were recorded in our survey, in terms of either intrahousehold conflict or tensions between beneficiary households and their neighbours. Within couple-headed households, respondents generally stated that decisions over how to allocate GAPVU income were shared - recall that payments were proportional to household size, so the income was perceived as accruing to the household rather than to individuals. One woman in Nampula told us: *"Because the money is so small there is no need for conflict".* The magnitude of economic and social impacts of any transfer programme on recipients is directly proportional to the value of the cash or commodities transferred to them.

Conclusion

The experience of GAPVU epitomises the ambitions and limitations of cash transfer programmes to the poor in sub-Saharan Africa. GAPVU was established as an attempt to provide an income safety net for designated vulnerable groups, notably poor farmers who had been displaced, disabled or widowed by the civil war and were struggling to survive in Mozambique's cities and towns. However, GAPVU was initiated during a period of multiple transitions in Mozambique - from war to peace, from a one-party state system to pluralist democracy, and from a command to a market economy. These transitions were not just political and economic; they introduced new values and social relations - crudely expressed, a shift from a spirit of communitarianism and national solidarity to rampant individualism - which meant that the ideological underpinnings of GAPVU were naïve.

GAPVU's implementation problems arose because of a well-intentioned ambition to maximise the income transferred to beneficiaries (to achieve high coverage, or low *F*-errors) by minimising administration and other programme costs (to maintain a high α-ratio). Inadequate monitoring systems were installed, which prompted registration irregularities and considerable 'leakages' to ineligible beneficiaries, community leaders and GAPVU officials (high *E*-errors). This diversion of programme funds also meant that many deserving people did not receive benefits, so the approach was counterproductive: the consequence was high exclusion *and* high leakages.

57 This point is worth making because it contrasts with the cash-for-work programme in western Zambia (as discussed in Chapter 6), where the injection of substantial volumes of cash income into a geographically concentrated population with weak markets impacted significantly on patterns of local trade, sales volumes and food prices.

58 Again, as will be seen in subsequent chapters, this contrasts with the other case studies in this report. The cash-for-work programme in Zambia used the heavy work requirement as a self-targeting or screening mechanism, while many elderly pensioners in rural Namibia had to walk long distances on pension paydays, or pay for transport (see Chapter 5).

There is a potential lesson for Mozambique to draw from the management of the social pension in Namibia (see Chapter 5). Partly in an effort to reduce corruption and partly to reduce the administrative burden on the state, the government of Namibia contracted out the delivery of social pensions to a private company in 1996. By introducing biometric recognition techniques (computer scanning of fingerprints), linked to automated payment from mobile cashpoint machines, opportunities for false registration and fraudulent claims have been virtually eradicated. Administration costs are higher, but an excessively high α-ratio can be misleading, as the case of GAPVU convincingly demonstrates.

A second category of critiques of GAPVU questions its *raison d'être*. Can a country as poor as Mozambique afford to implement a large-scale social assistance programme? Are regular cash transfers to means tested poor urban households the best allocation of scarce anti-poverty resources? The first question is a matter of political will rather than economic analysis. Governments allocate their expenditures according to their priorities and, in the early to mid-1990s, GAPVU was prioritised by the Mozambican government. (Crucially, given Mozambique's heavy aid dependence, it was also supported by donors and the international financial institutions, at a time when targeted safety nets was high on the 'new poverty agenda'). That political commitment has declined in recent years, but GAPVU's closure and subsequent replacement with INAS - which has more ambitious developmental objectives and a wider target group - suggests that the government retains its belief in the merits of targeted transfers to the poor.

As for whether GAPVU is an optimal anti-poverty programme, there is no unambiguous answer. The selection of any intervention entails trade-offs. GAPVU achieved quite impressive coverage of the urban poor, but, as Datt *et al.* (1996:21) point out: "The lack of coverage of the rural sector, which accounts for about 85% of the Mozambican population, is a potentially serious limitation of an overall strategy to alleviate poverty at the national level". On the other hand, GAPVU's urban focus was motivated by the reality that urban costs of living are higher, and urban food insecurity was a serious issue during the civil war. Moreover, "social cohesion may be weaker than in rural areas" (Low *et al.* 1998:25) - many urban poor have no social networks at all - so an urban formal safety net is justifiable because informal safety nets are less effective in cities than in villages.

In terms of its impacts, our survey found that despite GAPVU's low value (around £2 per month), it contributed as much as 25% of cash income in beneficiary households in 1998. (This compares to a 1995 survey which found that GAPVU contributed 13% to *per capita* monthly expenditure.) The low transfer value was not sufficient to deter beneficiaries from working - in fact, many used GAPVU cash to finance their informal sector activities, such as petty retailing and backyard farming. GAPVU contributed substantially more to household incomes in smaller, poorer towns like Chimoio (41%) and Nampula (38%) than in the large city of Maputo (9%), where incomes - and living costs - are higher. This finding might suggest that transfer payments should be weighted by local costs of living, though a regionally differentiated payment schedule would also introduce new problems.

GAPVU's low value restricted its use to (mainly) meeting daily subsistence purchases - staple foods, fuelwood, soap - and basic expenses - schooling, transport, health. GAPVU also contributed to acquisition of small assets - clothes, kitchen utensils - and was often invested in income-generating activities. The ingenuity with which the poor made this tiny amount of cash go further is remarkable. On the other hand, GAPVU's impact in terms of *poverty reduction* was negligible: it served a limited role as a *poverty alleviating* safety net, and did so fairly effectively until corruption closed it down. With new management and monitoring systems in place, INAS should improve on GAPVU's achievement. To sum up, GAPVU was a small transfer that made a small but significant difference to the livelihoods of its poor recipients. Equally importantly, GAPVU/INAS has demonstrated that social safety nets are feasible, affordable and politically sustainable in even the poorest African countries.

CHAPTER FIVE - SOCIAL PENSIONS IN NAMIBIA

Four countries in sub-Saharan Africa provide non-contributory social pensions to all their elderly citizens - Namibia, South Africa, Botswana and Mauritius. This chapter has three objectives: to analyse the social pension conceptually; to review the administrative history of the social pension in South Africa and Namibia; and to present evidence on the impact of the social pension on poverty and vulnerability in Namibia, drawing particularly on the findings of a survey that was conducted in three sites across the country in 1998.

Introduction to Namibia

Namibia is a large (824,000km^2) but sparsely populated country of 1.5 million ethnically diverse people in southwestern Africa, bordered by South Africa to the south, Botswana to the east and Angola and Zambia to the north (see Map 5.1). Population density is low, at 1.7/km^2, but is skewed by both agroclimatic variability and colonial patterns of settlement and land appropriation. Livelihood systems are structured around three main agroclimatic zones. Although Namibia is the driest country in sub-Saharan Africa, with an average annual rainfall of 250mm, the *northern savannah* region receives 550-700mm of rainfall per annum and is suitable for crop cultivation, especially maize and millet. These 'northern communal areas' account for only 15% of the total land area, but 60% of the population - mainly Owambo, Kavango and Caprivian smallholders - live in this relatively fertile region. The *semi-arid central* regions are dominated by large (averaging 8,500 ha) commercial cattle ranches - 4,200 Afrikaner and German settler families occupy 44% of all agriculturally viable land - and by pastoralism in the communal areas of the Herero people. The *arid south* receives less than 200mm of rain in an average year and is suitable only for smallstock rearing - goats and karakul sheep - and is home to Nama and Damara speakers, as well as mixed race Rehoboth Basters. Less than 10% of Namibia's population lives south of the capital, Windhoek, which is located in the centre of the country and provides typical urban lifestyles for formally employed and informal sector workers. Urbanisation stands at 32%, and 65% of the population still farm (crops or livestock) for their living, though migration into towns and cities has accelerated since independence in 1990 ended segregationist *apartheid* policies such as influx control.

Namibia's colonial past has left a legacy of extreme inequality. Namibia was a German colony (German South-West Africa) from 1884 until 1920, when it was handed over to South Africa as a First World War prize, to be administered under a League of Nations mandate. In 1967 the United Nations passed Resolution 435, instructing South Africa to grant independence to the 'mandated territory of South-West Africa', but South Africa ignored this resolution in order to continue extracting lucrative and strategically important minerals such as diamonds and uranium from South African-owned mines in Namibia. South Africa continued illegally to occupy and administer Namibia as a province of the Republic until 1990, when SWAPO (the South-West African People's Organisation) under the leadership of Sam Nujoma, won the first free and fair general elections.

Even today, inequality and poverty in Namibia can be characterised in terms of economic dualism between the indigenous and settler populations. The Gini coefficient, at 0.641 in 1994 (CSO 1995:2), remains one of the worst in the world. The richest decile earns two-thirds of national income, while the ratio of per capita income between the top 5% and the bottom 50% stands at 50:1. Disaggregating these two categories would locate 'wealthy Namibia' among high income countries in World Development Reports, while the bottom 50% would be placed among the world's poorest 20 countries (Devereux *et al.* 1995:54). "The Namibian economy is unique in the sense that it has almost a bi-modal income distribution. The average Namibian, in economic terms, does not exist" (UNDP 1997:10).

Map 5.1. ***Map of Namibia, with study areas highlighted***

Namibia is classified in World Development Reports as a 'lower-middle-income' country and in Human Development Reports as having 'medium human development'. In 1997 Namibia ranked 71st out of 175 countries in terms of GDP per capita, but in terms of UNDP's Human Development Index (HDI) Namibia ranked 44 places lower, at 115 (Table 5.1). This discrepancy between indicators of economic and human development is one of the widest in the world - only South Africa, Botswana and Oman performed worse on this proxy for inequality - and reveals that Namibia's human development is lagging far behind its income level. "The main explanation for the discrepancy is the country's *apartheid* past, when the country's education and health systems were not developed to the level one would expect in a country of 'middle income' status" (UNDP 1997:8). On a more positive note, Table 5.1 reveals evidence of economic and social progress since independence in 1990 in absolute terms, with both GDP and HDI rising during the 1990s.

Table 5.1. ***Namibia's economic and human development indicators, 1987-1997***

Year	Real GDP per capita (PPP$)	Global GDP rank	HDI value	Global HDI rank	Global GDP rank minus HDI rank
1987	1,500	102	0.404	128	-26
1989	1,500	84	0.395	122	-38
1991	2,381	84	0.425	127	-43
1993	3,710	79	0.573	116	-37
1995	4,054	85	0.644	107	-22
1997	5,010	71	0.638	115	-44

Source: UNDP, *Human Development Reports*, 1990-1999

In this context of great inequality and mass poverty, the social pension provides a vital support to ten of thousands of poor families. One implication of Namibia's bi-modal income distribution (as discussed further under 'targeting' below) is that the affluent elite have little real need for the social pension, which is largely funded through their taxes and which they collect along with the poor majority. The social pension is by far the most important formal safety net programme in Namibia (see Table 5.2), accounting for 83% of programme spending by the Department of Social Welfare in 1998. Social pensioners constitute 44% of all beneficiaries of state-funded social welfare programmes.

Table 5.2. ***Namibia's formal social safety net programmes, 1998***

Programme	Beneficiaries	Benefit/ Month	Annual cost (N$ million)
Non-contributory pensions			
• Old Age ('Social') Pension	82,670	N$ 160	158.7
• Disabled Person's Pension	11,850	N$ 160	22.8
• Blind Person's Pension	819	N$ 160	0.4
• War Veteran's Allowance	111	N$ 160	0.2
Child and family allowances			
• Maintenance grants	2,886	N$ 60/child	4.6
• Foster parent allowance	584	N$ 160/child	0.3
• Place of safety grants (abused children)	70/month	N$ 10/day	0.3
Institutional programmes			
• Subsidies to welfare organisations	24 orgs.	N$ 1,000	1.6
• School feeding programme	88,572	Free meals	2.8
Total	**187,562**		**N$ 191.7m**

Source: Adapted from Subbarao 1998

Note: One Namibia Dollar (N$1) was equivalent to approximately 10p in 1998 (£1=N$10).

Conceptualising Namibia's Social Pension

Conventional pension systems in industrialised economies provide formerly employed workers with a regular cash income as partial compensation for lost salary or wages, following their retirement from the formal labour force. Such occupational pensions protect people's livelihoods against loss of employment income in their old age - they act as 'retirement insurance'. In other words, a pension is an occupational safety net, a 'latent entitlement' that becomes activated when a person's status switches from 'employed' to 'retired', the assumption being that this change in status is associated with a dramatic and permanent loss of income.

Namibia's social pension is not a conventional pension scheme. Occupational pensions have three features that the social pension does not share: they are paid to workers on retirement; they are earnings related, and they are partly funded by compulsory savings. The social pension is activated only by an age milestone, not by a change in occupational status. It is paid to every Namibian citizen when they become 60 years old - a common retirement age for workers in industrial economies. But since the majority of Namibians are never in formal employment, eligibility for the social pension is not linked to either a change in occupational status or a fall in income. Age and citizenship are the only eligibility criteria. Also, the social pension is a flat-rate 'defined benefit' rather than a 'defined contribution' scheme; it is a state guaranteed social security payment that is not funded by workers' contributions (i.e. it is 'non-funded' or 'non-contributory'). In South Africa, where the social pension originated, it is means tested, but in Namibia it is not (at present). In both countries the social pension is funded directly from the national budget and is financed through tax revenues and other sources of government income, rather than through earnings-related contributions to national insurance or similar publicly-administered social security instruments.[57]

Unlike conventional pensions, therefore, Namibia's social pension is best conceptualised as a 'social assistance' rather than a 'social insurance' programme. Social insurance protects people against sudden drops in living standards caused by idiosyncratic risk (illness, unemployment, retirement) or covariate risk (drought, epidemics, crop blight). As Haddad and Zeller (1996:6) point out, "insurance does not aim to uplift people, i.e., to increase their capital or income, but, rather, secures the status quo". By contrast, 'social assistance' programmes attempt to raise the living standards of the poor, by improving their access to physical capital (e.g. roads, water supplies), by investing in their human capital (free or subsidised health and education), or simply by transferring free food or cash (food aid or income transfers). The fact that the social pension is non-contributory and is not linked to a change in employment status suggests that it is not a 'pension' at all, but instead is a social assistance programme targeted at the elderly as a designated vulnerable group. So the social pension is more closely related to other indicator-based transfers where the indicator proxies individual or household vulnerability, such as cash or in-kind transfers to female-headed households, or people with disabilities. This may explain why the Namibian government decided in 1998 to rename the 'Social Pension' the 'Basic State Grant', and why a report on South Africa's social pension scheme was titled 'Large Cash Transfers to the Elderly in South Africa' (Case and Deaton 1996).

The rationale for targeting cash transfers on people over 60 is not only that they may be unable to continue working or farming to provide for themselves, but also that high levels of unemployment and very low incomes earned by most South Africans and Namibians make it difficult for the poor to care for their elderly relatives. For most Namibians, whether rich or poor, the social pension simply constitutes an additional stream of income. For the wealthy minority, the social pension is a small but useful supplement to their private or occupational pension schemes. As for the poor, the social pension can actually boosts the cash income of people such as farmers in communal areas, most of whom earn and save very little during their economically active lives, and it represents a significant cash injection that is often redistributed to the recipient's extended family (as will be seen below). The social pension may allow some people to stop working, but leaving formal or informal employment is not a precondition. In rural Namibia, men and women typically engage in crop farming and livestock rearing until they are no longer physically able to work, which may happen at any age but probably not - in contrast to the discrete event of retirement from the labour force - on their 60th birthday. According to Barbone and Sanchez (1999:39), 34% of Namibians aged 60+ are economically active.

We have established that Namibia's social pension is a social assistance programme that uses a personal characteristic - old age - as an indicator of poverty and vulnerability. But targeting only by age is a crude proxy and an inaccurate mechanism for alleviating poverty in a society characterised by extreme wealth inequalities and limited participation of the economically active population in formal sector employment. Since the social pension is distributed to all citizens over 60, some degree of leakage is inevitable, as with all targeting criteria that are based on proxies for need. While old age may be associated with a greater likelihood of the individual being economically vulnerable, this is not necessarily the case. Personal characteristics that are not directly related to wealth or income do not provide sufficient evidence of need; they are only indicative.

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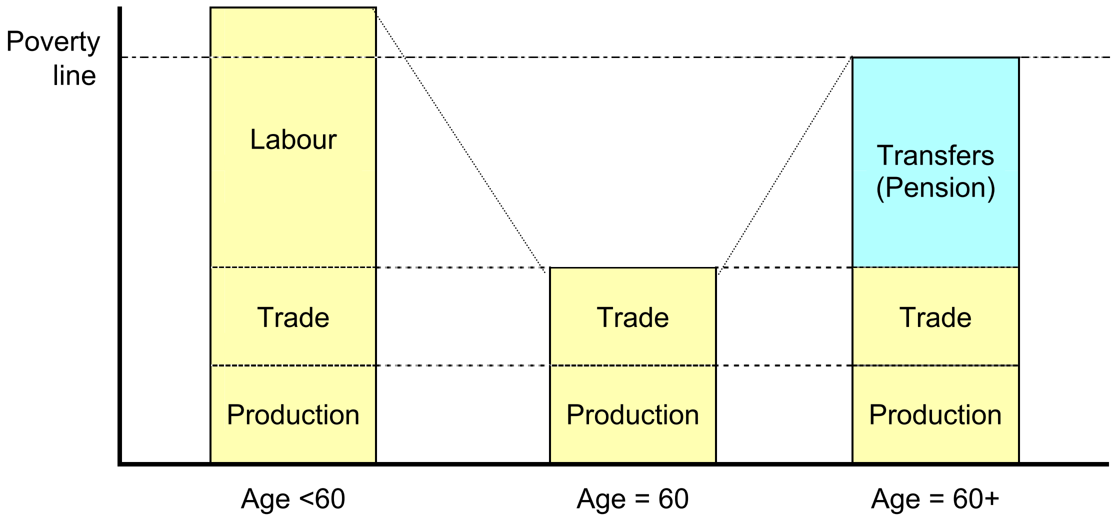
57 The state guaranteed social pension in Namibia and South Africa is unusual, though not unique. Botswana recently introduced a similar system, and social pensions are also found in some Latin American countries such as Cuba and Nicaragua, which have universal coverage of elderly citizens (Iyer 1993:194). In Chile, a social assistance benefit equivalent to about ±12% of the average wage is paid to some 300,000 elderly citizens who have no savings, the number of beneficiaries being limited by a statutory quota (Beattie and McGillivray 1995:78).

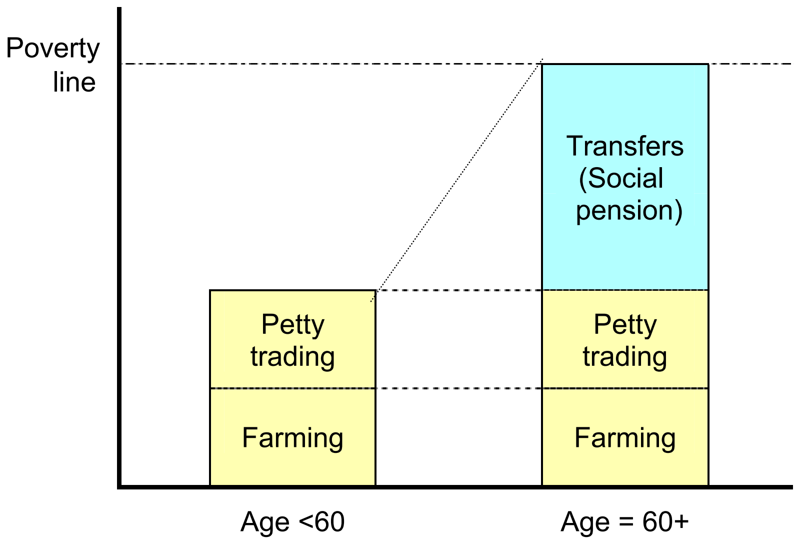
Figure 5.1 below illustrates the targeting principle behind conventional pension schemes: that workers suffer a sudden and permanent loss of wage or salary income on reaching retirement age (their 'labour-based entitlement falls to zero), so that pensions act as a 'social insurance' mechanism, partially compensating for lost earnings and cushioning people against falling into chronic poverty when they retire.

Figure 5.1. ***Pensions as social insurance for retired workers***



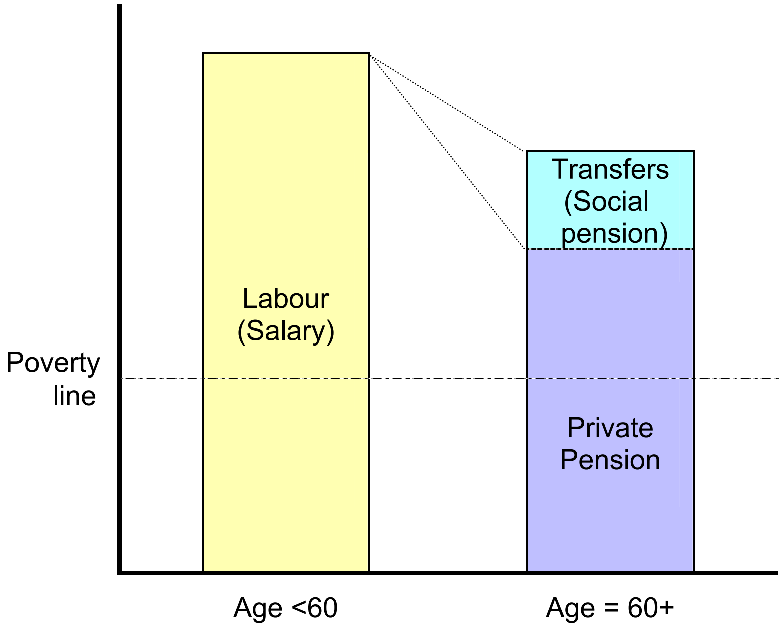
As noted above, most beneficiaries of the social pension in Namibia do not reflect this stylised model. The social pension is a gratuitous benefit for all citizens over 60; it is not targeted on retired workers. The majority of Namibians live in poverty their entire lives and never enter or leave formal employment, so the social pension arrives as a bonus - not a *compensation* for lost income, but an entirely new and *additional* source of income (see Figure 5.2). Inclusion errors (leakages to the non-poor) are low within this category, but undercoverage of this group at other times of their lives is very high, because few programmes of social assistance are in place for poor people *under* 60.

Figure 5.2. ***Social pensions as social assistance for poor Namibians***



A small but significant minority of social pension recipients are the wealthy elite - still mostly, but not only, Whites - who enjoy lucrative employment and control most of the country's resources. This group lives well above the poverty line, and those with salaried employment generally receive sizeable pensions, both occupational and private, when they retire. These people do not need the social pension, which comes as a relatively small additional source of income, to escape poverty in old age, so inclusion errors are high (see Figure 5.3).

Figure 5.3. ***Social pensions as gratuitous income for wealthy Namibians***



History of the Social Pension

The social pension was introduced to Namibia in 1949 - though it was extended to African Namibians only in 1973 - but its origins go back to South Africa in the 1920s. This section examines the administrative and political history of the social pension from the 1920s to the late 1990s. Remarkably little is known about this history, and the limited literature displays serious gaps and confusion.[58] For this reason, the evolution of the social pension in South Africa as well as in Namibia is examined here in some detail.

❑ *Social pensions in South Africa*

Following the recommendations of the 1926 Pienaar Commission, Act No. 22 of 1928 - 'To provide for Old Age Pensions' - established the right to an 'Old Age Pension' for all 'White' and 'Coloured'[59] citizens or residents of the Union of South Africa aged 65 years or older.[60] This was the first social pension in Africa, and probably the first application of means testing. The 1928 Act included complex eligibility criteria and a network of district pensions officers were appointed, *inter alia* to verify the eligibility of applicants.[61] The payment was explicitly intended to top up pensioners' income to a defined 'poverty line' (£54 *per annum* for Whites and £36 for Coloureds), with the payment varying according to the "yearly means" of each individual applicant. The maximum pension payment per annum in 1928 was £30 for Whites and £18 for Coloureds, though in subsequent years these figures were regularly adjusted in line with the consumer price index. Significant omissions from the Old Age Pensions Act of 1928 were 'Natives', 'Indians' and all residents of Namibia (then the 'territory' of South-West Africa, which was administered by South Africa under a League of Nations mandate). The deliberate exclusion of 'Natives' reflected the view of the 1926 Pienaar Commission, that pensions were unnecessary for this group since they could rely on their "Native custom which makes provision for maintaining dependent persons" (cited in Human Awareness Programme (HAP) 1983:3).

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58 Case and Deaton (1996:6), for instance, describe the social pension in South Africa as "a largely unintended consequence of the country's recent history", and believe that "the initial extension of the social pension to the Coloured and Indian population was in part an attempt to make the three-chamber parliament politically palatable". (The tricameral parliament was set up in the 1980s.) Similarly, Case and Deaton suggest that: "With the possible exception of the youngest pensioners, none of the current African recipients could have held any reasonable expectation during their working lives that such a pension would be available." In fact, as will be seen, Coloureds had been receiving the social pension since the 1920s, while Indians and Africans became eligible in the 1940s.

59 Racial classifications were in use in South Africa long before the National Party government took power in 1948. Four discrete categories were commonly identified: 'Whites' (settlers of European - mainly British or Dutch - descent), 'Coloureds' (mixed race), 'Indians' (settlers from the Indian subcontinent) and 'Natives' (subsequently relabelled 'Bantu', then 'Blacks', currently 'Africans'). Current practice differentiates between 'white' and 'black' South Africans, the latter being subdivided into 'Coloureds', 'Indians' and 'Africans'. This report will generally follow the terminology of the day, without implying endorsement.

60 "Subject to the provisions of this Act, every white person and every coloured person shall be entitled to receive an old age pension under this Act, hereinafter referred to as a 'pension', if he satisfies the commissioner that: (a) he has attained the age of sixty-five years; (b) he is domiciled in the Union; (c) he is resident in the Union at the time of making application for the pension ... and (e) his total means do not exceed the appropriate amount prescribed in the First Schedule to this Act" (Union of South Africa 1928:382). In 1937 the age of eligibility was lowered to 60 for women but remained at 65 for men (Union of South Africa 1937).

61 The means test took into consideration the applicant's earnings from employment, farming, and business as well as the spouse's income and other pensions. It also considered the value of property owned and investments made by the applicant. Section 18 of the 1928 Act even authorised the Commissioner of Pensions to "recover" pension payments from the children of pensioners in cases where these children are "in a position to maintain" the pensioner - but this section was repealed in a 1931 Amendment to the Act (Union of South Africa 1931).

In 1943 the Minister for Social Welfare, Jan Hofmeyr, set up and tasked a Social Security Commission to review the full range of social welfare programmes in South Africa. Hofmeyr "found it intolerable that any social welfare scheme should apply to white people only" (Iliffe 1987:141).[62] Accordingly, the Commission recommended extending eligibility for the old age pension to 'Indians' and 'Natives' and to provide social assistance to other vulnerable groups ('pensions' for the blind and disabled as well as the elderly). The 1928 Old Age Pensions Act was duly amended (Union of South Africa 1944). The same range of benefits was extended to all South Africans - though not to 'South-West Africans' - but at lower rates. Although these benefits were non-contributory, the justification was that 'Natives' should receive lower benefits because they paid lower taxes.

Moreover, the 'Native' population was subdivided into three categories: city residents, town residents, and rural residents, each category receiving a different maximum pension payment. Initial monthly payments to 'Natives' in the 1940s were £1 in cities, 15 shillings in towns and 10 shillings in rural areas. Until 1948, 'rural or reserve Natives' remained ineligible for the pension unless they had no land. This was a conscious attempt by the Commission not to provide benefits to 'Natives' that would "conflict with or break down their traditional foodsharing habit" (cited in HAP 1983:3). 'Urbanised Natives' were entitled to receive the pension only if they could prove that they had lived in an urban area for five of the preceding seven years, that they had not been allocated land in a Native area, and that their immediate family did not live in a rural area. "These tests were designed to keep people from coming to urban areas to get a pension" (HAP 1983:3).

One of the most notorious statements in 20th century South African political history is this articulation of white attitudes to African urbanisation from the 1922 Stallard Commission: "The Native should only be allowed to enter urban areas, which are essentially the white man's creation, when he is willing to enter and to minister to the needs of the white man, and should depart therefrom when he ceases so to minister" (quoted in Posel 1991:40). In 1929, Prime Minister Jan Smuts argued in a Rhodes Memorial Lecture at Oxford that: "when segregation breaks down, when the whole family migrates from the tribal home … to the white man's town, the tribal bond is snapped, and the traditional system falls into decay. And it is this migration... which should be prevented" (quoted in Mamdani 1996:6). Mamdani and others have argued that "deurbanisation" of Africans was a central platform of *apartheid* policy even before it became formalised by the National Party after 1948. This policy was motivated both by fear of *political* activism among urbanised Africans[63] and by Smuts' perception that urbanised Africans, dislocated from the extended family and kinship-based support systems that supposedly prevailed in rural communities, would become a debilitating *economic* burden on the state. It seems perfectly plausible that the social pension was exploited as a policy tool in this deurbanisation strategy.

By 1947, 197,000 'Natives' were receiving old age pensions, and this number rose to 400,000 by 1973 and 560,000 by 1980. After 1948 the National Party cut unemployment benefits to lower-paid 'Natives', but it did not roll back the other components of Hofmeyr's social welfare programme. On the contrary, "during the next forty years the National Party was to elaborate the most extensive welfare system in Africa, a system which, like the Apartheid programme, was born of urbanisation, inequality, state power, and rampant technocracy" (Iliffe 1987:142). Pensions were paid to all men over 65 and all women over 60. In 1957, though, the Commissioner of Pensions expressed concerns that the number of social pensioners was rising at a "disturbing" pace, and he suggested that people should not retire and apply for the pension immediately on reaching the age of 60, if they were "still

62 Hofmeyr was a member of Jan Smuts' United Party government, which later lost the 1948 election, ushering in over 40 years of National Party rule and *apartheid* policies.

63 As Mamdani (1996:29) points out, in South Africa, "unlike in most African countries, the centre of gravity of popular struggle was in the townships and … was rooted in urban-based worker and student resistance, not in peasant revolt in the countryside".

strong enough to earn something". The Commissioner argued that this created two problems: it was undermining the "sense of independence" of citizens, and it was imposing an increasingly onerous fiscal burden on the state and on taxpayers who were being called upon to support millions of non-taxpayers through the social pension (cited in Republic of South Africa 1976:10). No action was taken by the Government, however.

In 1965 differentiated payment rates for 'Natives' (by then relabelled 'Bantu' by the *apartheid* state) living in cities, towns, and rural areas was abolished, mainly because the government feared it was encouraging Black urbanisation and undermining its policy of 'influx control'. In his Budget speech, the Minister of Finance said that "the object of introducing a uniform rate was to avoid providing an incentive to move to cities" (Suttner 1966:4). A related intention was overtly to support the 'homelands' policy, in terms of which millions of people (many of whom had lived in cities all their lives) were designated as residents of ethnically defined 'homelands' and encouraged to move - or forcibly relocated. The Minister of Social Welfare and Pensions made this explicit in Parliament: "We are following a policy of separate development. The idea behind this provision… is to assist the Bantu to resettle in their homeland." This objective was supported by setting the uniform payment near the midpoint of the three former rates, so that 'city Bantu' saw their pensions reduced by almost 10%. In response an Opposition MP stated: "it is a great pity that economic pressure of this nature has to be applied to bring about a political ideology" (Republic of South Africa 1965b:8324).

No such attempt at uniformity was applied to differences between racial categories. On the contrary, the South African government established a "principle of discrimination" (Republic of South Africa 1965b:8357) whereby pensions were to be paid in the ratio of 4:2:1 to Whites, Coloureds and Indians, and Bantu, on the grounds that, according to the then Minister of Social Welfare and Pensions: "both the Indian and the Coloured live at a very much lower level than the White man and their income is also on a smaller scale" (*Second Reading of South Africa's Pensions Laws Amendment Bill, 1965*). The Minister further argued that raising social pension payments to 'non-whites' towards the 'white' level would create disincentives to work and a kind of 'benefit trap'. "The aim of these grants-in-aid is not to entice people who can still work, away from the labour market in that the pension offered to them is too high. …. It will give rise to work-shyness and the labour market will be detrimentally affected" (Republic of South Africa 1965b:8361). Opposition MPs expressed outrage that this argument was being applied only to 'non-whites' and to elderly citizens who should be looking forward to retirement rather than being "paid as little as possible so that they can be kept at the grindstone until they literally drop down dead" (Republic of South Africa 1965b:8362).

In reality, the extent of discrimination was much worse than the "principle" proposed, and it widened over time. Table 5.3 shows a ratio of 12:6:1 in 1944 taking the 'rural Native' as the baseline rate, 8:4:1 taking the 'town Native' as the baseline, or 6:3:1 taking the 'town Native' as the baseline. Even if the latter two ratios are used, both are worse than the 4:2:1 principle, and they deteriorated over the years, to 11:4:1 by 1965. The South African Institute of Race Relations calculated that, in the first 20 years of its universal application in South Africa, from 1944 to 1963, the nominal value of the social pension increased by 200% for 'whites', 286% for 'coloureds' and 221% for 'Indians', but by only 97% for 'Natives'. The maximum rate for 'Natives', which was paid to only a minority of city residents, "deteriorated very considerably" by comparison with rates paid to other groups: from 28.6% of the 'white' pension in 1944, the rate for city 'Natives' was worth just 14% in 1963 (Draper 1964:44).[64]

[64] The figures presented in Table 5.3 suggest a comparable rate of deterioration, but from 17% to 9.5%, between 1944 and 1965.

Table 5.3. ***Social pension payment schedule in South Africa, 1944-1965***

Category of Pensioner	Annual Payment		Ratio to lowest rate	
	1944	1965	1944	1965
White person	£72	R322	12 : 1	11 : 1
Coloured person	£36	R137	6 : 1	4 : 1
Indian person	£30	R137	5 : 1	4 : 1
Native: city resident	£12	R31	2 : 1	1 : 1
Native: town resident	£9	R31	1.5 : 1	1 : 1
Native: rural resident	£6	R31	1 : 1	1 : 1

Sources: Union of South Africa 1944; Republic of South Africa 1962

Note: When South Africa became a Republic in 1961 the currency was changed from British sterling to South African Rand.

Table 5.4 shows the evolution of South African social pensions between 1958 and 1975. During this period, the nominal pension payment increased just over threefold for Whites, over fourfold for Coloureds and Indians, and slightly under fourfold for Africans. After peaking in 1965, the ratio between these racially defined categories fell to 7:3:1 by 1975.

Table 5.4. ***Social pension payment rates in South Africa, 1958-1975***

Year	Monthly Payment (£ or Rand)			Payment Ratios		
	White	Coloured	African	White/ African	White/ Coloured	Coloured/ African
1958	19.23	6.91	2.34	8.2	2.8	3.0
1960	20.45	7.25	2.16	9.5	2.8	3.4
1965	26.85	11.39	2.55	10.5	2.4	4.5
1970	32.83	15.32	3.55	9.2	2.1	4.3
1973	43.44	20.10	5.16	8.4	2.2	3.9
1975	60.28	28.96	8.72	6.9	2.1	3.3
1958-75	**+314%**	**+419%**	**+373%**			

Source: Calculated from Republic of South Africa 1976:22

Opposition parties and welfare organisations consistently challenged the government's discriminatory payment schedule, arguing for instance that: "it is hardly fair to expect a group such as the Coloured people in particular to have to live on half the pension payable to White pensioners".[65] Another Opposition MP, speaking during the same debate, expressed similar views:

> "Speaking about the Bantu pensioner, these people are in a very parlous state. We know that the price of food costs exactly the same to them as to the Whites and their appetite is possibly the same. I do not think because a man is black, he eats less. I make the plea that the Minister should seriously reconsider the position, close the gap…." (Republic of South Africa 1965b:8360).

The same MP made a similar intervention in Parliament eight years later, when increases in the social pension announced in the 1973 Budget "continued to observe the ratio of 4:2:1" between White, Coloured and Indian, and 'Bantu' payments.

65 Opposition Member of Parliament, tabling a motion to review the social pension policy, 29 January 1965 (Republic of South Africa 1965a:270).

> "Surely, when one considers the pleas that have been made to close the wage gap between Whites and non-Whites, the Government has the power to narrow the pension gap. This ratio is something which requires change, and overhaul. Do we really expect a person who is dependent upon a small income such as a social pension to live on that pension? …. Surely the Government is failing dismally in bringing about relief to the poorer section of our community" (Republic of South Africa 1973c:4294).

The underlying concern was that regular increases in the social pension might have adequately matched cost of living increases for 'White' pensioners, but with 'Bantu' pensioners receiving only 25% of the 'White' increment each time their purchasing power was falling rapidly behind.

These two strands of the public discourse around social pensions - one side complaining that the pension was inadequate and discriminatory against 'non-whites', the other side raising concerns about encouraging dependency on the state - persisted in parliamentary debates decade after decade. In 1973, for instance, one MP expressed the opinion that the social pension "is no more than the undermining of the morale of a people, because it makes the people more and more dependent on the State. It not only undermines the sense of independence of a people, but also the sense of responsibility of the individual, because he himself does not then provide for his old age" (Republic of South Africa 1973a:838). Another MP argued that "the Government should encourage children to give greater financial assistance to aged parents or disabled persons who are unable to care for themselves" (Republic of South Africa 1973c:4291).

During the 1970s and 1980s the gap between social pension payment rates continued to shrink, mainly by raising the African rate faster than the White rate. After the ANC took power in 1994, social pensions were equalised across all pensioners. This was made fiscally feasible by rigorous enforcement of means testing, which reduced the number of claimants and the payments made to individuals on low incomes. In contrast to Namibia, South Africa's social pension has been means tested for many years, where 'means' are defined as incomes plus an income value assigned to assets. Pension payments are reduced 'one for one' between R90 and R370 (the maximum pension payable); people over 60 whose 'means' exceed R370 per month are excluded from the system. Only the elderly themselves are assessed - eligibility and level of payment are invariant across household size, composition, and incomes of non-pensioner family members. Despite some evidence of fraud - estimated at 15% of all claimants - means testing effectively excludes virtually most Whites and includes 80% of age-qualified Africans, most of whom receive the full R370 per month (Case and Deaton 1996:7).[66] In 1995, 7% of White households and 24% of African households (including 42% of the poorest two deciles) in South Africa received the social pension (Naidoo 1996:92).

As in Namibia, the fiscal sustainability of the social pension scheme in South Africa has recently been questioned, specifically because of escalating costs following equalisation of African and White pensions in 1994. At approximately US$ 3 per day, the social pension in South Africa is worth "about twice the median per capita income of African households" (Case and Deaton 1996:1), and it costs the South African government R7 billion per annum (almost US$ 2 billion). Nonetheless, Case and Deaton find that the social pension is an effective mechanism for reaching two extremely vulnerable groups: the elderly, and children in poor families, who are disproportionately reached by the pension. Because of the broad-based incidence of poverty in South Africa, and because the social pension is means tested, leakages to non-poor households are relatively low.

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66 In 1993 there were 1.6 million social pension recipients in South Africa, with take-up rates ranging from 10% among Whites (14% of age-qualified women and 7% of men) to 79% among 'Africans' - excluding 'Coloureds' and 'Indians' (80% of women over 60 and 77% of men over 65) (Case and Deaton 1996:10).

❑ *Social pensions in Namibia*

As noted above, the Old Age Pensions Act of 1928 did not apply to residents of 'South West Africa'. In 1949 eligibility for the social pension was extended to South West Africa, but only to its white residents (Union of South Africa, 1949). In 1965 the Social Pensions Ordinance extended eligibility to Coloured Namibians (Republic of South Africa 1965c), following a debate in Parliament as to whether African Namibians should also receive the social pension.[67] The Minister of Bantu Administration and Development argued in favour, linking this to the decision to equalise the payment to 'Bantu' pensioners whether they were resident in cities, towns or rural areas - a uniform rate would be much simpler to administer. "That was why it was decided to do everything in one fell swoop and to change the three scales of the Bantu to one, and to make the position in South West Africa the same as that in the Republic" (Republic of South Africa 1965b:8365). However, many MPs resisted, objecting that it was "unfair" for South African taxpayers to pay social pensions to 'Bantu' "citizens of South West Africa [who] do not pay tax to us on their income in that territory" (Republic of South Africa 1965b:8374).[68] Not until 1973 were social assistance schemes, including social pensions, finally extended to all Namibian residents, including Africans (Republic of South Africa 1973e).

As with many aspects of South African legislation in the *apartheid* era, the underlying motivation for extending the social pension scheme to black Namibians in 1973 is unclear and undocumented, and will probably never be known with certainty. Two explanations were suggested by Namibians interviewed for this study. The first is that, as in South Africa, the social pension bolstered the *apartheid* policies of influx control and separate development, which aimed to corral people in the rural 'homelands' or 'bantustans' and out of urban areas, except for the limited numbers required by white employers as domestic workers and manual labourers. Restricting urbanisation confined poverty to the rural communal areas and curtailed possibilities for political activism, which would certainly have accompanied large-scale concentrations of population in Windhoek and other urban centres. However, conditions are so severe in rural Namibia - southern 'bantustans' such as Namaland and Damaraland on the semi-arid fringes of the Namib desert offer few livelihood options other than rearing goats - that entire communities were dependent on the social pension and literally could not have survived without it.[69]

According to a former Paymaster in the Owambo Administration's Directorate of Welfare, the social pension was a form of compensation for people who were dispossessed of their land by White settlers. "These dispossessed people, especially the old people who had no other source of income except farming, were really suffering. The only way to keep these people quiet was to give them pensions."[70] The social pension therefore provided a subsistence income to economically marginalised communities and simultaneously

67 In the Ordinance a "coloured person" was defined as "a person who is not a white person or a native" (a "native" being "a member of an aboriginal race or tribe of Africa"; while a "white person" was "a person who in appearance obviously is, or who is generally accepted as, a white person".

68 This debate provides support for the 'political economy' view that anti-poverty programmes require broad-based political support if they are to succeed, and that welfare programmes are especially vulnerable to erosion over time if citizens holding economic and political power perceive themselves as subsidising the poor and receiving no benefit for themselves in return (see Sen 1995; Gelbach and Pritchett 1997; Moore 1999).

69 In one notorious case of forced resettlement, a community from northern Cape Province was uprooted by the South African Defence Force to make way for a nuclear test site, and forcibly 'relocated' to the Namib Desert where the social pension became their primary source of income and survival (Næraa *et al.* 1993).

70 Interview with Mr Akiser Pomuti, Windhoek, March 1998.

entrenched their political marginalisation, essentially enabling the colonial state to ignore these groups' claims for substantive economic and political rights.[71]

The second explanation is that the social pension was introduced to Namibia as one element of the South African administration's "winning hearts and minds" campaign, at a time when its popularity and credibility among black Namibians was extremely low. In the 1970s the South African Defence Force fought a war in Angola from northern Namibia, on the pretext of combating communism and ANC 'terrorism', and the pension was mentioned by a National Party Member of Parliament as one means of co-opting black Namibians to this cause. "In order to fight terrorists, one must in the first place have the goodwill and cooperation of the local people on one's borders, and in our case the people living in those areas are all Bantu" (Republic of South Africa 1973b:3499). According to the former Paymaster in the Owambo Directorate of Welfare quoted above: "Nowadays the purpose of the social pension is to alleviate poverty, but in those days the purpose was to improve the image of the South African Defence Force".

The limited literature on this topic supports these two explanations. Morgan (1991:352) suggests that the social pension might have been "part of a state strategy to obtain compliant local leadership elites. Another possible part-explanation might be a desire on the part of the South African state to avoid potential embarrassment arising from outright and widespread destitution among senior citizens". FAO (1995:22) speculates that the pension "formed part of the strategy of the South African regime to ensure a minimum level for survival in the reserves" in both South Africa and Namibia.

When Namibia achieved independence in March 1990, the new government immediately declared its commitment to eliminate all inherited manifestations of discrimination in Namibian laws and practices - including in social welfare programmes. In this context, one of the government's first actions was to equalise the age of eligibility for the social pension at 60: previously, women were eligible from the age of 60 but men became eligible only at 65. The National Pensions Act of 1992 confirmed independent Namibia's determination to continue with the policy introduced by the colonial administration. This Act was not substantively different from the legislation it superseded. It entitled every "aged person" - defined as "any person who has attained the age of 60 years" - who was ordinarily resident in Namibia and either a Namibian citizen or a permanent resident to receive a "basic state pension" (Republic of Namibia 1992c).[72] However, key aspects of implementation, which were left in the Act to the discretion of the Minister of Health and Social Services,[73] allowed radical shifts in social pensions policy and delivery. Some key changes were introduced in the 1992 Act, the most significant being a commitment to eradicate racially discriminatory payments to ethnically defined population subgroups.

This fundamental source of inequality was a legacy of South Africa's racial classification system, in terms of which White pensioners received substantially higher payments than 'non-Whites'. In colonial Namibia nine distinct 'non-White' groups were identified. For social

[71] Apologists for the South African administration naturally hold more benevolent views as to its motivations, as in these remarks by a member of the pre-independence government: "One area where we really can thank the previous colonial governments, and can thank them with honesty, is particularly this area of social welfare. Even if it was not adequate, something was being done to address this particular issue. .... There are many countries in the Third World, including poor old Mother Africa, where people never had such a hope of getting R1 from the government every month" (Republic of Namibia 1992b:74-75).

[72] Despite this change of name, the term 'social pension' persists in common usage in Namibia, even by Ministry officials I interviewed, and is therefore preferred throughout this report.

[73] Paragraph 16 states that "The Minister may, in consultation with the Minister of Finance, make regulations as to .... the payment of national pensions including the maximum amount to be paid, the determination of the amount to be paid in any particular case, the method of payment, payment to any person other than the pensioner personally and the suspension or termination of payments...."

pension purposes, these ten groups were clustered into seven categories, each receiving a different level of payment based, supposedly, on differences in costs (i.e. standards) of living (see Table 5.5). This 'racial hierarchy' in social pension payments - even among 'non-White' groups - largely reflected attitudes in Pretoria but partly reflected decisions taken independently by second-tier authorities in Namibia (the 'Bantustan' administrations of Bushmanland, Caprivi, Damaraland, Hereroland, Namaland, Okavango and Owamboland), which exercised some autonomy over public spending allocations. The colonial pension system was both discriminatory and regressive: poorer ethnic groups received lower pensions than wealthier ethnic groups. At independence in 1990 some black Namibians received a pension of just R55 per month, while whites were paid R382,[74] a ratio of almost 7:1 which meant that the lowest black pension was worth just 14% of the standard white pension.[75]

Table 5.5. ***Social pension payment schedule in Namibia, 1990***

"Ethnic Group"	Pension per month	Ratio to lowest rate	Percentage of White
White	R 382	7.0	100%
Coloured	R 192	3.5	50%
Rehoboth 'Baster'	R 150	2.7	39%
Tswana	R 100	1.8	26%
Damara	R 75	1.4	20%
Herero; Nama	R 65	1.2	17%
Owambo; Kavango; Caprivian	R 55	1.0	14%

Source: Compiled from UNICEF (1991:110)

The SWAPO government argued that to perpetuate racially discriminatory social pension payments was not just unethical, but unconstitutional. Announcing the policy shift in 1992 toward equalisation of pensions across ethnic groups and genders, the Minister of Health and Social Services invoked Article 10 of Namibia's Constitution, which entrenches equality and freedom from discrimination as basic civil rights. "In practice, Mr Speaker, it means that the objective of this Government is to equalise all national pensions paid to all Namibians under this Act, and when I say equalise, I mean just that, no more, no less" (Republic of Namibia 1992a:356). In the following parliamentary debate, the Minister of Justice observed that: "The continued disparities in the payment of old age pensions on the basis of colour or race constitutes an anomaly which is totally irreconcilable with the public policy of our Republic" (Republic of Namibia 1992b:77).

The government initially resolved to raise social pension payments to the White level, by freezing the top rate at N$382 and bringing all other groups up to this level in phased steps. The 'standard rate' was set at N$92/month in October 1990 and raised to N$120 in 1992. Registered pensioners continued receiving the same monthly payments as before, but all newly age-qualified pensioners entered the system at the standard rate. Following a

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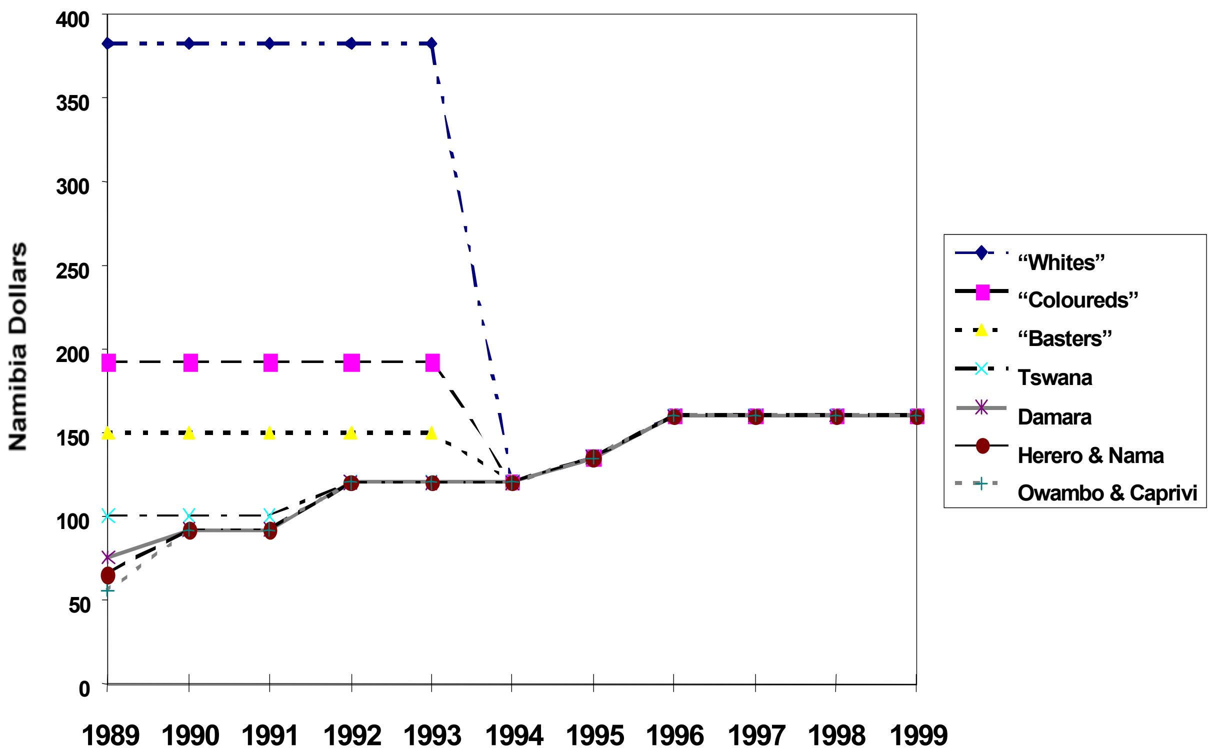
74 At independence Namibia inherited the South African Rand (R) as its currency and retained it until the Namibia Dollar (N$) was introduced in 1992. As of early 2000 the two currencies remain pegged to each other and convertible at equivalent value (N$1=R1).

75 In South Africa the disparity was less pronounced by 1990, at 63%. However, levels of payment were "considerably" higher in South Africa (Morgan 1991:352), and have remained so - which is a source of annoyance among many Namibian pensioners interviewed for the present study in 1998. One reason for this disparity may be that the South African old age pension is means tested while Namibia's is universal, though given the extreme wealth inequalities in both countries the savings from withholding pensions from rich South Africans are probably insignificant relative to the mass poverty among the majority of the population.

reassessment in 1992, however, the government deemed that it would be fiscally unfeasible to equalise the pension rate at N$382 within the foreseeable future.

Accordingly, the policy was modified so that convergence was achieved around a level closer to the lower end of the scale. In 1992 the standard rate was raised from N$92 to N$120, while the top rate remained pegged at N$382 (Hubbard 1991:20). In early 1994, all racial disparities in payments were eliminated at a stroke, simply by imposing the standard rate of N$120 on all social pensioners - against the vehement protests of Whites whose social pension income was cut to one-third of its previous nominal value. In May 1994 the standard rate was raised to N$135 and in 1996 to N$160, but it has not been increased since 1996 due to fiscal constraints and rising programme costs. The Department of Social Services recommended raising the rate to N$200 during 2000.[76]

Figure 5.4. ***Monthly social pension payment rates, 1989-1999***



Morgan (1991) estimated that the standard rate of N$92/month could "support fully the nutritional requirements of three adults" in 1991. At July 1996 prices this basket of items cost N$154. "A pension of N$160 is thus sufficient for a family of three to stay above the poverty line" (Subbarao 1998:8). Failure to raise the standard rate since 1996, however, means that the social pension's real value has fallen and no longer feeds three adults.

If the justification for equalising the pension was constitutional and moral, implementation of this decision was entirely pragmatic. The Minister announced that the budget allocated to national pensions each financial year "will be divided equally amongst all pensioners and every pensioner will get his or her equal share without favouritism. This is the manner in which national pensions will be determined for the next financial year and in the future" (Republic of Namibia 1992a:356).

In addition to equalising the pension payment across genders and race groups, the National Pensions Act of 1992 also allowed for the possibility of means testing being

[76] Interview with Ms Batseba Katjiuanjo, Director of Social Services, Windhoek, December 1999.

introduced. Although this appears to contradict the spirit of treating all Namibians equally, the Act empowered the Minister to make regulations as to "the income and assets of any applicant to be taken into account in determining any national pension".[77] Support for this provision came during the Second Reading debate, when some MPs argued that social pensions should be withheld from elderly people with substantial savings or investments to live on - in short, pensions should not be paid out to "those who have other sources of income other than depending on social welfare" (Republic of Namibia 1992b:76).

In fact the government made no attempt to act upon this provision for several years. However, the government's Integrated Poverty Reduction Strategy of 1997 (Republic of Namibia 1997), while recognising the importance of the social pension to the poor, noted that the social pension alone accounted for almost 2% of GDP, and it recommended introducing a means test in order to reduce inequality as well as poverty.

> "To maintain fiscal sustainability while ensuring that poor elderly are covered, adopt indicator-based criteria (such as ownership of a vehicle, or a single family home, all income tax assesses, contributors to social security, etc.) to exclude the clearly non-poor individuals from eligibility to the social pension program" (Republic of Namibia 1997:13).

In 1998 the Department of Social Services drafted an Amendment to the 1992 National Pensions Act which added the following eligibility criterion to the three criteria listed previously (age, residence in Namibia and citizenship or permanent residence status): "that his or her income and assets, in accordance with the prescribed requirements, entitles him or her to the granting of a national pension" (Republic of Namibia 1998). The Minister of Health and Social Services confirmed in Parliament in March 1998 that means testing would shortly be introduced, in order to stop payments to "those who received more than one pension and those with other assets" (*The Namibian*, 13 March 1998). The justification presented in Parliament was that closing this "loophole" was not only "ethical" but would release resources and enable the government both to accommodate the growing number of social pensioners and to raise the payment level.[78]

The Amendment also changed retrospectively the name of the 1992 legislation, from the 'National Pensions Act' to the 'Basic State Grant Act', reflecting a fundamental shift in thinking by Namibian policymakers. The social pension will no longer be an *entitlement* or legal right for all elderly Namibians; instead it will be a *grant* from the state made only to those citizens whom the state deems to be in need of cash assistance. This shift from an objective universal eligibility criterion - everyone over 60 - to a subjective discretionary criterion - 'poor people' over 60 - removes a legal right from elderly Namibians and gives the government unlimited ability to restrict and limit payments, by progressively tightening the definition of poverty and rigorously enforcing means testing.

The draft Amendment to the National Pensions Act was submitted to Parliament during 1998 but was withdrawn by the Department of Social Services before being read and debated. There was no disagreement over the proposed change of name from 'social pension' to 'basic state grant', nor over the principle of introducing means testing. But

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77 This clause continues: "including the value of any asset alienated in any manner within a stated period immediately before application for such as pension", which clearly aims at discouraging 59-year-olds from running down their asset holdings in anticipation of applying for a means tested pension on their next birthday! In practice, as with most means tested programmes, this would be extremely difficult to police.

78 Policy shifts from universal to targeted benefits, or narrowing the targeting criteria for social assistance programmes, are invariably justified in terms of the "ethics of cost-effectiveness". In reality, savings made by excluding certain claimants are often diverted to pay for implementing means testing and policing the system, rather than being transferred to beneficiaries in the form of enhanced benefits.

disagreement persisted over the appropriate mechanism for means testing. A sworn declaration of assets owned by the prospective pensioner on registration was one suggested approach, but critics argued that this is open to manipulation and fraud, and will merely discriminate against honest claimants whose assets make them slightly too ‘wealthy’ while dishonest claimants will gain access despite being technically ineligible. A revised Amendment is due to be resubmitted to Parliament during 2000.

In the run-up to the general election of December 1999, the Government faced strong pressure from opposition parties to increase substantially the value of the social pension. In March the Leader of the Opposition tabled a motion in parliament which asserted that: “It is our moral obligation and it is a categorical imperative that we must raise the old age pension from N$160 to N$500 per month” (Republic of Namibia 1999a:51). Arguments for the motion included the fact that the payment level had been “stagnant” for three years, that N$160 was too little to live on and an “insult” to the elderly, that much of the money was spent on travelling to and from pay points, and that many pensioners were indebted to grocery stores, leaving them with “hardly anything to take home” after they had settled their accounts. Fundamental questions were raised by MPs during the course of the debate that followed, including: “Is the pay-out of social pensions to senior citizens a right, a duty or a favour? Is it affordable?” (Republic of Namibia 1999a:77).

The issue of whether the social pension was a ‘right’ or a ‘favour’ had been debated in the South African Parliament on several occasions. In June 1965 the Minister of Social Welfare and pensions stated categorically that “people must regard these social pensions as a right and not merely as a privilege” (Republic of South Africa 1965b:8376). Similarly, in 1999 opposition members of the Namibian Parliament argued forcibly for this social safety net as an entitlement: the elderly “have an inalienable and undeniable right to be looked after when they can no longer produce an income through active labour”, and they reminded the House that Article 95 of the Constitution “imposes a social responsibility on the State to help those who have difficulty to help themselves” (Republic of Namibia 1999a:78).[79] One Minister deflected this argument by emphasising the duty of children towards their parents: “Are you saying that the State should take up our responsibility as children to take care of our own parents and relatives?”[80] The Minister further argued that the social pension was not a true pension scheme at all, since social pensioners “never contributed to any formal pension scheme or pension fund”, but was instead a “monthly allowance” made out of “compassion” to elderly citizens. This view motivated the decision to change the name of the social pension to ‘basic state grant’ (Republic of Namibia 1999a:81).

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79 Article 95(f) of Namibia’s Constitution states: “The State shall… actively promote and maintain the welfare of the people by adopting, *inter alia*, policies aimed at ensuring that senior citizens and the disabled are entitled to, and in fact do receive, a regular pension adequate for the maintenance of a decent standard of living and the enjoyment of social and cultural opportunities” (cited in Republic of Namibia 1992b:77).

80 Another Minister saw the solution to caring for the elderly not in terms of raising the social pension but in reducing unemployment. “The real problem, Mr Speaker, is the high rate of unemployment among our young people …. 72% of our population are people below the age of 50 years. If we invest in them today through education, skills training, empowerment and access to resources for self-development, we will enable them to become employed or self-employed and through that make it financially possible for them to take up the responsibility of taking care of our old aged and not expecting the Government to take over this responsibility” (Republic of Namibia 1999a:81). In terms of the conceptual framework used in this report, this would imply a shift in government priorities and spending away from ‘entitlement protecting’ welfarist interventions towards ‘entitlement promoting’ developmental interventions.

Design and Administration Issues

Before considering the impacts of the social pension on the livelihoods of pensioners and their families, this section examines selected issues around the administration and design of the social pension scheme in Namibia. The issues addressed here are coverage, fiscal and political sustainability, and targeting.

❑ *Coverage*

At independence in March 1990, coverage of the social pension - defined as persons actually receiving social pensions as a percentage of all eligible Namibians - officially stood at around 50%, which the new government immediately made efforts to increase. The Minister of Health and Social Services told Parliament in 1992 that, as of March 1990, 53,129 Namibians were receiving a social pension (which included 'old age', war veterans, disability and blind persons pensions), and that this figure had risen to 74,546 by September 1991. The Minister added that a further 24,400 Namibians aged over 60 were not receiving or claiming the pension to which they were entitled (Republic of Namibia 1992a:353). Discounting 28,823 recipients of disability pensions, this would imply a coverage of 58%, though this is possibly optimistic (see Table 5.6 below).

Coverage in pension provision varied geographically in colonial Namibia, from over 80% in some 'homelands' (Hereroland, Namaland), to under 50% in others (Caprivi), the lowest being around 33% (Kavango) (Morgan 1991:353).[81] Morgan explains this in terms of variable levels of efficiency across the 'second tier' authorities that administered the 'homelands', including registering pensioners and disbursing pensions. Isolated rural areas - where the need for transfer income is generally highest - were badly neglected by the pension delivery system. An alternative (political) explanation is that strategically important regions and population groups - notably the Owambo people on Namibia's northern border with Angola - received preferential attention because of South Africa's 'winning hearts and minds' campaign during the 1970s and 1980s.

This theory is not supported by empirical evidence, which, however, is contradictory. A 1992 survey of 250 rural households in northern Namibia found that one in three had members who received the social pension. However, only 42% of those who were eligible (87 of 208 individuals), were in fact receiving the pension (Botelle 1992:50). A survey of 300 rural households in an adjacent district in 1993 found that 85% (193 out of 228) of residents aged 60 or above were receiving the social pension (Næraa and Solomon 1994:43). Based on recalculated data from the 1993-94 national household income and expenditure survey, Subbarao (1998) derived the estimates presented in Table 5.6 for coverage of the social pension by region.

Not only was total coverage in 1993 much lower than reported by government - still around 50%, three years after independence - regional coverage remained extremely variable. The table is particularly instructive concerning the political geography of Namibia during the *apartheid* era. Significantly, the politically favoured (South African supporting) southern and central regions (including Karas and Khomas), as well as Caprivi,[82] cluster together among the highest coverage regions, all enjoying well above 60% coverage. Conversely, the politically oppositional northern regions (SWAPO's power base) all fall below the national average of just under 50% coverage, with Omusati next to last at 34%. This heavily skewed

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81 For purposes of comparison with Table 5.6, it should be noted that the pre-independence Bantustans were renamed and correspond more or less to the following regions: 'Hereroland' is now Otjozondjupa; 'Bushmanland' is Omaheke; former 'Owamboland' is now Ohangwena, Omusati, Oshana and Oshikoto regions; 'Namaland' straddles Karas and Hardap regions; 'Damaraland' is now Erongo; 'Kaokoland' is now known as Kunene region; and the city of Windhoek is at the centre of Khomas region. Only Caprivi and Kavango remain as before.

82 Caprivi was the only region in northern Namibia that voluntarily hosted (and profited from) the South African Defence Force during its covert war against Angola in the 1970s and 1980s.

pattern of coverage casts doubt on the argument that the social pension was a sop aimed at 'winning the hearts and minds' of the Owambo people, and provides implicit support for the alternative view, that the social pension supported the colonial administration's racist policy of 'influx control', which maintained the majority of blacks in the rural areas - specifically, in the desert regions of central and southern Namibia (Hardap, Karas, Erongo).

Table 5.6. *Regional coverage of the social pension in Namibia, 1993-94*

Location	Region	Persons aged 60+	Social pension recipients	Coverage (%)
South	Hardap	4,347	3,395	78.1
(77%)	**Karas**	**4,262**	**3,227**	**75.7**
Central	Erongo	4,457	3,204	72.0
(68%)	**Khomas**	**5,703**	**3,744**	**65.6**
Northeast	Caprivi	3,616	2,343	64.8
(56%)	Omaheke	4,412	2,629	60.0
	Otjozondjupa	6,031	2,896	48.0
North	Kunene	3,609	1,829	50.7
(39%)	Oshikoto	10,605	5,145	48.5
	Kavango	16,740	6,442	38.5
	Ohangwena	5,175	1,841	35.6
	Omusati	**12,031**	**4,093**	**34.0**
	Oshana	10,508	3,248	30.9
Namibia		**86,321**	**42,195**	**48.9**

Notes: Compiled from Subbarao (1998:11).
Survey areas for the present research project are highlighted.

Since independence, of course, these overtly politicised rationales for the social pension have disappeared - if any political bias still pervades its coverage, it is likely to be in the opposite direction, which would imply reversing previous patterns of discrimination. In fact, there is no evidence for any such bias; instead there has been a general rise in coverage across all regions. By 1998 there was a consensus that coverage stood at 88% for the country as a whole (Subbarao 1998:9). This dramatic improvement during the 1990s is a positive reflection on the government's stated commitment to achieve universal coverage by the year 2000, while retaining the social pension's real value.

A major factor behind the improved coverage of social pensioners was the government's decision in 1996 to privatise the pension delivery system. Cash Paymaster Services (CPS), a subsidiary of a South African bank, won the contract based on their success in delivering pensions to social pensioners in South Africa since 1989. CPS introduced a unique, high-technology solution to the problem of delivering relatively small amounts of cash to 3½ million South African and 84,000 Namibian pensioners across vast areas (see Box 5.1). Convoys of vehicles fitted with cash dispensing machines and protected by armed security guards visit hundreds of designated payment points every month, where registered pensioners queue to meet them.[83] Since most elderly rural Namibians are illiterate, and since the previous system based on fingerprints was highly susceptible to corruption - officials simply thumbprinted forms and took the money - biometric identification methods are used for claimant recognition and verification. The pensioner presses a finger onto a

[83] One CPS team that we accompanied during fieldwork in southern Namibia visits 2-3 paypoints daily for 24 days every month, then returns to Windhoek for a one-week break before starting the tour again. On pension pay-day in our study community of Berseba in Karas Region, 133 pensioners (two-thirds of them women) received N$160 each. Aggregating this across the team's 67 paypoints suggests that over N$1.4 million is disbursed by this team every month (£140,000), and these figures are much higher in the densely populated northern regions.

touchpad which is connected to a computerised database of all pensioners' fingerprints nationwide. If the number that appears on the computer screen matches the number on the pensioner's identification card, a CPS official withdraws cash from the dispenser and gives it to the pensioner.

Box 5.1. ***Cash Paymaster Services and delivery of social pensions in Namibia***

"The provision of cash payments on a large scale often presents major logistical problems with regard to financial controls, processing, fraud and the identification of the beneficiary. CPS has pioneered the development of a unique electronic method of cash payments, with the ability to provide this service even in the remotest areas of Southern Africa. Both technologically and logistically, CPS has developed the solution to provide this service by using a computer-based biometric identification system and well-secured vehicles for making cash payments. These vehicles are fitted with hi-tech cash-dispensing machines which utilise the unique method of biometric identification.

The CPS method of cash payments begins with registration. Each beneficiary is required to have the pattern of his or her fingerprint biometrically recorded and then stored in a database. Each beneficiary is also issued with a magnetic identification card which enables access to this database at a specific paypoint.

Subsequent to registration the payout process can commence. Designated vehicles drive to predetermined paypoints accompanied by armed security vehicles provided by the client or CPS; payment then takes place. Payment begins when the cash dispensers on the vehicles are activated. In order to receive payment, the beneficiary inserts a magnetic ID card through a card reader and places a finger on the biometric fingerprint device. CPS utilises the unique method of electronic identification known as AFIS (automated fingerprint identification system) which is technologically highly sophisticated but nevertheless extremely user-friendly. Instructions for the use of the equipment are relayed via a computer screen. This process takes only a matter of seconds. Once the identity of the person is verified the cash is dispensed in notes along with a receipt. The next person is now ready to be paid.

The high degree of mobility and flexibility of the CPS service allows the client to determine the timing, frequency and location of payouts. The CPS solution provides a computerised system of record-keeping and financial reconciliation. The information contained within the system is accurate, up-to-date and easy to access. This results in better administration and cost effectiveness. Importantly, the system is designed to handle large volumes of transactions. By implementing the CPS solution, clients have saved millions of rands due to the dramatic decrease in fraud and irregularities.

How the Client Benefits

- Major cost savings through reduction in fraud and irregularities
- Improved quality of service directly related to the use of biometric technology
- The entire risk of the pension payment operation is passed to CPS
- Automated, accurate and up-to-date record-keeping and financial reconciliation
- Improved management information systems and decision-making
- Flexibility and versatility of operations
- Reduction in the time taken to pay beneficiaries
- The existing CPS infrastructure can be modified to provide other value-added services in accordance with client needs"

Source: Cash Paymaster Services, publicity brochure, 1997

According to the Director of CPS in Namibia, computerisation and biometric identification techniques have “eliminated” corruption and fraud by officials and beneficiaries from the social pension delivery system.[84] This claim might be exaggerated, but the level of corruption has certainly been reduced.

In our survey, one in ten pensioners in the south and centre, and one in five in the north, complained of interruptions to receiving the pension for periods ranging from one month to two years, though the norm was around two to three months. The reasons given divided into two categories: the transition from government to CPS administration in 1996 (the new system caused some confusion around payment dates and pensioner lists, and there were teething problems with computerisation - some names did not appear or fingerprints were not recognised); and pensioners’ ‘personal difficulties’ (lost ID papers, illness, or transport problems - *“flooded river made access to pay office impossible”*). In the north two responses hint at possible corruption in a system which has generally been virtually corruption-free: *“I was told there was no money”*; *“They promised my money by next pay-out but I never saw it”*.[85]

Computerisation also introduced an inflexibility and impersonality into the pension which causes unintentional hardship. Previously, when the government was administering the social pension, when a pensioner died their family would receive the pension for the next month, to assist with funeral expenses. Since privatisation, however, pensioners can only receive cash by registering their fingerprints on the computer, so the possibility of a final post-mortem payment has been lost. During our survey pensioners argued forcibly for this provision to be restored, given that the money has already been allocated and a death imposes heavy costs - and lost income - on the deceased pensioner’s family.

- ***Fiscal and political sustainability***

Costs of the social pension are rising constantly, due to three factors: the First National Development Plan target of achieving maximum coverage by the year 2000, natural population growth and rising life expectancies, and pressures to raise the pension’s real value (Republic of Namibia 1994:14). According to the government’s economic policy think-tank, even without an increase in the social pension’s real value, increasing coverage and longevity of elderly citizens would raise government spending on the social pension from 3.4% of total spending in 1994 to 4.8% in 1999. “Thus an increase in the level of pension paid is not regarded as feasible” (NEPRU 1996:39). Achieving universal coverage would require raising the numbers of beneficiaries by 40,000, many of whom lived in dispersed communities in the most sparsely populated regions of Namibia. The World Bank (1995:156) estimated that raising coverage to 100% would require an 80% real increase in pensions expenditure - partly because of increased numbers and partly because of the logistical difficulties of reaching them. Subbarao (1998:16) estimated that with 800 people

84 Interview with Mr Doug Abbey, Director of Cash Paymaster Services in Namibia, Windhoek, October 1998. The previous system had been vulnerable to various forms of corruption and fraud, some of which were elaborated in Parliament in 1992 by the Minister of Health and Social Services: “In the event that the pensioner passes away, a relative grabs the deceased’s identity card and he or she uses it in claiming payments under the guise of proxy. There are those who are known to be in possession of more than three identity cards obtained in this manner. This fraudulent behaviour caused staggering amounts of money to be unaccounted for and at the same time undermined the Government’s efforts to improve the pensions of the aged, blind and disabled” (Republic of Namibia 1992b:175). The Minister cited cases of people who had died in 1986 and were still on the pay-list in 1991. He also referred to paymasters who embezzled money by paying money to themselves rather than to pensioners, or by keeping accounts open long after pensioners had passed away.

85 In June 1998, a newspaper reported that three CPS officials had been suspended for stealing pension money by telling pensioners that their names did not appear on the computer screen during fingerprint recognition, although records at the regional CPS office revealed that their money had in fact been paid out (*The Namibian*, 12 June 1998). Very few cases of this kind of corruption have been reported, though, partly because it is so easy to detect.

over 60 being added to Namibia's population every year, the budgetary allocation to the social pension would need to increase by 0.8% p.a. simply to meet this steadily increasing demand, which he judged to be fiscally unsustainable.

The social pension accounted for 3.4% of Namibian government spending in 1994 (Republic of Namibia 1995a), and 3.7% in 1996/97. A Public Expenditure Review conducted in 1995 found that Namibia's spending on social sectors (education, health, social security) was higher as a proportion of total government expenditure than in comparable countries, while its spending on defence and debt servicing was much lower. Education in 1995 absorbed 25% of the total budget, while Health and Social Services accounted for 15%, and Defence just 5%. Pensions were the single most important component of social services expenditure (World Bank 1995:155).

In an argument often made in Namibia, Case and Deaton (1996:12) suggest that South Africa's extreme income inequality - median White incomes being ten times Black incomes - is a precondition for the social pension system. "Without this large difference, the pension transfers would surely be infeasible." This inequality also reduces 'leakages' to the non-poor. In South Africa in 1993, 89% of social pension recipients were African and only 3% were White. In both Namibia and South Africa, where Gini coefficients are comparably high, the fiscal savings from means testing to exclude the relatively few non-poor from benefits may be more than offset by the administrative costs of targeting.

Government spending on the social pension is of course very high, but is it "unaffordable" or "unsustainable", as is often claimed by policy-makers and observers? This question raises issues not only around fiscal costs and sustainability, but also about government commitment and policy priorities. As Beattie and McGillivray point out in a comment on the World Bank report on pensions, 'Averting the Old Age Crisis' (World Bank 1994):

> "It is alleged that public pension schemes are often not affordable, which presumably implies that they impose an excessive burden on the economy. The report often refers to 'affordability' or 'sustainability' as if these were objective scientific concepts. .... There is no economic law that prevents societies from deciding to allocate more resources to old-age security and less to some other expenditure" (Beattie and McGillivray 1995:68).

In this light, a more pertinent question might be: Is political commitment to the social pension diminishing? In 1995 the Government warned that: "The increasing cost of providing the pension raises concerns about the programme's long-term sustainability" (Republic of Namibia 1995b:11). The Integrated Poverty Reduction Strategy of 1997 argued that "the country has reached the limits of its ability to mobilise public revenues" (recalling that the social pension is non-contributory and is funded entirely out of general tax revenue), and that the ratio of expenditures on grant-based safety net programmes - including the social pension - to GDP "should not go any higher" (Republic of Namibia 1997:12). The real value of the pension has in fact been allowed to decline by the refusal to raise its nominal value since 1996. In March 1998 the Minister of Health and Social Services told Parliament: "We are unable to increase pensions this financial year due to other urgent commitments", citing budgetary constraints and complaining that the pension is allowing children to "abandon their responsibility" to their parents, to "dump their children on their old parents with no support", and that it is being used to pay school fees, which is not its intended purpose (*The Namibian*, 13 March 1998).

Largely because of the simplicity of the targeting mechanism, combined with the government's failure to invest resources in extending coverage to all eligible citizens, the administrative costs of the social pension were low in the early 1990s, at 7% of the pension's value (N$ 11 per N$ 160 transferred) - "a modest percent by international standards" (Subbarao 1998:15). In 1992, pensions cost the government of Namibia R117 million. At that time 75,000 Namibians were receiving R120 per month, so a simple calculation reveals that each pensioner cost the government R1,570 per annum, of which

R1,440 was paid out to the pensioner, leaving R130 for administration and delivery costs, or 9% of total spending, producing a respectable alpha-ratio of 0.91. However, costs of delivering the social pension increased sharply following its privatisation in 1996, partly because of the initial investment in vehicles and technology (cash dispensers, biometric recognition mechanisms, computerised databases) and partly because further progress was made towards the goal of universal coverage. By 1998, CPS was reaching 88% of all eligible pensioners. We can therefore estimate the administrative cost of the social pension at the time of our survey as being approximately 16%.

In late 1999, when the three-year contract between the Directorate of Social Services and CPS expired and was put out to tender, CPS was undercut by a rival bid and lost the contract. According to the Director of Social Services, cost was a major factor.[86] The government was then paying CPS N$1.6 million each month - approximately 14% of the pensions budget - to deliver the social pension. This implies a fairly respectable alpha-ratio of 0.86, but with cost considerations and 'Namibianisation' at the forefront of government thinking, the Ministry decided to transfer the delivery mechanism from CPS (a South African-based company), to a local but untried private consortium.

- ***Targeting and leakages***

Although high inequality and mass poverty in Namibia mean that inclusion of non-poor claimants in the social pension scheme is relatively low, the non-poor do also benefit, and this creates obvious cost inefficiencies. Moreover, pensions everywhere can result in: "Perverse redistribution of income … due to the fact that the rich tend to live longer and thus collect more pension payments than the poor" (Beattie and McGillivray 1995:72).

Subbarao (1998:12) recommended reducing the social pension's *exclusion errors* by expanding its coverage (which has already happened) and reducing its *inclusion errors* by introducing a second criterion (in addition to age) to restrict eligibility - say, a proxy indicator such as vehicle ownership. Given Namibia's strong information base, Subbarao concludes that "the consequential increase in administrative cost could be minimal while the gain in resource savings could be substantial". The authors of the Public Expenditure Review also recommended narrowing the eligibility criteria to exclude the non-poor, as a way of recouping some of the increased spending from extending coverage, population growth and rising longevity. They were not in favour of means testing, though, arguing that estimating household incomes would be administratively unfeasible "given the role of the rural subsistence economy and the nature of the extended family" (World Bank 1995:174). Instead they recommended excluding all income tax-payers who had retired from formal sector employment. This criterion has the advantage of being a relatively robust proxy indicator, and it would be simple and inexpensive to implement.

Another possible solution to mis-targeting would be to introduce 'access costs' as a self-targeting instrument to discourage non-needy applicants. When CPS took over delivery of the social pension in 1996, they required all pensioners physically to re-register on the new computerised system. This met with resistance from Whites, who complained about having to waste their time queuing (even once). Previously they had received the pension as a monthly payment into their local bank or post office accounts, which they could draw at their convenience. One option to discourage the non-needy from applying for the social pension would be to require all citizens over 60 to queue for their benefit at local payment points every months - as rural residents and the poor without bank accounts or post office savings books do already. The stigma and time costs would certainly act as a screening mechanism to exclude many wealthier citizens from claiming the social pension, without going so far as to legally disqualify them through applying a means test.

The government's decision in 1994 to equalise the social pension at a lower rate than the top ('White') rate, followed by the 1998 proposal to means test the pension, both impact

[86] Interview with Ms Batseba Katjiuanjo, Director of Social Services, Windhoek, December 1999.

negatively on benefits transferred to wealthier Namibian citizens. These decisions were justified by the need for fiscal restraint, and may indeed secure the future funding base for social pensions for the poor. On the other hand, targeting may introduce 'political costs' for the poor. If non-poor taxpayers are no longer beneficiaries but only contributors to the social pension, there are real risks of a political backlash from those who would be excluded from a programme which they are largely responsible for financing. As Beattie and McGillivray (1995:79-80) explain in an analogous argument about privatisation of pension schemes, political support for public pensions from influential non-poor groups could well decline. "Poorer pensioners, wholly or primarily dependent on the public scheme, will be more isolated, and the better-off majority may well be more interested in reducing their tax burden than in defending the level of public pensions."

Although the social pension is regressive in the sense that wealthier pensioners are likely to draw it longer than poorer pensioners (because of the positive association between income and life expectancy), it is progressive to the extent that it transfers income from wealthy (mainly White) taxpayers to poor (mainly African) non-taxpayers. Introducing targeting criteria would certainly be regarded by White Namibians - most of whom would instantly lose their entitlement to the social pension if means testing was applied - as discriminatory against them, and might even be challenged as 'unconstitutional' on these grounds. It is vital that political support for the social pension is maintained among the (still White-dominated) economic elites, not only among the new (African-dominated) political elites who have explicitly prioritised the interests of poor Namibians since 1990.

Impacts

The social pension is often regarded as a welfarist intervention, since it is targeted at the elderly ('non-productive' members of society) and is intended primarily to sustain them in terms of basic needs: "the purpose is [for recipients] to clothe themselves and to feed themselves" (Republic of Namibia 1992b:75). On the other hand, no conditions are set on its use, and this 'freedom of choice' argument was given as a justification for the unconditional cash payment when the National Pensions Bill was read in Parliament in March 1992: "The Bill provides for cash payments to be made on a monthly basis to the beneficiaries. The money so given is to be administered by themselves and spent according to their own discretion. ... pensioners should have the freedom to administer their pensions themselves and arrange their priorities as they see fit" (Republic of Namibia 1992b:70). Against this libertarian view, one Member of Parliament pointed to cases of "recipients who misuse the pensions in ways harmful to their health and social being" (see below - 'Abuses of the system'), and argued that: "The Government has every power and right to dictate how pension monies, which is in fact our tax-payer's money, be utilised". This MP proposed amendments to the Bill - which were not adopted - to ensure that "such misuse be made punishable under this law" (Republic of Namibia 1992b:70-71).

Other MPs recognised the positive importance of the pension in sustaining extended families: "here in Namibia the pension is quite often the only income of an entire family. The grandmother gets the pension, the children who cannot find employment live with her, the grandchildren live with her, women who have babies and cannot trace their fathers send the children to the grandmother and they all live on that old age pension" (Republic of Namibia 1992b:70). There was a suggestion by some MPs that this function of the pension encouraged irresponsible behaviour: "men are so irresponsible, they are not taking care of the children they are making all over the place. That is really what it is. So, these young mothers are also running after life and their children are therefore dumped with the elderly mother" (Republic of Namibia 1992b:186).

Available evidence suggests that social pensions are used for 'productive' purposes as well as providing 'reproductive' benefits to the household. One of the most significant secondary effects of the social pension is its contribution towards the education of children (an investment in human capital). The pension "has the added feature of making elderly relatives economically valuable members of the household - as opposed to other countries where the elderly can be regarded as a liability in poor families" (Devereux 1995:24-25). Among many other assertions that have been made about the positive impacts of the social pension - sometimes with empirical justification but often without - are the following.

- *Demographic impacts (national level)* - The social pension has almost certainly inhibited rural-urban migration, and constrained levels and rates of urbanisation in Namibia. Missing middle generation or split households are common in rural areas, with elderly people and children staying in the villages and living on the social pension, while economically active adults go to town in search of work.

- *Demographic impacts (household level)* - The pension may affect fertility choices in one of two (contradictory) ways. Parents might choose fewer children, because the need for children as 'old-age security' is reduced by the guaranteed pension (there is some evidence for this in Indian states with similar pension schemes), in which case dependency ratios will fall. Alternatively, parents might have more children than before (or more children will survive), because they can afford to feed and educate them better with the additional income provided by the (grandparents') pension.

- *National food security*: The injection of sizeable amounts of cash into poor rural communities has contributed to the development of marketing infrastructure. Even the smallest and most isolated settlements now have at least one village store, which sells maize-meal and other basic necessities, even in times of food crises such as drought. So the pension has helped stabilise food supplies in a country of vast distances, dispersed population and widespread rural poverty, thereby directly reducing the risk of drought leading to famine. The pension might have reduced the need for, and level of, food aid and other interventions in drought emergencies.

- *Household food security:* The social pension raises income in poor households, allowing more food to be purchased, which "contributes to the containment of child malnutrition and the avoidance of starvation" (Morgan 1991:351). The social pension also stabilises household income and smooths food consumption, by providing a buffer (non-correlated income) against livelihood shocks such as droughts. The pension is used as a means of securing credit, especially from shopkeepers - goods are purchased from shops on credit, against the receipt of the pension every month.

The remainder of this section examines some of the impacts of the social pension listed above, namely: its contribution to household survival during droughts, its demographic impacts, and the 'abuses' mentioned by certain sceptical Namibian politicians.

❑ *Impact as drought support*

Formal transfer mechanisms assume an even more critical role in drought years because informal transfers in Namibia are not resilient or robust in times of crisis (Devereux and Næraa 1996). When livelihoods that depend on rainfall - crop and livestock farming, agricultural labouring - are undermined by drought, access to non-covariate sources of income becomes a crucial determinant of 'damage limitation' coping strategies and even, *in extremis*, of survival prospects. At these times the social pension becomes the main, sometimes the sole, source of support for those households that cannot call on informal transfers from outside their own drought-afflicted community - such as remittances from employed relatives in town.

Evidence for the role of the social pension in sustaining communities during droughts is provided by a study (by this author with others) of informal social security systems in two regions of Namibia during the 1991/2 drought. This study found that formal transfers, notably social pensions and food aid, provided more significant and more robust sources of support to drought-affected households than informal transfers, which were vulnerable to the correlated risk that drought poses - the difficulty of meeting increased demands for assistance when the ability to assist has been compromised by declining incomes.[87] “Formal transfers - which are frequently converted into informal transfers, through being redistributed - then become crucial to the maintenance of household viability” (Næraa, Devereux, Frayne and Harnett 1993:ix). The study also emphasised the importance of the stability and regularity of income over and above its level and source. As emphasised in the (draft) 2000/1 World Development Report on ‘Attacking Poverty’, income insecurity is a critical - but hitherto relatively neglected - dimension of poverty (World Bank 2000).

Paradoxically, while the pension is intended to protect a designated vulnerable group - the elderly - the existence of this stable and regular source of income puts pressure on pensioners themselves in times of stress. Rural households which lost their harvests and livestock to drought in 1991/2 became heavily dependent on three sources of transfers: food aid, remittances from employed relatives, and informal redistribution of social pensions. “Because of the drought, the pressure on pensioners to help family members by redistributing the pension has also increased” (Næraa *et al.* 1993:57). Salaries and pensions were the only income sources which did not contract in drought-affected communities, so people receiving these sources of income were called on to provide compensatory transfer support when conventional sources of income (including transfer income) declined. Interestingly, although elderly people were initially included as a ‘vulnerable group’ eligible for food aid (along with pregnant and lactating women, children under five, the chronically sick and people with disabilities) in the 1991 Drought Relief Programme, they were subsequently excluded because it was felt that their receipt of the monthly pension significantly reduced their vulnerability (Devereux and Næraa 1996). Pensioners were also more likely to access credit from local shops for food and other basic commodities for themselves and their primary and secondary dependants,[88] the guaranteed pension income providing the necessary security to shopkeepers. In general, the contraction in food availability and incomes associated with the drought resulted in greater proportions of the social pension being allocated to food purchases, and a smaller circle of beneficiaries from redistribution of the social pension - pensioners looked after their immediate families first and foremost.

- ***Demographic impacts***

As noted above, one motivation for the introduction of social pensions to Namibia by the South African colonial administration may have been its policy of influx control, which aimed to keep Africans in rural communal areas and away from urban areas. The demographic consequences, in terms of household composition, were extreme. Even today, 'missing middle generation' households are found throughout rural Namibia and South Africa: grandparents and young children surviving on the social pension while economically active adults search for work in towns. The widespread practice of grandparents caring for grandchildren whose parents are working elsewhere has both a monetary and a social value that cannot be quantified.

Evidence for the demographically distorting impacts of the social pension in South Africa is provided by a large (9,000 households) survey conducted in 1993, which found that “households with pension income have more children than average, 2.28 as opposed to 1.69”, and that 32% of African children under 16 (3.8 out of 11.9 million) lived with a social pensioner (Case and Deaton 1996:11). Over 60% of African social pensioners lived in

[87] As one respondent pithily put it: “How can somebody who is suffering help someone else who is also suffering?” (Næraa *et al.* 1993:58).

[88] I define ‘primary dependants’ those who are normally supported by the pensioner; ‘secondary dependants’ are those who become dependants only in specific circumstances and for a temporary period, such as during a drought year.

three-generation households, and a further 14% in ‘skip-generation’ households.[89] Clearly, this effect is not all due to the social pension; the observation that Whites are more likely to live in nuclear households and Blacks in extended families is a cultural reality independent of social pension arrangements. Also, in 86% of pension-recipient households the pensioner was either the household head or the head’s spouse (Case and Deaton 1996:4). This might be another demographic consequence of the pension, since in other African societies the elderly are often absorbed into the households of adult sons or daughters, losing their status as household heads because of their economic dependence.

The pension has direct and contradictory impacts on household composition: “state pensions provide a degree of autonomy to older members of the community which results in pensioners either being an asset to the household or retaining their economic independence and electing to remain a separate household” (Næraa *et al.* 1993:15). This latter option is not generally available to elderly people in other African countries, who typically either become dependants in a household headed by their offspring or are reduced to depending on remittances from relatives and charity from their communities.

This feature also confuses the classification of informal transfers as being either within or between households. If a pension is partially redistributed to a pensioner’s grandchildren in the form of school fees, this is an intrafamily transfer, but is it intrahousehold? Under a ‘common pot’ definition of the household, the donor and the recipient should be living and eating together in the same residence, otherwise any informal redistribution of formal transfers outside the immediate household must be classified as a conversion of formal social security into informal social security. However, local articulations of concepts such as ‘household’ and ‘family’ must be taken into account. These concepts vary across Namibia. In some parts people live in small nucleated units and in other parts in large extended clusters, but even when a small community comprises several distinct households they can be closely interconnected both socially and economically: often community members will say “We are all one family.” On the other hand, as one net donor ruefully told me during the 1992 drought: “Your family can eat you.”

- ***‘Abuses’ of the system***

Government and opposition Members of Parliament in Namibia frequently express views about the way social pensioners use their pension income. As the following selection of quotations from the Second Reading of Namibia’s National Pensions Bill in 1992 reveals (see Box 5.2), these opinions are often highly negative, even almost hysterical. Social pensioners, for instance, are routinely accused of “alcoholism and other vices”, and the pension is seen as encouraging laziness and dependency among pensioners’ relatives and neighbours.

[89] A ’skip generation’ household - also known as a ‘missing middle generation’ household - is one in which the cohort of economically active adults between grandparents and grandchildren is absent. The corresponding figures for White South African social pensioners were 9% (three generations) and 0% (skip generations).

Box 5.2. ***Observations by Namibian politicians about social pensioners, 1992***
"On pension pay-out days most of our southern towns are literally vibrating. They resemble over-crowded mental institutions, because on such days the effect of the pension money is such that everybody seems to be mentally deranged. Current pension payments contribute very little to the well-being of a considerable majority. The millions given to the aged and the disabled are nothing but a subsidy to liquor stores. It is through the pensioners themselves, their children, their friends or some juvenile criminals, that their pension finds its way to liquor stores. It is against this background that I label our national pension system to be ineffectual." *- Opposition (UDF) MP* "It is a common picture in this country to see some decadent irresponsible pensioners who have fallen victim of alcoholism and other vices, spending virtually the whole amount of money they received that day in a bottle store. These bottle stores are usually situated near points of payment. They go on a spree of drinking and they are being mugged and robbed and at sunset they look for the nearest clinic, not necessarily for treatment, but to upset the smooth running of the clinic and to disturb peace and tranquillity there" *- Deputy Minister of Health and Social Services* "Unfortunately in our society even loafers rely on elderly people. Loafers who won't work always wait for the day that grandmother comes with those few Rand so that he can get something for his own pocket, buy beer, liquor or even cigarettes. I say social welfare must go hand in hand with education, where those who receive it must make sure that that they utilise it for the purpose for which it is being given - to clothe themselves and to feed themselves." *- Opposition (UDF) MP* The Minister of Home Affairs referred to the long walking distances faced by some elderly citizens to collect their pensions, and he complained about the "vultures ... who collect these old people and ask them to pay a lot of money for transporting them to and from centres of payment. The result is that when they go back home they go with sometimes half of what they have collected, a lot of the money has been paid for transport" *- Minister of Home Affairs*
Source: *Second Reading of Namibia's National Pensions Bill* (Republic of Namibia 1992b)

Findings from Previous Surveys

Surprisingly, given its centrality to livelihoods and its multiple impacts in poor households and communities, the social pension in Namibia is under-researched, and what data does exist is narrowly focused on its economic value. A number of household budget surveys have attempted to quantify the contribution of the social pension to household incomes, at various levels of aggregation - community, district or region. These assessments of the economic significance of the pension have focused on three indicators: the percentage of households receiving or 'dependent on' the social pension, the importance of the pension in ranking all sources of income, and the percentage contribution of pensions to total household income. These findings are reported below.

- ***National surveys***

Statistical data on pensions were collected in the Central Statistics Office's *National Household Income and Expenditure Survey* (NHIES), a nationwide questionnaire-based survey which was carried out during 1993 and 1994. The unique strength of this dataset is its national representativeness. Unfortunately, the data presented in the report are of limited value due to some methodological problems. The report notes that "consumption is better recorded than income in household income and expenditure surveys", and that "total private household consumption" (cash expenditures plus consumption in kind, including own production), added to household savings and investments, is the most reliable way to estimate household income (CSO 1996:137). Unfortunately, the resulting focus on quantifying private consumption, while richly detailed, leads to a neglect of even descriptive information on income sources and levels - only one direct question on income was asked in the survey. However, robust estimates of household and per capita incomes were derived from the consumption data.

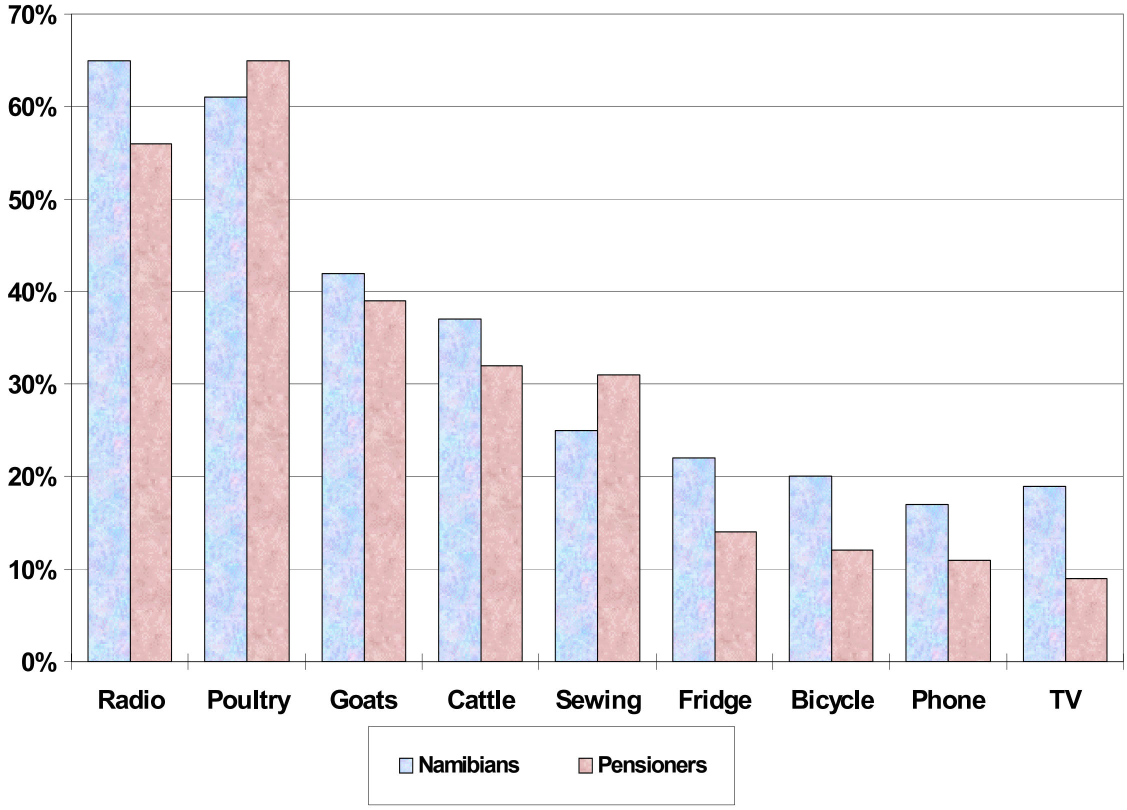
These methodological difficulties make it impossible to answer even the most basic questions regarding the social pension, questions like: *How many pension recipients are there?* The survey finds that 27,602 households in Namibia report 'pensions' as their main source of income, or 11.3% of the total of 244,827 households (CSO 1996:77). But this figure severely underestimates the actual number of pension recipients, for two reasons: many households have more than one pensioner; and many pensioners live in households which reported a different 'main source of income', such as 'subsistence farming' (35% of all households), 'wages in cash' (44%), 'business' (6%) and 'cash remittances' (4%). The survey's failure to record more than one source of income makes it impossible to ascertain either the coverage or the full contribution of the social pension. Nonetheless, it is significant that the pension emerges as the third most important source of livelihood for Namibians, in terms of the numbers of households that depend on it.

According to the NHIES, most pension recipients in Namibia - 21,990 (83%) of 26,602 households which claim pensions as their main source of income - live in rural areas (CSO 1996:78). The pension is more important to women than to men, in two senses. In absolute numbers, female-headed households which depend on the pension as their main source of income (14,007) outnumber male-headed households in the same position (13,596). Secondly, the disparity is more significant in percentage terms, given that male-headed households outnumber female-headed households by three to two - around 40% of Namibian households are headed by women. 15% of all female-headed households in Namibia depend primarily on the pension (17% in rural areas), compared to just 9% of male-headed households (CSO 1996:79).

Indicators based on living conditions of pension dependent households suggest that these households are poorer than average: "85-90 percent of the households where pension is the main source of income have no electricity for cooking or lighting. And the only toilet facility is the bush or a bucket for 70 percent of these households. More than 50 percent of the households of pensioners have 5 minutes' or more one-way walking distance to the nearest drinking water supply. ... a relatively large percentage of the households have more than 60 minutes' one-way walking time to the nearest clinic/hospital, public transport and local shop" (CSO 1996:86).

Pension-dependent households are generally worse off than the median Namibian household in terms of consumer durables owned, but not substantially so - which might suggest that the pension provides sufficient regular cash income for recipients to save up for large purchases such as a bicycle or refrigerator. Pension-dependent households are better off in terms of assets owned than households that depend on subsistence farming, but worse off than those that engage in business or receive regular cash wages. The percentage of pension-dependent households that own various assets (followed by the percentage of all Namibian households who own the asset) include: radio (56% *v.* 65%); sewing machine (31% *v.* 25%); refrigerator (14% *v.* 22%); bicycle (12% *v.* 20%); motor vehicle (11% *v.* 20%); telephone (11% *v.* 17%); television (9% *v.* 19%) (CSO 1996:126).

Figure 5.5. ***Assets owned by Namibian households, 1994***



In terms of livestock ownership, pension-dependent households are close to Namibian norms - although another limitation of the NHIES survey is that the questionnaire only records *whether* households own various categories of livestock or not, not actual *numbers* owned: cattle (32% *v.* 37%); goats (39% *v.* 42%); sheep (8% *v.* 8%); pigs (16% *v.* 14%); poultry (65% *v.* 61%) (CSO 1996:134).

The key ‘money-metric’ indicator of relative wellbeing of pension-dependent households is their aggregate income level in relation to households with other primary income sources. The NHIES data finds that subsistence farmers are the poorest category of Namibian households, and that pension-dependent households are significantly better off, though still falling well below the national mean income (as proxied by consumption). “The annual per capita income for households where ‘pensions’ or ‘cash remittances’ is the main source of income is about N$ 1600. This consumption level is about 50 percent higher than for households where ‘subsistence farming’ is the main source of income. But it is only about 50% of the average per capita income in Namibia.” (CSO 1996:157).

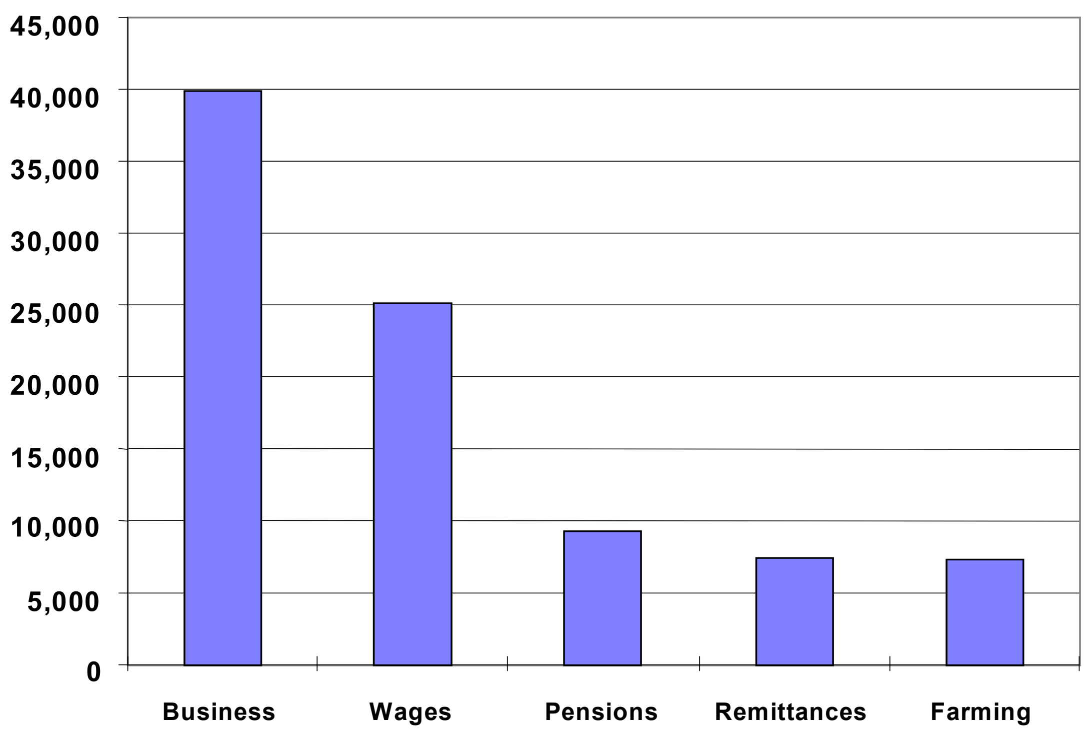
Note that “average” (mean) income conceals great disparities between Namibia’s wealthy elite - most of whom are involved in “business” for profit or employed for “wages in cash” - and the poor majority - most of whom are located economically in “subsistence farming”. At 0.701, Namibia’s Gini coefficient reflects one of the most skewed distributions of private income in the world (CSO 1996:143), and the median annual income per capita is only one-third of the mean income (N$ 933 *v.* N$ 3,031).

Table 5.7. ***Annual private income in Namibia, by main source of income***

Main source of income	Percent of total population	Percent of total income	Average household size	Average household income (N$)	Average per capita income (N$)
Business	5.3	13.2	5.3	39,909	7,594
Wages in cash	37.4	64.3	4.8	25,224	5,220
Pensions	11.4	6.0	5.8	9,217	1,600
Remittances	3.6	1.8	4.7	7,375	1,554
Subsistence farming	42.2	14.6	6.9	7,218	1,046
NAMIBIA	**100**	**100**	**5.7**	**17,198**	**3,031**

Source: CSO 1996:157

Figure 5.6. ***Annual household income by main source (N$)***

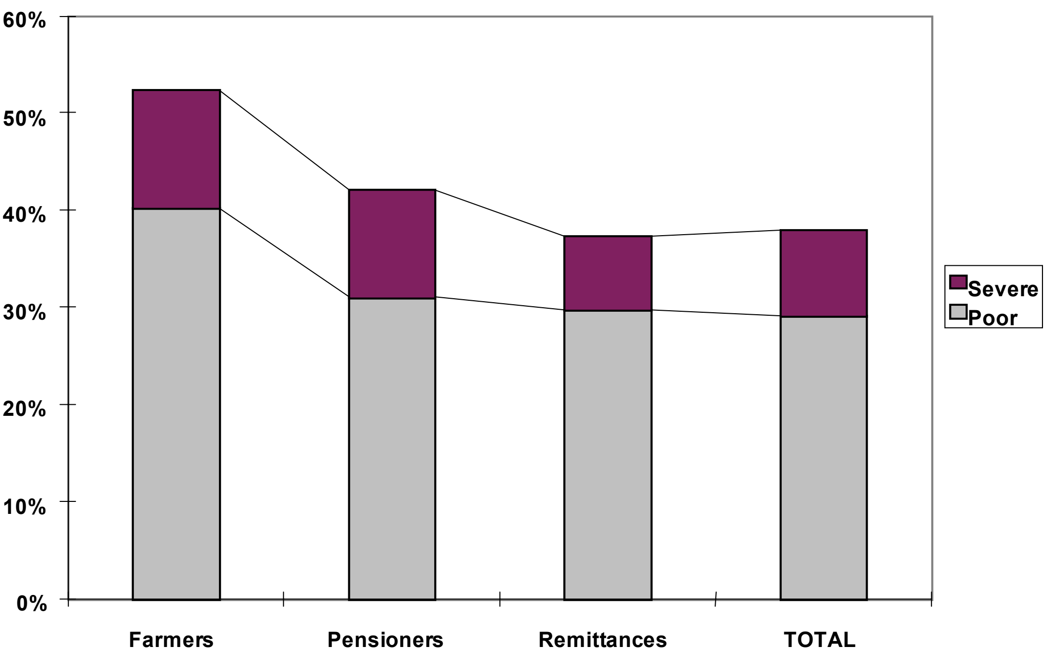


Intriguingly, this evidence suggests that 'subsistence farmers' in Namibia generally enjoy a significant *improvement* in their standard of living on reaching 'retirement' age. One possible explanation for this is that these farmers do not in fact 'retire' but continue farming, with or without the help of relatives, until they become infirm or die. It is perhaps no coincidence that the income gap between 'pension-dependent' and 'subsistence farming' households, at N$ 1,998, closely matches the annual value of one pension, which was worth N$ 1,620 per annum (N$ 135 per month) when the NHIES survey was undertaken in 1993/94.

NHIES data reveal that pension-dependent households consume 39.7% of their income in the form of food, including alcoholic beverages and tobacco (the national average being 32.5%); 32.3% on housing (higher than the national average of 25.4%); 4.0% on clothing (lower than the 5.4% average); and 24.0% on 'other' (as compared to 36.6% nationally), which includes furniture and utensils, household operations, medical care, transport and communication, education, personal care, and recreation (CSO 1996:177). This comparison is skewed by the high proportion of consumption in the 'other' category by 'business' dependent households (59%).

The comparative results presented above do not answer the critical question: *How many pension-dependent households are poor*? Michael Lipton's rule, that a 'food consumption ratio' (consumption of food as a proportion of total consumption) greater than 60% signifies 'poverty' while a rate exceeding 80% is an indicator of 'severe poverty', has the advantage of being an absolute rather than comparative measure of deprivation. Applying this rule to the NHIES data reveals that 42% of pension-dependent households in Namibia are 'poor' (30.9%) or 'severely poor' (11.1%), and only 58% are 'not poor'. More pension-dependent households are poor than among the general population, where 37.8% of households are poor or severely poor (29.1% and 8.7% respectively). However, poverty is worse among subsistence farmers, 40.1% of whom are poor and a further 12.2% are severely poor, so that 52.3% in total live in poverty (CSO 1996:185). These figures provide further circumstantial evidence for the speculation that the pension might uplift certain categories of household, even lifting some out of poverty altogether. Nonetheless, it is also clear that poverty is concentrated among subsistence farmers and pensioner households, and to a significant extent also among those receiving cash remittances (38.3% living in mild (29.6%) or severe (7.7%) poverty), and that a high proportion of pensioners remain entrenched in poverty despite receiving this transfer.

Figure 5.7. ***Poverty in Namibia by household's primary source of income***



- ***Regional surveys***

During the early 1990s a number of socioeconomic baseline surveys were commissioned by the Government of Namibia in rural communal areas and informal urban settlements. The objective was to generate basic information on population groups and parts of the country that had previously been neglected, in terms of both research and policy, by the colonial administration. Most of these surveys reported on the social pension's coverage and contribution to local livelihoods; these findings are briefly reviewed here.

A baseline survey in Namibia's southern communal areas (one of our three study areas) in 1992 found a "striking" number of households (62%) headed by people over 60 years of age, including many female-headed households with young (grand)children. "More than 30% regard their primary occupation as pensioners" (DRD 1992:24). Pensions were the dominant - and sometimes only - source of income in 41% of all households, but this figure was higher for female-headed households (46%) and extended families (51%). "A very striking feature is the small amount of cash which accrues to households in the South from alternative streams other than pensions" (DRD 1992:30).

A baseline survey of rural livelihoods in Kavango Region, northern Namibia, in 1992 found that the social pension contributed just 4% to total household income across five villages. Formal and informal employment (at 74%) made by far the greatest contribution, ahead of agriculture (16%) with transfers - remittances plus pensions - being third in significance (at 6%). The authors noted, however, that the significance of pensions "appears to vary considerably across the region" (Yaron *et al.* 1992:28) and across socioeconomic categories. Since the social pension is a fixed income and is distributed more or less randomly across households, dependence on the pension falls as total income rises. For Kavango households classified as 'income sufficient' the social pension added just 1% to total income in 1992, but for the 'food insecure' it contributed 19% (Yaron *et al.* 1992:34).

A survey of 900 communal farming households in drought-affected regions throughout Namibia at the height of the 1991/92 drought found that pensions contributed well over 20% to household incomes at a time when other sources of livelihood had been severely undermined due to crop failure, livestock mortality and retrenchment of agricultural labourers on commercial farms (Devereux *et al.* 1993; Devereux and Tapscott 1995).

A 1993 baseline survey of 300 households in Uukwambi District (a district bordering on Uukwaluudhi, another one of our three survey sites) of Omusati Region in northern Namibia, found that 22% of households were of the 'missing middle generation' type - grandchildren living with grandparents - and that most of these extended families survived primarily on the grandparents' social pensions (Næraa and Solomon 1994:14). A high proportion of these grandparents were contributing towards the payment of school fees and associated expenses. Another survey in the same district, also in 1993, found that Uukwambi households are large, averaging seven members, and are dominated by elderly people, women and children, many men having migrated out due to recurrent drought and chronic rural unemployment. "The most regular source of income for households appears to be the pension" (Forbes Irving *et al*. 1993:21). The pension was received by 35% of households, ahead of remittances (20% of households), beer brewing (18%), sale of meat (9%), renting out donkey carts (6%) and formal employment (1%).

An investigation into 'household subsistence levels' in three communities in northern, southern and central Namibia in 1993 found that social pensions were enormously important in the semi-urban southern and rural northern communities. In the south, 67% of households received the pension and 61% listed it as their most important source of income, while in the north 49% received it and 33% gave it as their dominant source of income, ahead of wage employment and agriculture in each locality. By contrast, in the urban informal settlement of central Namibia the pension was received by only 17% of households and was the dominant income source for just 7% (van Rooy *et al.* 1994:34).

This finding (which comes from our third survey site) reflects generally higher levels of economic activity and of average incomes in Namibia's urban areas (Frayne 1992).

A 1994 survey of 179 households in the informal settlement areas of Oshakati, Namibia's second largest town, found that the social pension was the main source of income for 8% of households, being more important for female-headed households (16%) than male-headed households (5%) (Tvedten and Pomuti 1994:68).

A rapid appraisal conducted for UNDP during 1995 in rural communities in nine of Namibia's thirteen regions asked individuals and focus groups to list three government interventions that had significantly reduced poverty since independence. The most common responses were ranked as follows (Devereux and Eiseb 1995:14):

1. Food aid and drought relief
2. Increased the pension
3. Improved health care system
4. Supported communal agriculture
5. Provided education and training
6. Employment creation

The authors raise reservations about the dependency culture implied by the ordering of welfarist interventions above promotion of sustainable improvements in living standards: "none of the first three interventions mentioned by respondents directly lifts people out of poverty and deprivation. …. These are measures that *alleviate* poverty or mitigate its consequences, but do they actually *reduce* poverty?" (Devereux and Eiseb 1995:14).

Support for the perception that the government has significantly improved the social pension since independence is provided by a much larger survey conducted by these authors for the National Planning Commission during 1994, involving 600 respondents and 30 focus groups in 168 rural communities. Respondents were asked to list all the benefits they had received from the government since independence. Once again, food aid topped the list across most regions, this time followed by education, with pensions third. Surprisingly, pensions were hardly mentioned as a *pre*-independence benefit, despite the fact that the pension was introduced by the South Africans. "One explanation is that respondents appreciate the trend towards equalisation of pensions across ethnic groups over the past few years, whereas the pension system before 1990 was seen as discriminatory and unjust against black Namibians" (Devereux and Eiseb 1994:125).

Finally, a note on two evaluations of the social pension in South Africa. A household survey in KwaZulu found that the contribution made by pensions to total income was highest in 'deep rural' areas (at 25%) and lowest in 'metropolitan' urban areas (just 8%) (Ardington and Lund 1995:565). Over 80% of social pensioners lived in three-generation households, suggesting substantial redistribution within poor families - rural households were poorer if they contained no elderly members, "partly because of their poor access to pension money" (*ibid* 1995:571). Among their many other benefits, social pensions "are a significant source of income, with marked redistributive effects; they are a reliable source of income, which leads to household security; they are the basis of credit facilities in local markets, further contributing to food security; they are gender-sensitive towards women; and they reach rural areas as few other services do" (*ibid* 1995:572).

Case and Deaton (1996) examined the impact of South Africa's social pension on two fronts: *behavioural effects*, specifically allocation of pension income to food, schooling, transfers and savings; and *direct indicators* of welfare such as child nutritional status and asset ownership. Their favourable evaluation of the social pension contains two caveats: first, that the social pension may alter living arrangements by encouraging children to live with their grandparents rather than their parents; and second, to the extent that the social pension reduces the extent of private transfers to the elderly, that the benefits of pension incomes are being captured by adult children who would otherwise take responsibility for supporting their parents - a 'crowding out' effect (Case and Deaton 1996:5).

Survey Findings

This section reports results from the fieldwork that was conducted for this research in several Namibian communities during 1998. After introducing the three survey areas, findings are reported in respect of the following topics of investigation: the value of pension income transferred, demographic impacts of the social pension, employment history of social pensioners, uses of pension income, the pension's specific impact on education, and the pension's impact on local trade in the communities.

- ***Study sites***

The three study sites - labelled 'Crop farming' (or 'North'), 'Smallstock' (or 'South'), and 'Urban' (or 'Central') in the tables that follow - were purposively selected to reflect the diversity of Namibian livelihood systems, and are very different from each other in almost every respect.

Crop farming (North): Ombalantu is a dispersed 'traditional African village' farming district in Omusati region. With annual rainfall of 350-500mm being too low for maize cultivation, the main crop is millet (*mahangu*), and most households also own cattle, goats and poultry. Although extensive cultivation is the dominant economic activity, agricultural production is low and variable, and local incomes are supplemented by livestock sales and remittances from family members employed elsewhere. Off-farm activities include beer brewing, selling cooked food and selling firewood. In colonial times this region - formerly part of the *apartheid* 'bantustan' of Owamboland - supplied mineworkers to the South African goldmines, and the tradition of cyclical migration persists, with a high proportion of households (over 35%) being *de jure* or *de facto* female-headed (Næraa and Solomon 1994:11). The 1991 Census found that 64% of 'subsistence' farmers in this region are women. Households are large - sometimes over 20 people - and dependency ratios are high.

Smallstock (South): Located on the Namib desert fringe, Berseba in Karas Region is a long-established village of goat-rearers and pension-dependent elderly people, whose livelihoods are the most precarious of our three study communities. Karas Region has a population density of just 0.37/km^2, compared to 14/km^2 in crop-farming Omusati Region. Rainfall ranges from 75-200mm, too little for cattle or crops, and this semi-arid savannah region is prone to protracted and severe droughts. According to local residents, people in the south "survive on pensions and goats" (Devereux and Eiseb 1995:5). Berseba has a church and a school with a hostel where hundreds of learners from smaller rural communities stay as boarders. Piped groundwater and electricity are provided to most homes in the centre of the community, but people living in tin shacks on the periphery share communal standpipes and have no access to electricity or sanitation facilities (Devereux and Naruseb 1994). Despite being described in Government of Namibia documents as 'peri-urban' in nature, Berseba is an intermediate 'semi-urbanised' community, neither fully urban nor fully rural.

Urban (Central): Katutura and Khomasdal are two suburbs - formerly the *apartheid* created 'African' and 'Coloured' township areas respectively - of Windhoek, Namibia's capital city. Katutura is populated almost entirely by Oshiwambo- and Otjiherero-speakers from the north, while Khomasdal is home to Nama- or Damara-speakers from the south. The population of Windhoek is about 200,000, 60% of whom live in fast-growing Katutura and 20% in Khomasdal (Pendleton 1997:1). Household sizes are smaller than in rural Namibia, and young adult males make up a high proportion of Katutura and Khomasdal residents. Established residents live in high density, low-cost housing, and many have formal employment elsewhere in Windhoek. By contrast, recent in-migrants often stay in shanties (25% of Katutura's population) and survive on various informal sector activities within Katutura or Khomasdal, commonest among these being street trading and home-based enterprises such as tailoring, shebeens (private beer-halls) and backyard mechanics (Frayne 1992:117). Unemployment rates are very high in Windhoek, and illicit or illegal activities such as prostitution and crime are more prevalent in these low-income suburbs than anywhere else in Namibia.

The 3 selected survey sites cover: (1) northern, central, and southern Namibia; (2) rural, urban, and 'semi-urban' communities; (3) crop farming, livestock rearing, and wage earning livelihood systems; (4) varying degrees of pension dependence. According to the 1993/4 national household income and expenditure survey, the proportion of households in Karas that depend on the social pension as their primary source of income, at 17% (though a survey by the Directorate of Rural Development put this figure considerably higher, at 41% (DRD 1992)), is well above the national figure of 11% (7% of urban and 14% of rural households). For (urban) Khomas, where cash wages dominate, and (rural) Omusati, where the proportion of subsistence farming households is the highest in the country, 6% and 9% of households respectively depend primarily on the pension (CSO 1996). In terms of pension dependence by region, therefore, Karas is one of the highest, Omusati is slightly below the national average, and Khomas is the lowest in Namibia.

❑ ***Demographic impacts***

The distorting demographic impacts of the social pension are clearly evident from survey data on household composition, as presented in Table 5.8 and Figures 5.8-5.10 below. Although the 'Total' column in Table 5.8 approximates to a standard population pyramid for the country as a whole, this aggregation conceals sharp variations between urban and rural areas. The phenomenon of 'missing middle' or 'skip generation' households in rural Namibia is most apparent for the survey households from the southern sample, where economically active adults - social pensioners' sons and daughters - are conspicuous by their virtual absence. Conversely, relatively few children were recorded in the urban (central) sample. Typically, young adults leave their rural communities and move to town in search of work, leaving their ageing parents to care for their children in the village, where costs of living are lower and the pension meets subsistence needs and schooling expenses. "It is common practice for young adults in the urban areas to send young children to the rural areas to be raised by the grandparents" (Isaacson 1995:67). Although not all of this variability in household composition can be attributed to the social pension, there is no doubt that the pension makes this demographic strategy feasible in parts of Namibia - such as the southern communal areas - where the elderly would otherwise subsist below the poverty line.

Table 5.8. *Demographic profile of pensioner households*

Relationship	Total	Smallstock (South)	Urban (Central)	Crop farming (North)
Male head *	142 (8%)	56 (14%)	45 (12%)	41 (5%)
Female head/Wife	244 (15%)	68 (18%)	83 (22%)	93 (10%)
Son	230 (14%)	29 (7%)	68 (18%)	133 (15%)
Daughter	211 (13%)	25 (6%)	57 (15%)	129 (14%)
Grandson	372 (22%)	92 (24%)	38 (10%)	242 (27%)
Granddaughter	376 (22%)	96 (25%)	47 (12%)	233 (26%)
Other **	97 (6%)	22 (6%)	40 (11%)	35 (4%)
Total	**1672 (100%)**	**388 (100%)**	**378 (100%)**	**906 (100%)**

* The number of male household heads interviewed is lower than the proportion of male-headed households in the sample, because the gender parity sampling rule meant that many female respondents were wives of (non-interviewed) male household heads.

** 'Other' includes: father and mother; brothers and sisters; aunt; cousin; nephews and nieces; son-, daughter-, mother- and sister- in-law, and non-relatives (e.g. servants).

Figure 5.8. ***Household composition, southern sample***

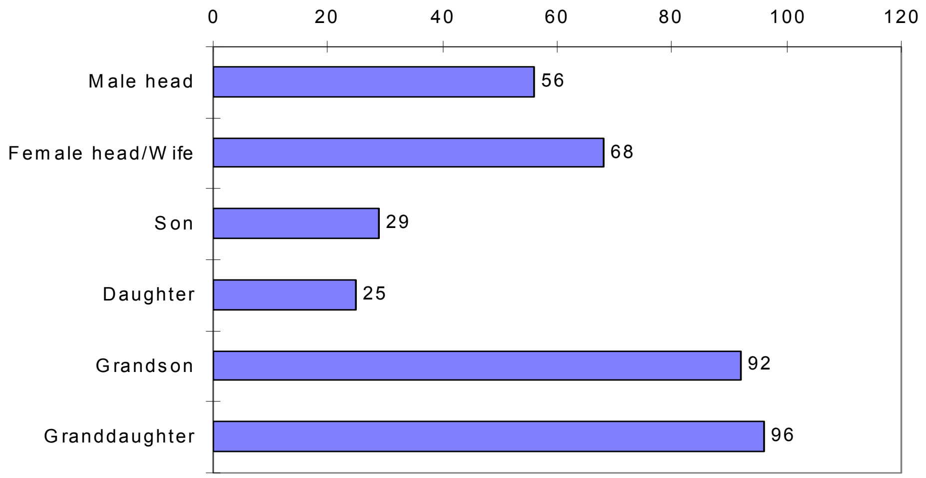


Figure 5.9. ***Household composition, central sample***

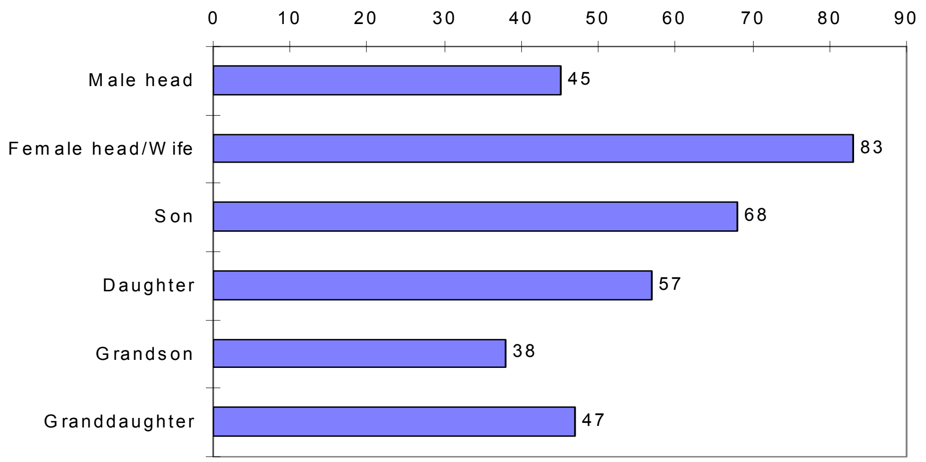
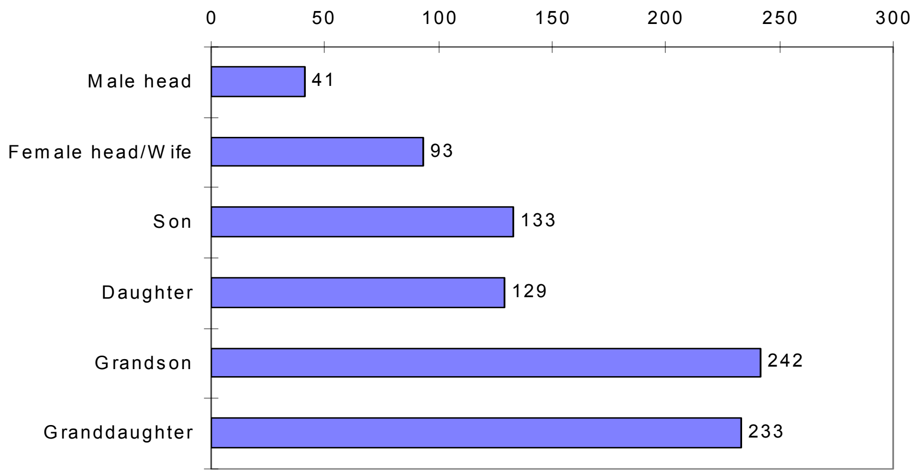


Figure 5.10. ***Household composition, northern sample***



❑ *Employment history*

Confirming the fact that Namibia's social pension is a cash transfer targeted by age rather than an employment-related social insurance system, just over half the sample had worked for a wage or salary before receiving the social pension (66% of males and 42% of females) while just under half (47%) had not (Table 5.9). Two-thirds of those who were employed before had stopped work since reaching 60 years of age, usually involuntarily - they were forced to retire because of their age (*"My employer retired me"*; *"As a pensioner you are not allowed to work"*) or declining health. Very few respondents gave the reason that they did not want to continue work. Only one southerner stopped work because he started receiving the social pension (*"I got pension money to live from"*).

This finding rebuts concerns expressed in paliamentary debates over the years that the social pension might have negative labour market and dependency implications in terms of people retiring 'early', though of course there might be an impact on labour force participation by younger generations. For example, young adults in Namibia often leave work and come home to help their parents when they get old and infirm. For this period they all survive on the parents' pensions, but when the pensioner dies, the adult children have lost both the pension support and their own independent income. The pension in a sense encourages this pattern of behaviour, and it often sustains three generations - elderly people, unemployed young adults and children – on N$160 (=£16) per month.

Table 5.9. ***Social pensioners' pre-retirement occupations***

Occupational Category	Total	(%)	Urban (Central)	Smallstock (South)	Crops (North)
Men [n=131]					
No employment	44	(34%)	3	20	21
Informal sector employment	37	(28%)	13	17	7
Blue-collar waged employment	43	(33%)	26	6	11
White-collar salaried employment	7	(5%)	4	1	2
Women [n=170]					
No employment	98	(58%)	10	44	44
Informal sector employment	18	(18%)	3	1	14
Blue-collar waged employment	53	(31%)	40	11	2
White-collar salaried employment	1	(1%)	1	0	0
Employment	159	(53%)	87	36	36
No employment	142	(47%)	13	64	65
Total	**301**	**(100%)**	**100**	**100**	**101**

Informal sector employment: Men - Casual labour; Agricultural employment
Women - Beer brewer; Making baskets or pots; Seamstress; Trader

Blue-collar waged employment: Men - Borehole driller; Builder; Carpenter; Cook; Driver; Gardener; Mechanic; Miner (in South Africa); Petrol attendant; Plumber; Railway worker; Security guard; Shop owner; Storeman; Waiter
Women - Cleaner; Cook; Domestic worker; Florist

White-collar salaried employment: Men - Administrative worker; Teacher; Sales manager
Women - Nurse

In the south just 36% of pensioners had worked before, the men mainly as unskilled labourers and herders on white-owned commercial farms, or in semi-skilled occupations (driver, builder, mechanic, borehole driller), the women as domestic workers and cleaners. In the capital city, 87% of pensioners had worked before, in a wide variety of waged and occasionally salaried jobs. In the rural north, the same (low) proportion had worked as in the south, but here informal sector activities dominated for women (beer brewing, petty trading).

Residents of Windhoek clearly enjoyed a greater diversity of occupations than rural residents, and tended to monopolise the most lucrative occupations. The mean annual pre-retirement income averaged N$ 3,525 in the central sample, N$ 2,895 in the north and N$ 2,225 in the south - just 58% of the central sample's mean income. A similar argument applies to the employment status of men and women. It is clear from the list of occupations that Namibian men can choose from a wider range of employment options than Namibian women, who tend to be canalised into low-status occupations which are not associated with high earning power: domestic work in urban areas, beer brewing and selling baskets or clay pots in rural communities.

- ***Income transferred***

The average age (both mean and median) of the 301 pensioners surveyed was 71 years old, with the oldest being a 92-year-old woman.[90] These pensioners had been collecting the social pension for nine years on average, though the 92-year-old had been receiving the pension for all 32 years that she was eligible for it. (This was only possible in the south, where 'Coloured' - including Nama and Baster - Namibians became eligible for the social pension in 1965. Africans living in the north only started receiving the social pension in 1973.) Where couples were both over 60, both were typically receiving the pension. In the south and central samples, 25 and 23 households respectively had two pensioners and one in the south had three, while in the north 22 households had two, 2 had three and 2 had four pensioners.[91] One consequence was to raise the mean value of the pension transfer to the household above the N$160 paid monthly to each individual pensioner. While the majority of households did receive this amount, those with two pensioners - almost one household in four - received N$320, while two households in Omusati and one in Karas received N$480 and a further two in Omusati received N$640.

Because most pensioners have retired and are living with either dependent children or unemployed adult relatives, the social pension typically constitutes the largest single component of pensioner household income, and in our sample it contributes 81% to total cash income across all 301 households (Table 5.10).[92] Logically, the social pension is a declining proportion of total income, so it contributes most where incomes are lowest (the impoverished southern sample (89%)) and least where *per capita* incomes are highest (the urban sample (74%)). The northern farming community occupies an intermediate position: larger households (averaging 8.9 members, compared to 3.8 in Karas and Khomas) generate the highest total incomes - though not *per capita* - because they have more economically active members engaged in various income-generating activities, and more pensioners per household. A remarkable finding which is not easily explained is that women and female-headed households reported higher average household incomes than men and male-headed households.[93]

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90 Because all pension applicants must prove their age by producing their (South African issued) identity documents, data on pensioners' ages are presumed to be accurate.

91 Note that, since the sample size was 100 in each case, any number given for one of the three survey sites is equivalent to a percentage for that survey site (thus 22 Omusati households = 22% of the crop farming (northern) sample).

92 These data refer to cash income only, including earnings from sales of agricultural produce and livestock. Incomes earned by other (non-pensioner) household members are included.

93 This could be partly a statistical effect - women from male-headed households by definition have both male and female members, while many male-headed households have no women - but this does not explain why female-headed households should report higher incomes than male-headed households. Another possibility is biased responses - men might systematically have under-reported true incomes while women were more honest - but this is speculative.

Table 5.10. *Contribution of social pensions to household income*

By category		Total household income		Proportion of pensions income in total income	
		Annual	Per capita	Mean	S. dev.
Region	Smallstock	2,803	970	89%	0.21
	Urban	5,871	2,199	74%	0.31
	Crops	11,170	1,766	80%	0.33
Pensioner's sex	Male	5,126	1,360	82%	0.29
	Female	7,789	1,866	80%	0.30
Sex of household head	Male	5,675	1,371	81%	0.29
	Female	7,529	1,904	81%	0.30
Total		**6,630**	**1,646**	**81%**	**0.29**

Table 5.11 disaggregates total income earned in 1997 by our 301 survey households by major categories of income and by the sex of the income earner. The relatively high value of the social pension is evident in the fact that it makes the greatest contribution of all income sources apart from private pensions, which were received by only four male respondents and one female respondent. Women were more likely than men to receive remittances from relatives in addition to their social pensions, and women also received higher levels of remittances. Moreover, more female pensioners lived in households with salary earners - occasionally themselves, but more often their partners or adult sons or daughters.

Table 5.11. *Mean annual income by income source and sex of earner, 1997*

Source of income	% of sample	Male		Female		Male/ Female
		N	Mean value	n	Mean value	
Social pension*	97	127	2,405	164	2,028	1.19
Remittances	18	19	857	30	991	0.86
Salary	16	21	2,027	25	2,121	0.96
Farming	10	15	1,791	18	757	2.37
Savings	4	4	180	6	459	0.39
Informal sector	3	5	1,726	5	886	1.95
Loan	2	3	700	4	370	1.89
Other pension	1	4	4,200	1	3,840	1.09

Note: The sum of male and female mean income is less than mean household income in Table 5.10 because some income (e.g. from joint farming activities) is not attributed by gender but is recorded as accruing to both male and female household members.

* Some cases are missing for pensioners who started receiving the social pension in 1998.

Predictably, the dominant direction of remittance flows was urban to rural: very few social pensioners in the urban sample received remittances, as compared to over 20% in the rural north and semi-urban south. Conversely, most pensioner households with salary earning members were in the urban sample (almost one household in three), as were most households with loans and private or occupational pensions. Farming income was earned by 10% of northern households (crop and livestock sales) and 13% of southern households (sales of goats and sheep). No southern households, and only a handful of northern households, had savings, loans, or private pensions.

❑ *Uses of pension income*

Social pension income is used for a wide variety of purposes beyond meeting immediate subsistence needs, and it provides support to a number of people other than pensioners themselves. What makes this possible is the relatively high value of the social pension, which was equivalent to £16 per month in 1998 - not much in British terms, but enough to provide food and basic groceries for three adult Namibians.[94] The relative value of the social pension varies across Namibia according to local costs of living: the uniform rate paid throughout the country buys much less in urban Windhoek than in rural Ombalantu.

Uses of the social pension recorded in this survey include:

- purchases of basic necessities (food and groceries) for the household;
- payment of household bills (rent, electricity, water, health expenses);
- acquisition of personal consumer goods (clothing, wrist-watch);
- acquisition of domestic assets (kitchen utensils, furniture, radio, TV);
- accumulation of livestock (from poultry to donkeys and even cattle);
- investment in productive assets (e.g. agricultural implements) and business;
- education of social pensioners' relatives (especially grandchildren);
- transport costs to and from social pension payment points.

By regions, the use of pension money for food is highest in the south, where purchases of food and groceries accounted for half of all uses mentioned by pensioners surveyed (see Table 5.12). As seen above, incomes are lower in the south than the central region, and crops are not cultivated as in the north, so market dependence for staple foods is higher in Berseba (south) than Ombalantu (north). Pensioner households in Ombalantu spend less on food than those in the other two regions. Pensions are used to pay for housing (rent), water and electricity only in the urban sample. In rural areas these facilities are not available, so in this sense rural living costs are lower and the purchasing power of the social pension is effectively higher in Berseba and Ombalantu than in Windhoek.

Table 5.12. ***Three main uses of pension income (% of uses mentioned)***

Items	Beneficiary	Total	Smallstock (South)	Urban (Central)	Crops (North)
Food and groceries	(family)	27.0	32.5	22.6	28.0
School expenses	(grandchildren)	15.5	12.4	12.5	28.6
Health expenses	(pensioner)	13.8	13.7	25.0	3.6
Food and groceries	(pensioner)	10.6	18.8	12.2	3.3
Health expenses	(family)	9.3	9.8	2.4	16.1
Clothes	(pensioner)	6.1	0.9	0.0	4.6
Clothes	(family)	4.7	0.9	2.4	10.5
Housing	(family)	2.2	0.0	6.4	0.0
Water & electricity	(family)	1.4	0.0	4.1	0.0
Agriculture	(pensioner)	0.6	0.0	0.0	1.6
Other	(various)	8.7	11.1	12.5	3.7

Note: These figures are in percentage of total number of uses mentioned, not by value.
No significant differences were observed by sex of beneficiary or household head.

[94] As a crude comparison, the value of the social pension in Namibia (at £16/month) was five times greater than the value of the cash-for-work wage in Zambia (£3.10/month) and twelve times greater than the value of GAPVU in Mozambique (£1.30/month).

Direct beneficiaries apart from the pensioner include their extended family, especially grandchildren, while indirect beneficiaries include local traders and shopkeepers where pensioners purchase goods, often on credit. A striking finding in Table 5.12 is the high ranking of school-related expenses, which constitutes the clearest example of benefits from social pension expenditure accruing to identifiable individuals who are not the actual recipients (or intended beneficiaries) of this transfer income. Social pensioners contribute most to schooling in the northern communal areas, where family sizes are largest: 475 grandchildren live in the 100 households surveyed, as against 188 in the south and just 85 in the urban sample.

The survey also asked about investment and savings behaviour in relation to the social pension.[95] Across the sample of 300 pensioner households as a whole, one in three had purchased household assets (e.g. radios) using their pension money, and the same number had saved some of this transfer income. Only one in four had invested any social pension income in farming, business or livestock, and many of these economic activities were controlled by relatives rather than the pensioners themselves. Clearly this reflects the reality that the majority of pensioners are no longer economically active. As a general rule, transfers targeted at labour-constrained 'vulnerable groups' such as the elderly, malnourished children or people with disabilities are less likely to generate investment multipliers than transfers targeted at able-bodied adults (such as public works schemes - see Chapter 6 on the cash-for-work programme in Zambia).

Interestingly, the propensity to invest or save some proportion of pension income was highest in the northern communal areas (see Table 5.13), not because these people are wealthiest but because their market dependence for subsistence needs is lowest. As many as half of our Ombalantu sample had invested pension money in agriculture, and one in five had purchased livestock. Conversely, very few households in our Berseba sample had purchased clothes, invested in business or acquired livestock using their pension money, reflecting deeper poverty in the south than households in urban areas and greater dependence on the market than households in the north.

Table 5.13. ***Uses of pension income (% of households)***

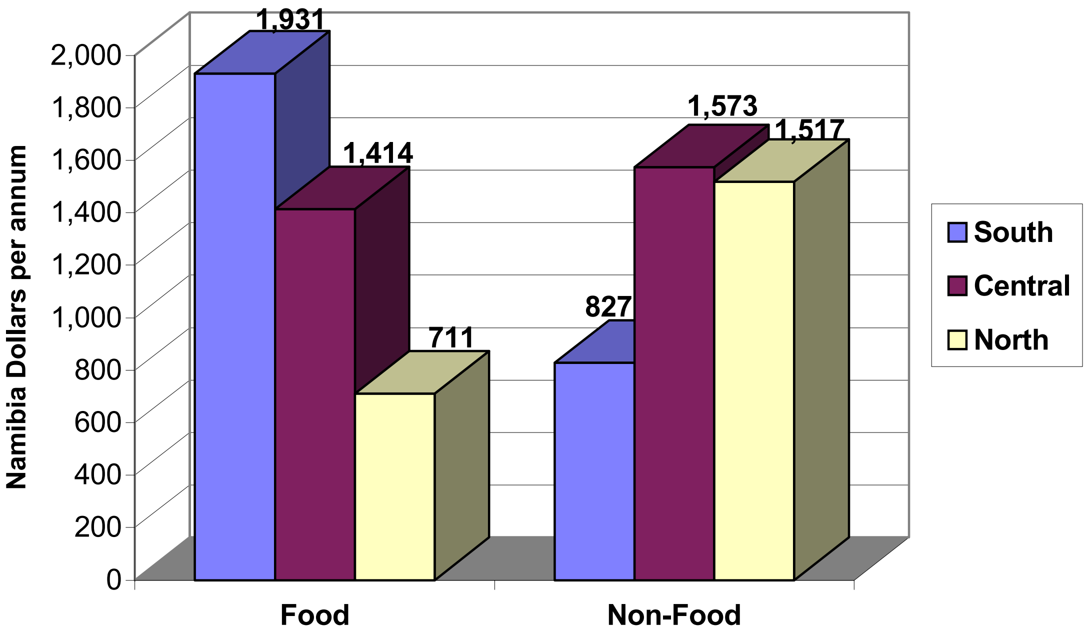
Spending items	Total	Smallstock (South)	Urban (Central)	Crops (North)
Household assets	35%	27%	33%	45%
Savings	34%	8%	34%	61%
Investment in farming	17%	0%	2%	49%
Clothing	15%	5%	25%	16%
Livestock	7%	1%	2%	19%
Investment in business	2%	0%	2%	4%

This discussion has emphasised that understanding the impact of Namibia's social pension on poverty requires looking at household expenses as well as estimating household income. With lower expenses on food and domestic bills, rural pensioner households in Omusati can support more family members with the social pension, save more, and purchase more assets. In terms of actual spending, it is clear from Figure 5.11 that food-growing households in northern Namibia spend the lowest proportion of their social pension income on food, while low-income market-dependent households in the south spend the most on food.

95 Note that several questions were asked more than once in different ways, as a triangulation device (e.g. use of pension income was elicited both for the most recent payment and for all pension income ever received). This means that figures presented in different tables might appear to contradict each other, but the orders of magnitude are generally consistent.

As a consequence, households from the southern sample had only half the amount of cash to spend on non-food consumption and investment purposes than households receiving the same pension income in the north. On the other hand, 1997/8 was a good year for agriculture in Namibia, and the degree of market dependence is subject to much greater variability in the northern communal areas, according to inter-annual variability in harvests, than in urban areas or the south.

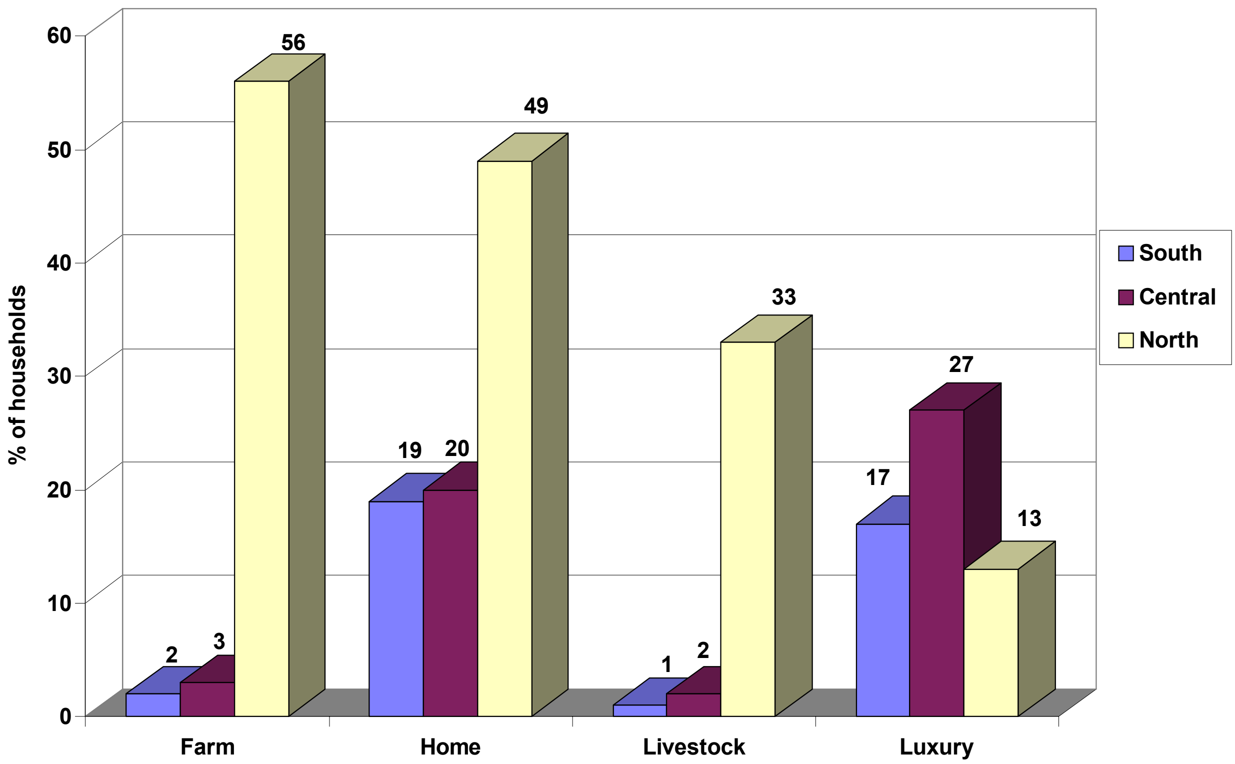
Figure 5.11. ***Annual spending of social pension, by region***



The greater flexibility that northern crop-farming households enjoy with respect to the disposal of their social pension income is revealed most strikingly by our survey data on which assets currently owned by the household were partly or wholly financed with the social pension. Four categories of assets were identified in analysing these data: farm implements; household assets (kitchen utensils, furniture); livestock; and ‘luxury’ goods (radio, cassette player, TV, video, wrist watch, clock, mirror, torch, umbrella).

In our northern sample, 56% of households surveyed had ever bought farm implements using social pension income (only 2-3% did so in Karas and Khomas), while 36% bought kitchen utensils (14% in Karas and Khomas), and 13% bought furniture (5-6% in Karas and Khomas). Urban pensioners in Khomas did buy more ‘luxury’ goods (27% compared to 17% in Karas and 13% in Omusati). But Omusati pensioners also invested in livestock (10 bought cattle, 8 goats, 5 donkeys, 5 pigs and 5 poultry), whereas pensioners from Karas and Khomas hardly did so at all (Figure 5.12). The effect of these pension-financed purchases on household wealth was significant. Households in Omusati increased the value of their farm equipment by 21%, their cattle holdings by 6%, goats by 4%, donkeys by 7% and pigs by 14%. So the investment impact of the social pension was greater in Omusati, where a significant proportion of this cash was invested in productive assets such as farm tools and breeding livestock, than in Karas and Khomas, where the bulk of the pension money pays for food and regular domestic expenses, leaving little over for investment. An intriguing policy implication is suggested by these findings: where market dependence for food is higher and non-food living expenses are higher (as in the south), should social pension payments be weighted accordingly? This would imply setting the pension rate separately for each region, or at least reinstating the urban-rural payment differential that was abolished in 1965.

Figure 5.12. ***Asset Purchases with Social Pension, by Region***



In keeping with the finding that southerners have less flexibility in their household budgets than urban residents and northerners, only 8% of our southern sample saved any social pension income, while 35% of our urban sample and 61% of our northern sample did so (Table 5.14). The reason given most frequently for setting aside pension income was for unpredictable health expenses, but interestingly, this was followed by saving in anticipation of schooling-related expenses. In the south, where most people are Christians and funeral ceremonies are costly, the most common reason for pensioners saving is towards a funeral policy to minimise the economic burden on their relatives.

Table 5.14. ***Reasons for saving some pension income (% of those saving)***

Reason	Total	Smallstock (n=8)	Urban (n=35)	Crops (n=61)
Health expenses	32%	0%	17%	35%
School expenses	21%	13%	17%	21%
Emergencies	14%	0%	29%	12%
Funeral policy	8%	38%	11%	7%
Pocket money	8%	0%	6%	8%
Food and groceries	7%	13%	0%	8%
Future use	7%	25%	6%	7%
Clothing	2%	0%	11%	0%
To buy livestock	1%	13%	0%	1%
For grandchildren	0%	0%	3%	0%

Box 5.3 below provides a case study of how one social pensioner - a widow from our southern sample in Berseba - used her pension income.

Box 5.3. ***Case study of a social pensioner household in southern Namibia***
Maria Garuseb is an 82-year-old widow who lives in Berseba with two of her daughters, one son and six grandchildren aged from 7 to 16 years. The family's main sources of income are Maria's social pension of N$160/month, and regular remittances of cash or food from two of her sons working in Windhoek and Walvis Bay, whose children live with Maria. Most of the pension is spent on food and groceries for the whole household. In a typical month, Maria buys maize meal, rice, cooking oil, tea, sugar, milk and some meat, as well as soap and toothpaste, leaving a balance of N$30 for 'pocket money' or occasional expenses such as clinic fees. In this household - unlike many other extended families - the parents of the grandchildren pay all their schooling costs. Because she receives support from absent relatives, Maria has managed to use some pension money for other purposes, including buying clothes for her family and investing in a funeral policy for herself. She has also purchased several household items by saving small amounts of the pension over several months: a gas stove for N$400, a wardrobe for N$200, a bed for N$350 and plates for N$50. This household could probably survive without the social pension, because of Maria's employed sons, but the pension affords them a relatively comfortable standard of living.
Source: Survey interview, Berseba, 1998

- ***Impact on education***

The importance of the contribution that the social pension makes to the education of pensioners' grandchildren throughout Namibia has already been noted. The quantitative evidence collected in questionnaire surveys in each study area was supplemented with qualitative information from community focus group discussions and from visits to local schools. A discussion with a Grade 12 (final year) class at Berseba High School revealed that 14 of the 16 learners - 7 boys and 7 girls - received support for their education from their grandparents' social pension. (The two remaining learners had employed parents who could afford to pay all education costs without assistance.) The pension contributed to various schooling-related expenses – 'school funds' (non-fee contributions towards maintenance of school buildings and so on), hostel fees, school uniforms, books and stationery, examination fees. In most cases the parents made some contributions to these costs, but grandparents often bore the brunt of the heavy and regular expenses.

It was apparent that this diversion of pensioners' transfer income towards the education costs of their grandchildren - and sometimes of grand-nieces and grand-nephews - especially when pensioners are bringing up grandchildren in their own homes, has become an expectation rather than a favour. Learners in Berseba felt strongly that the social pension should be used to finance their education, and that its value should reflect not just basic living costs but education costs too. (*"I need 180 dollars for examination fees but my grandmother is getting only 160 dollars, so the pension must be increased!"*)

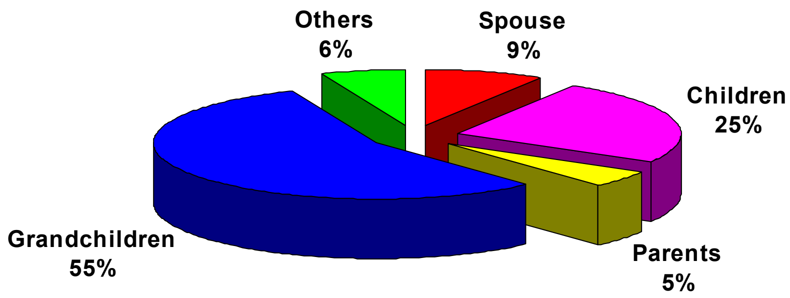
A negative consequence of this dependence on the social pension was noted by a local social worker. When a pensioner dies - which can happen unpredictably at any stage of the learners' education - children are often forced to drop out because there is no means of meeting their education costs. This sets up a vicious cycle of poverty. Children who leave school before acquiring functional literacy and numeracy skills grow up to be poor, excluded from formal employment opportunities and unable to invest adequately in the education of their own children.

- ***Secondary beneficiaries***

A feature of the methodology developed for this study was an attempt to attribute the spending of transfer income on individuals both within and beyond the recipient's household. Although the 'primary beneficiary' of a transfer is the person who receives that transfer, various 'secondary beneficiaries' can also be identified. In the case of the social pension, it soon became apparent that this transfer income was being used to support most pensioners' extended families, not only with living costs but also with a range of contingencies (such as health crises) and investment expenses - in education, agriculture or business ventures.

Only 28% of social pension income in our survey was spent directly on the pensioners themselves. The bulk went towards the entire household (43%) or to individual relatives (29%). Of these 'secondary beneficiaries', grandchildren are by far the most important, getting more than half of this spending (55%), followed by the pensioner's adult children (25%), the pensioner's spouse (9%), parents (5%) and various other relatives - uncles and aunts, in-laws, nephews and nieces - getting the rest (6%) (Figure 5.13). The bulk of spending on grandchildren (almost 70%) was for school-related expenses, the rest being mainly for clothes. Given that many of these children were residing with their pensioner grandparents, much of the 'whole household' spending was for these children's living costs, so the true proportion of social pension income that is consumed by children is even higher than it first appears. There is no evidence of gender discrimination in terms of grandsons receiving significantly more support than granddaughters, or *vice versa*, neither overall nor by the pensioner's sex. However, female-headed households spent more on the entire household (48% *versus* 38%) than did male-headed households.

Figure 5.13. ***Secondary beneficiaries of social pension***



An intriguing issue was raised in discussions with social pensioners in the southern study site (in many respects, the most conservative society of the three). Male pensioners in Berseba complained at the fact that they and their wives received the same amount of social pension income each month. They argued that "in our culture" men acquire cash which they give to their wives to purchase food and groceries, so that women are not accustomed to dealing with cash and the pension only "confuses" them. *"It might be okay for the young people today, but for us old men of South-West this is no good."* Against my expectations, similar sentiments were articulated by the women. *"We are used to our husbands giving us money for food and soap each month. What should we do with this pension money?"* A popular strategy was for elderly couples to pool their social pension incomes and make decisions about how to use this income jointly - in many cases, involving the women in decision-making for the first time in their married lives.

❑ *Impact on local trade*

The social pension represents a major injection of cash into many poor communities throughout Namibia, and has greatly increased the volume of trade for grocery stores and local traders. Social pensioners enjoy a rare, sometimes unique, access to informal credit from local stores, especially in the close-knit communities of southern Namibia. It is common practice for social pensioners to hold accounts with local stores, where they purchase all their food and groceries against their pension income. The pension provides store-owners with a guarantee that the pensioner will have the means to repay items bought on credit during the month, and store-owners also perceive pensioners as more honest and reliable than other customers with regular incomes, such as teachers and government workers. Grocery stores are the most common sources of credit, though some pensioners also have similar arrangements with local bottle stores. In Berseba 58% of pensioners surveyed had an account at one of the local grocery stores, but only 10% in Windhoek and 3% in rural Omusati had established this kind of arrangement.

Box 5.4. *Traders and social pensioners in southern Namibia*

There are four retail stores in the small community of Berseba in southern Namibia. Pensioners contribute approximately one-third of all business to these stores, though one claimed that 60% of its business came from pensioners. According to one shopkeeper: *"If there were no pension there would be fewer shops in Berseba - at least two of the four would close."* Another shopkeeper had 68 pensioners on his books in 1998. From a total monthly turnover of approximately N$40,000, pensioners contribute ±N$12,000 (30%). Goods are sold in this store at 45-50% above their purchase price in South Africa or Keetmanshoop (the nearest town). Of this mark-up, 15% is for transport, 5% covers theft or stock losses, 20% is for running costs (electricity, shop assistants) and 5% is profit. An additional 5% is charged on credit purchases because of bad debts (deaths and defaulters) and cashflow problems.

Pensioners are considered to be the most reliable customers - this shop had cancelled credit arrangements for everyone else in the village, even teachers, because of their propensity to default. Most pensioners come to the shop immediately after receiving their pension to pay off their accumulated debt and purchase groceries for the coming month. Store accounts revealed that approximately two-thirds of pension income goes towards basic food and grocery needs (maize-meal, salt, sugar, tea, soap). Occasional purchases of clothes or shoes were also recorded. Many spend more than their pension of N$160 per month. *"Old people are supposed to be looked after by their children but instead it is the small businessmen who are looking after the old people - they spend N$200 or more and you have to help them because they complain of hunger and family emergencies."* When pensioners die any money owed to the shopkeeper is usually paid off by the family (*"People here are very honest and the church is strong"*), while the balance is written off in tax forms as 'unrecoverable debt'.

Berseba village also has two liquor stores, but neither store extends credit to pensioners, since very few of them are heavy drinkes. *"Pensioners are weak customers in terms of trade. The church is very powerful here especially for the old people."* However, on pension pay-days many young men - and a few young women - come to the liquor stores to drink. Mostly these are sons and grandsons who handle the pensioner's finances, or bring them to the payout point. In return they pressurise the pensioners to 'gift' them enough cash to get drunk. Cases were reported of pensioners being verbally or even physically abused by their own children when the pensioner refused to hand over their pension money.[96]

Source: Interviews with traders and shopkeepers in Berseba, 1998

96 This is reminiscent of reports from the Grameen Bank in Bangladesh, where women often handed over their loans to their husbands (Goetz and Sen Gupta 1996). In that context questions were raised as to whether this represented coercion by a dominant husband or voluntary decision-making within the household (Kabeer 1999), but in this case there is little doubt that young adults are taking advantage of pensioners' physical frailty and dependence.

Conclusion

Like so many aspects of political economy in South Africa and Namibia, the history of the social pension is a story of struggle and slow progress towards justice and equality, from an initial position of institutionalised discrimination and exclusion. The social pension was imported from European social welfare systems to provide income support to retired white South Africans, and was gradually extended to other population groups, including Namibians. It has become a vital source of support for the rural poor, not just the elderly but also their dependants. Landmarks in the evolution of social pension policy include:

1928: the social pension was introduced in South Africa: only White and Coloured men over 65 years and women over 60 years old were eligible;

1944: eligibility for the social pension was extended to urban African South Africans;

1948: eligibility was extended to rural African South Africans, though at lower rates than for urban Africans;

1949: eligibility for the social pension was extended to White Namibians;

1965: differential social pension payment rates to urban and rural African South Africans were abolished;

1965: eligibility for the social pension was extended to Coloured Namibians;

1973: eligibility was extended to African Namibians;

1990: the age of eligibility for male and female social pensioners in Namibia was equalised at 60, whereas previously men had to be 65;

1994: all racial disparities in social pension payments in Namibia were eliminated, Namibia having inherited a White : African payment ratio of 7:1 at independence;

1998: coverage of the social pension stood at 83% of eligible Namibians, having been under 50% on independence in 1990;

1999 the government drafted a proposal to means test Namibia's social pension and to downgrade it from a statutory citizenship right to a discretionary 'state grant'.

The social pension in Namibia is currently being subjected to close public scrutiny, with concerns that it is poorly targeted and 'fiscally unsustainable' motivating recent proposals to introduce means testing to reduce the number of claimants, and to restrict nominal payment increases below inflation rates. These policy issues are briefly considered here.

Payment level: The value of the pension is sufficient to feed three adults for one month. This suggests that the pension was never intended to benefit only the pensioner, but to support some of the pensioner's relatives as well. It is this ambiguity that allows schoolchildren to complain that the pension is too low, *"because our grandparents cannot afford to cover all of our schooling expenses"*. The effective value of the social pension also varies across the country, because of higher living costs in urban areas, for instance, but a standard uniform payment is made nationwide. The government needs to clarify the objectives of the social pension to address these ambiguities, and set the payment level accordingly. Is it a transfer to poor individuals or poor families? Changes in payment levels over time should be based on consistent and transparent principles. The social pension is neither index-linked nor income-related, and there is no obvious rationale for the current payment rate of N$160 per month.

Targeting: Eligibility for the social pension is determined only by age - a weak proxy for poverty in a highly unequal society like Namibia. The pension is therefore subject to inclusion errors, which are compounded by the fact that it can be paid directly into bank accounts, thereby reducing access costs for wealthy Namibians. Means testing, though complex and costly to administer, would improve targeting accuracy - though it might also provide opportunities for corruption, as happened in South Africa and with GAPVU in Mozambique - but could introduce political costs by excluding the pension's principal funders (through income tax contributions) from deriving benefits. Alternative mechanisms to exclude the non-poor would exploit self-targeting by raising the time and stigma costs of claiming the pension - such as requiring all social pensioners to queue for their payment each month, as the poor without bank accounts already do.

Sustainability: The social pension accounts for almost 2% of Namibia's GDP and 4% of total government expenditure each year. Given that population growth and ageing will inevitably cause social pension spending to increase, the World Bank has concluded that the programme is fiscally unsustainable. The social pension was cost-effective until the delivery mechanism was privatised in 1996. Administrative costs have since escalated because coverage of isolated, low population density areas has increased, and because high-technology biometric recognition equipment is now used together with mobile cash machines protected by armed security guards. Means testing would reduce the number of beneficiaries - mainly in urban areas, where delivery costs are lower - but would not affect these determinants of high administrative costs. However, the sustainability question is political as much as economic. The future of Namibia's social pension depends as much on its political support base as on its fiscal costs.

This chapter has demonstrated that the *impacts* of the social pension on the livelihoods of recipient households are multiple and overwhelmingly positive. In a context of chronic poverty and mass unemployment, with correspondingly weak informal social support systems, the social pension injects income into pensioners' families and communities that sustains them, educates their grandchildren and generates business for retailers throughout Namibia. The regularity and reliability of pension income facilitates access to credit and provides non-covariate income against livelihood shocks such as drought. During the 1991/2 drought, social pensioners were removed from the list of 'vulnerable groups' needing food aid because their pension allowed them to buy the food they needed from local shops - and to support drought-affected relatives.

The demographic consequences of the social pension are difficult to isolate from other economic and social determinants of 'split families' and 'missing middle generation' households, but pension income certainly reinforces these demographic strategies - especially in southern Namibia, where economically active adults are virtually absent. Targeting income transfers on the elderly has the beneficial effect of elevating their status to valuable family members rather than being perceived as economic burdens. Since eligibility for the social pension is activated by age rather than retirement, the incomes of many Namibians actually increases on reaching 60 years of age - social pensioners are less likely to be poor than subsistence farmers, for instance. The social pension accounts for over 80% of total cash income in our household survey. Without the social pension, living standards would be considerably lower, especially in rural communities, not just for pensioners but for their families and others who depend on them.

Nonetheless, a basic counterfactual question remains: if the social pension is intended as an anti-poverty intervention, is it the most appropriate and effective means of providing income support to the poorest Namibians? Arguably not: leakages to the non-poor are significant; the age criterion is is a weak proxy for vulnerability; the transfer is regressive to the extent that rich Namibians live longer than poor Namibians; and the unpredictability of death heightens the vulnerability of families that depend heavily on pensioner income for the subsistence of its younger members. The evidence presented in this chapter, that social pension income is used for purposes other than sustaining the recipient - such as contributing to the education costs of grandchildren - should not be seen as a 'leakage' or 'over-payment', but rather as evidence that the poor have multiple needs and priorities which the present safety net arrangements in Namibia do not recognise or address.

CHAPTER SIX - CASH-FOR-WORK IN ZAMBIA [109]

Introduction

Many of Zambia's poorest and most isolated communities live and farm around the floodplains in Western Province. Recurrent droughts and a lack of off-farm employment opportunities have entenched poverty and encouraged steady outmigration. Cash-for-work labour-intensive public works programmes were introduced to three districts of Western Province as a response to drought in 1994/5. Two objectives were pursued simultaneously: to transfer income to vulnerable households and protect their access to food; and to upgrade roads that would link isolated districts with other provinces, reducing transport costs, facilitating market integration and enhancing provincial food security.

The cash-for-work programme was implemented by different agencies in each of the three districts where it was operational from 1995 to 1997 (see Map 6.1). One consequence was that key aspects of programme design differed substantively across the three study areas. Perhaps most importantly, job rotation in one district (Lukulu) severely limited the value of the resources transferred by the programme to participating households, while in another district (Kalabo) participants enjoyed continuous employment for over a year, and many accumulated substantial cash incomes and sizeable assets as a result. Because the impact and allocation of the income transfer on individual households was closely related to its value, inter-district comparisons are most revealing for this reason.

This chapter reports the results of the Zambian cash-for-work programme case study, and is structured as follows. The next section sets the programme in its national and regional context: the declining economy of Zambia and its implications for poverty are described, the economy of Western Province is introduced, and the complex role of food aid distribution in either supporting or undermining food security in this region is assessed. The following section discusses selected design issues around the cash-for-work programme: the decision to pay participants in cash rather than food, the debate around whether to set the wage rate high enough to make a sustainable difference to living standards or low enough to serve 'self-targeting' objectives, coverage of the programme, reasons for exclusion from participation, and consultation processes.

The bulk of the chapter focuses on various economic and social impacts of the cash-for-work programme on participating households and communities. Most of these impacts were positive, but some were not, and questions are raised around the sustainability of economic benefits. Economic impacts included employment creation, offset by opportunity costs; implications of the programme for time and labour allocation of men, women and children; income transferred and its impact on poverty incidence and inequality; effects on household food security (food purchases and consumption, retail food prices, agricultural production); allocation of cash-for-work earnings to asset purchases, investment and savings behaviour; stimulation of local trade; and the effects of project termination. Social impacts are examined in terms of relations between participants and their family members (intrahousehold) and neighbours (local communities); gender issues and child labour.

The analysis presented in this chapter provides convincing support for the hypothesis that all income transfer programmes produce a range of planned and unplanned impacts, some positive but others negative, which need to be considered *in toto* for a holistic evaluation.

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[109] This chapter was written in collaboration with Nangana Simwinji. Additional data analysis was provided by Marie-Jo Cortijo.

Map 6.1. ***Map of Zambia, with study areas highlighted***

The National and Regional Context

Background to Zambia

Zambia is a landlocked country in southern Africa with borders on eight countries: Angola, Botswana, Democratic Republic of Congo, Malawi, Mozambique, Namibia, Tanzania and Zimbabwe. Zambia's population currently stands at approximately 8 million and the annual population growth rate of 3.2% is one of the world's highest. The population is young, 45% being under 15 years of age. Urbanisation at around 40% is high for sub-Saharan Africa.

Zambia is an archetypal case of an African country where the welfare gains of the late colonial and early post-independence years were subsequently and dramatically reversed. Copper exports made Zambia a relatively wealthy and urbanised country in the 1960s, but decades of economic mismanagement - "state take-overs of private businesses, heavy state involvement in the economy, unrealistic exchange rates, price controls, protectionism, poor resource allocation and utilisation and inefficiencies in public administration" (Chigunta *et al.* 1998:6) - and deteriorating terms of trade (notably falling copper prices) undermined the economy and precipitated a rapid decline in per capita GDP from the 1970s until the 1990s. Real per capita income was 40% lower in 1990 than in 1970 (Hunt *et al.* 1994:1). Per capita food consumption peaked at over 2,300 kilocalories in the mid-1970s, then declined steadily to just 1,950 kcal in 1994, well below the recommended daily intake of 2,300 kcal (WFP 1997:3). A series of stabilisation and structural adjustment programmes during the 1980s succeeded in slowing the economic decline but at enormous social cost: the abolition of subsidies, retrenchment of civil servants, and cuts in public expenditure (in which the social sectors were not protected) all exacerbated poverty and deteriorating wellbeing. The proportion of poor Zambians in the total population increased from 61% in 1991 to 77% in 1997 (Chigunta *et al.* 1998:9). Life expectancy fell between 1980 and 1990 from 51.6 to 46.1 for males and from 53.1 to 47.6 for females. Simms *et al.* (1998) found evidence of mortality reversals during the 1980s and 1990s - infant, child and maternal mortality rates, which had been falling across the world, started rising again in Zambia.
Table 6.1 summarises trends in Zambia's GDP and Human Development Index (HDI) for the 1990s. The Zambian economy continued to stagnate during the last decade - in 1997 Zambia

was the world's 50th poorest country, with a per capita GDP well below the average for sub-Saharan Africa - and its HDI value still languishes in the "low human development" range, at below 0.500.

Table 6.1. ***Zambia's economic and human development indicators, 1987-97***

Year	Real GDP per capita (PPP$)	Real GDP per capita rank	HDI Value	HDI rank
1987	717	144	0.481	120
1988	870	137	0.351	118
1989	767	125	0.315	117
1990	744	134	0.314	130
1991	1010	134	0.352	138
1992	1230	142	0.425	136
1993	1110	145	0.411	136
1994	962	158	0.369	143
1995	986	157	0.378	146
1997	960	159	0.431	151

Source: UNDP Human Development Reports, 1990-1999

Poverty in Zambia is highly regionalised. Rural poverty is more widespread and deeper than urban poverty. The 1994 Poverty Assessment found that 76% of rural Zambians but only 29% of urban Zambians were living in 'core poverty' - their household expenditure being insufficient to purchase a basic food basket (World Bank 1994a). In rural areas such as Western Province, agricultural liberalisation undermined household food security by restricting access to agricultural credit and raising fertiliser prices to unaffordable levels for poor smallholders. Declining productivity was compounded by poor roads and other infrastructure and lack of marketing opportunities. Within rural areas, some provinces and districts are poorer are others, with 'remoteness' - measured as distance from a major road - being significantly associated with community-level poverty. "More than 85% of rural residents from the more remote, less populated Western, Luapula and Northern Provinces were found to be core poor" (Chigunta *et al.* 1998:14). In this context, the labour-intensive road construction project in Western Province that is the subject of this chapter can be seen as having great potential impact on rural poverty at several levels, from household to community to district and province. Moreover, although Zambia as a whole is generally self-sufficient in maize (the staple cereal), Western Province is generally in production deficit (Tiffen 1995:117), so efficient roads and transport infrastructure are crucial determinants of household food security in the project area. Production deficit districts suffered most from the five-fold increase in maize prices that followed the abolition of fertiliser and maize-meal subsidies in the early 1990s (Geisler 1992:115).

Poverty in Zambia is also highly gendered. "One of the most striking features of rural life in Zambia is the level of labour burden of women" (Norton *et al.* 1994:26). Women's heavy workloads are both constant (cooking, water and fuelwood collection, childcare) and seasonal (particular stress points occurring in the planting and harvesting months, or when income-earning opportunities such as beer brewing are at peak demand). Deepening poverty has impacted severely on women. As male incomes decline due to retrenchment and constrained employment options, so women are forced into increased labour market participation. Geisler (1992:134) argues that agricultural liberalisation measures impacted doubly on women, since they faced both declining resources (food production and incomes) and increasing workloads to compensate. Women are working longer hours in the informal sector to earn income for the household's food and basic needs, and children are often withdrawn from school to contribute to income-earning activities, or to undertake domestic chores in the absence of their mothers (UNICEF-Zambia 1996). Daily activity charts compiled by rural widows reveal a working day that starts at 4am and finishes at 7pm in the dry season, but runs from 3am to 10pm in the farming season (Norton *et al.* 1994:48).

Nutrition indicators in Zambia are generally worse than for neighbouring countries. A robust outcome indicator of poverty is stunting of children under five, which reflects cumulative malnutrition. In 1992, 40% of Zambian children under five were stunted, but this figure increased to 48% in 1993 and 53% in 1995. In rural areas, the prevalence of stunting rose from 52% in 1992 to 60% in 1995 (Republic of Zambia 1996a:6). In Western Province, 21% of under-fives were severely stunted in 1994 and a further 18% were moderately stunted (Hunt *et al.* 1994:26). While this total of 39% stunted is somewhat better than the national average, nutrition indicators for Western Province had deteriorated more rapidly than for most other provinces during the 1980s, and circumstantial evidence suggests that this trend continued during the 1990s.[110]

A participatory poverty assessment (PPA) undertaken in 1993 found that constraints on mobility and trade because of poor transport infrastructure were “a key concern” of the poor. “An impassable rainy season road takes its toll on incomes in most of these [rural] areas as traders cease to buy produce” (Norton *et al.* 1994:viii). Equally, traders find it difficult and costly to bring food into isolated rural areas when roads are poor, and this is especially the case in the floodplains of Western Province, where markets are fragmented and access to markets varies by season.

Introduction to Western Province

Western Province is one of the largest, least densely populated and poorest of Zambia’s nine provinces. It covers one-sixth of the country’s land area (126,386 km^2) in southwestern Zambia, and borders Angola to the west and Namibia’s Caprivi region to the south. The province has strong connections with its neighbouring countries: the majority Lozi people are also the dominant group in Caprivi, while many residents of Western Province are Mbunda settlers from Angola. Western Province has six districts: Kalabo, Kaoma, Lukulu, Mongu (which has the provincial capital, Mongu town, located 600km west of Lusaka), Senanga and Seskeke. The present research study was conducted in Kalabo, Lukulu and Mongu districts (see the Map of Western Zambia overleaf).

Topographically, Western Province is dominated by vast sandy plains intersected by the Zambezi River floodplain and smaller valleys. The floodplain covers an area of 12,950 km^2, and it largely defines local settlement patterns and livelihood systems. The floodplain is inundated during the rainy season every year (November to March), displacing thousands of people for several months and rendering these communities inaccessible except by boat. Nonetheless, the floodplain is densely populated, being fertile and suitable for staple food and cash crops (such as rice) and cattle, as well as fishing. Away from the floodplain and inland river valleys, settlement in Western Province is dispersed and sparse. Rainfall ranges from 750mm in the southern part of the province to over 1,100mm in the north, but it is variable and unreliable. Zambia’s western and southern provinces were worst affected by the severe southern African drought of 1991/2, and by the less severe drought of 1994/5.

‘Remoteness’ as a determinant of poverty has visible meaning in western Zambia. Deep sands make accessibility difficult in the dry season and in the hinterland all year round. Only four-wheel drive vehicles can be used as transport, so fuel consumption and transport costs are high. The transport problems are compounded by the effects of the rains and floods. The physical barrier presented by the Zambezi River, which flows from north to south and bisects Western Province, is the greatest single obstacle to development efforts in the western half of the province. Improved transport and communication infrastructure is therefore a prerequisite for both the delivery of social services and economic development.

110 After the Movement for Multiparty Democracy (MMD) won the 1991 election it is widely believed that the new government deliberately neglected Western Province, the home of former President Kenneth Kaunda and a stronghold of opposition to the MMD government.

According to Zambia's most recent census, the population of Western Province in 1990 was 607,497 persons, a density of 4.8/km^2 compared to 10.4/km^2 nationally. Despite covering 16% of Zambia's land area, the province is home to just 7.8% of the national population.[111] The population growth rate, at 2.2%, is relatively low compared to the national average of 3.6% (CSO 1991). The sex ratio, at 87 males per 100 females, is the lowest in Zambia, due mainly to male outmigration in search of employment, and is associated with a high proportion (32%) of *de jure* and *de facto* female-headed households (Ssenkoloto and Nwanosike 1992:5), and high dependency ratios.[112] Based on the population census it is estimated that a net balance of approximately 10,000 people, mainly adult males, leave the province each year. Some of this outmigration is seasonal, but often it is long term or even permanent. Seasonal labour for cane cutting in Southern Province sugar plantations (April to November) and coffee picking in the Copperbelt attract thousands of able-bodied young men from Western Province, particularly from Kalabo and Lukulu districts respectively. The relative shortage of men in the economically active age cohorts, with the result that many rural communities have a disproportionately high number of children, elderly people and women without support, has considerable economic and social impacts.

Locally, formal employment opportunities are limited to the public sector (teachers, nurses, government officials), NGOs and sales workers in Mongu town. Farming is the dominant occupation, though many engage in informal sector activities to supplement crop and livestock production. Men do casual labour on neighbouring farms or as seasonal migrants, while women undertake a range of informal income-earning activities, mostly related to petty trading and to food preparation - beer brewing, sale of cooked food and of fruit and forest products such as mushrooms. The people of Western Province describe their wealth and poverty in four dimensions:

- ***assets*** owned (notably cattle, but also ox-carts, ploughs, radios and boats);
- ***activities*** (engaging in casual labour as an indicator of poverty, hiring of casual labour as an indicator of wealth);
- ***food consumption*** (seasonal rationing as a coping strategy being a sign of poverty);
- ***social status*** ('women without support' and the elderly living alone invariably being among the poorest community members) (Norton *et al.* 1994:16-24).

❑ *Agriculture and food security*

Western Province is overwhelmingly rural (84%), and local livelihoods are dominated by smallholder agriculture. The average landholding is 1.7 hectares, and access to land is not a constraint. The land tenure system is deeply rooted in the traditional structures. Although the 1975 Land Conversion of Title Act placed all land in Zambia under the head of state, the practices of customary law have continued in Western Province.[113] Title is not denoted by tangible deeds but by oral history. Land rights are held by individual families and can be inherited by both male and female descendants, though male heirs have more secure rights and control runs through the male line. Women play a very significant role in agricultural production and provide much of the labour at every stage.

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111 Of the three survey Districts, Mongu has the only significant urban population - Western Province is 84% rural - and is the most densely populated in the Province (142,795 people at 14.2/km^2), while Kalabo (97,320 at 5.6/km^2) and Lukulu (51,953 at 3.2/km^2) are more sparsely populated.

112 *De jure* female-headed households are those which have no adult male members due to non-marriage, divorce, separation or widowhood. *De facto* female-headed households are those whose adult male members are absent for extended periods (e.g. migrants).

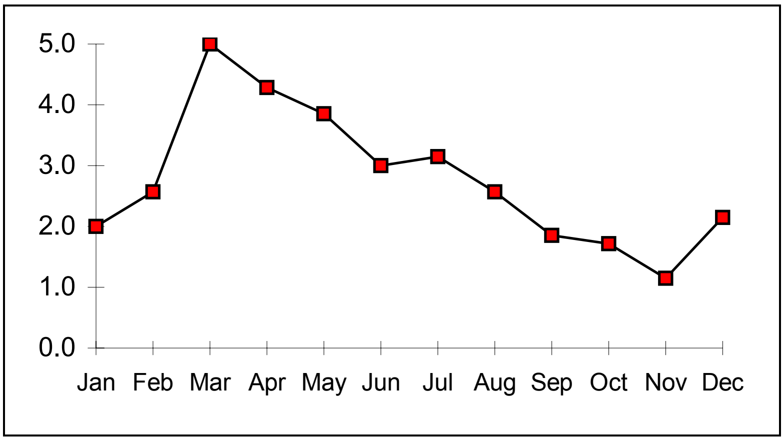
113 The traditional authority over Western Province - formerly the historic kingdom of Barotseland - is the Paramount Chief or *Litunga*, referred to as '*Minya Mupu na Ngombe*'. He oversees his domain through a hierarchy beginning at village level *(Lya Minzi*), and counties (*Silalo Induna*). The traditional leadership commands respect and wields great influence in the province.

Commercialisation is limited in this isolated region and agriculture remains subsistence oriented. Apart from animal traction, external input use in Western Province is very limited because of poverty. Food crop production in Western Province is dominated by maize (43% of total food production in 1992), followed by cassava (23%), sorghum (13%), bulrush millet (10%), rice (7%) and other crops (3%), including sweet potatoes, vegetables and legumes - beans, groundnuts. Kaoma District is the province’s granary, supplying maize to the five other districts and to Lusaka. Rice is important as both a food staple and a cash crop. Cassava production is extremely difficult to estimate, and its contribution may be higher than official figures suggest, especially in drought years.

The radical reforms associated with agricultural liberalisation in the mid-1990s, including the collapse of the Western Province Co-operative Union (a parastatal that supplied inputs to farmers and purchased their produce) had a detrimental impact on agricultural input use (Maimbo *et al*. 1996). Liberalisation also made it more difficult for farmers to market their produce (Republic of Zambia 1995b). Cropping areas declined after the 1993/94 season due to the difficulties experienced by farmers in acquiring inputs and in finding marketing channels following liquidation of the WPCU. The anticipated private trader response to emerging marketing opportunities was slow to materialise (Mulozi and Hichaambwa 1997).

The rainy season in Western Province runs from November to March, with December to February being the wettest months. Mean annual rainfall ranges from 760mm in the south to 1150mm in the northeast, with some evidence of a long-term decline in the annual total. Uniquely in Zambia, the Zambezi wetlands - Kalabo, Mongu, Lukulu and Senanga Districts - allow the planting of a second maize crop, which is harvested as early maize from mid-December. Vegetables and fruits are also available during the second half of the rainy season, including squash, pumpkin, sweet potato and mangoes. This has implications for food security which are sometimes overlooked by planners: "the lean season in the wetland areas of Western Province peaks earlier (October and November) than in other areas in Zambia where upland maize prevails. Consequently, the lean season in Western Province ends in January rather than April which applies more to the rest of Zambia" (Republic of Zambia 1996c:2). This can be clearly seen in Figure 6.1 below, which illustrates local peoples' perceptions of food availability by month in four localities within Western Province, using a simple scoring system (0 to 5). Food availability peaks around March each year and declines steadily until November, which is known locally as the annual 'hungry month'.

Figure 6.1. ***Food availability by month, Western Province, Zambia***



Source: Author’s fieldwork in Kalabo and Mongu Districts

Production in the four Zambezi floodplain districts (population 400,000) is subsistence-oriented, and production of non-food cash crops is limited. Larger farmers sell some grain - especially rice - when they have surpluses, while small farmers are often forced into selling some food after the harvest and purchasing it back at higher prices later in the lean season. Away from the floodplains, in the drier upland areas, agriculture is dominated by sorghum, millet and cassava, and by cattle.

Cattle ownership is higher than any province in Zambia apart from neighbouring Southern Province, though exact numbers owned are difficult to determine at the household level. Cattle are kept for a variety of economic and social reasons - cash, meat, animal traction and manure, ceremonies and brideprice, as well as being a store of wealth, an investment and a source of security. Cattle ownership is a male prerogative. Even where women own cattle in their own right, they are kept by male relatives who often retain rights of disposal. Average ownership is 5-6 head by women owners compared to 11 by men. One significant consequence of this imbalance is that women and female-headed households have less access to animal draught power. In early 1997, export of live animals outside the Province was banned due to an outbreak of contagious bovine pleuro-pneumonia (CBPP), which is routinely controlled by the government through the imposition of restrictions on livestock movement. Local incomes were adversely affected as a result.

Conventional wisdom holds that Western Province, with the exception of Kaoma District, is chronically food insecure, but this underestimates the importance of non-maize food crops in local production and consumption. For example, WFP's estimate of 'Relief Food Requirements' for Western Province in 1995/96 completely ignored cassava, a crucial omission not only because cassava is the most important crop in the Province after maize, but also because it is drought-tolerant and can be harvested at any time of year, and is therefore an important 'hunger crop' in times of stress. The WFP estimates also ignored purchasing power and trade. The implicit assumption is that each district is self-sufficient in maize - or should be. But households survive through diversifying their production and their off-farm sources of food. Purchases are financed through a combination of agricultural and non-agricultural income sources - sales of rice and other crops, piecework (36% of income in a 1995 survey), business and beer sales (27%), fish sales (12%), savings (11%) and cattle sales (7%). Households in the upland areas, who do not have access to wetlands, sell some of their cattle for grain when needed. Most young men who migrate seasonally to the sugar plantations of Southern Province or the coffee farms of the Copperbelt remit some income or return with food and other commodities around November each year. The assumption that access to food in Western Province is dominated by household maize production is therefore highly questionable.

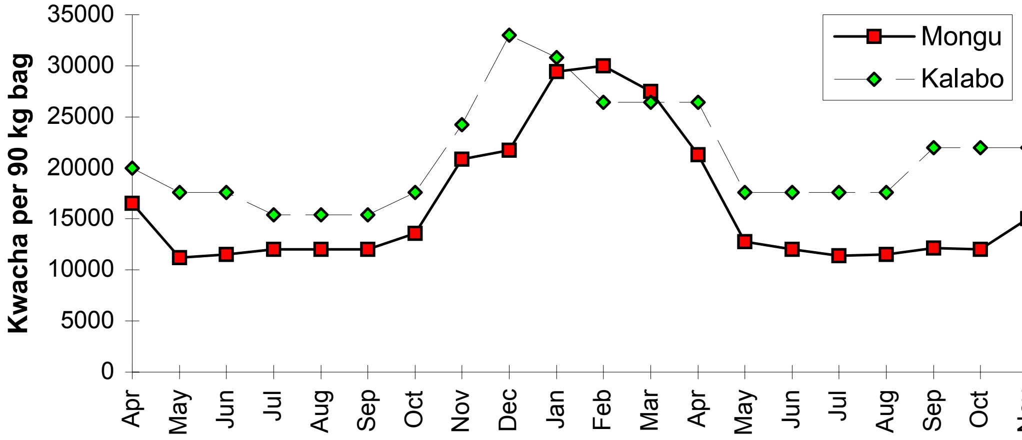
- ***Food marketing and price seasonality***

The impact of road and transport infrastructure on district food security varies according to the extent to which the district is dependent on imports of food from beyond its borders. In the Zambezi wetlands import dependence varies not only from year to year - though these districts are deficit grain producers in most years - but also from season to season.

Food insecurity in Western Zambia is highly seasonal. Since the abolition in 1994 of transport and storage subsidies associated with panseasonal and panterritorial pricing, steep food price gradients have been observed, both temporally (between seasons) and spatially (between and within districts). Limited on-farm storage capacity and urgent needs for cash after harvest lead poor households to sell food crops at low prices, even if they are not self-sufficient, and to buy grain back at much higher prices later in the year. Female-headed households are among the worst affected by the ‘hungry season’, because they are labour constrained and own few productive resources. The hunger gap is mainly due to low agricultural productivity and is longer in dry years (Heemskerk 1995). Prices rise when the supply is low during the peak period of food shortages from October to December/January (Maimbo *et al*. 1996; Mulozi and Hichaambwa 1997; Sikana *et al*. 1996). Market demand for maize and retail prices generally peak just before the early maize harvest in January, then decline steadily until the main annual harvest in May or June.

This price seasonality is illustrated in Figure 6.2 below, which shows the average monthly price of a bag of maize in Mongu and Kalabo markets between April 1995 and November 1996. In an effect which was magnified by the drought of 1995, the maize price in Mongu more than doubled in nine months, from K11,200 per bag in May 1995 to K30,000 in February 1996 (an increase of 268%). This was not an indication of general price inflation - by July 1996, after a good harvest, the maize price in Mongu had fallen back to K11,400.

Figure 6.2. ***Wholesale maize prices in Mongu and Kalabo markets, 1995-1996***



Source: Agricultural Market Information Centre, Ministry of Agriculture

Figure 6.2 also reveals that the price of maize in Kalabo market is consistently higher than in Mongu in the post-harvest months, but that this gap narrows and even disappears in the months around the harvest period, when little maize is being imported into both districts. In 1996 the gap was higher than in 1995 (28% between July and October 1995, but 54% rising to 83% over the same four months in 1996), because the drought required more imports of food than usual. These price gaps are explained almost entirely by the high costs of transporting maize the final 70kms from Mongu to Kalabo. A major justification for building the road linking Mongu to Kalabo was to reduce the transport costs associated with bringing maize and other basic commodities into Kalabo District from Kaoma District and elsewhere. Improving road networks in Western Province will promote market integration and reduce spatial price differentials. On the same day in November 1996, for example, a 90kg bag of maize was on sale for K15,000 in Mongu market (a provincial centre), K22,000 in Kalabo market (a district centre), and K25,000 in Sihole market (an isolated village in Kalabo District). Following the good harvests of mid-1996 surplus maize was available within Kalabo and was being released onto the market. In Kalabo town, for instance, only one bag of maize was found for sale on several market days, reflecting not supply constraints but limited demand from local consumers.

The cost of transporting one bag by vehicle from Mongu to Kalabo in 1998 was fixed at K10,000, the same as the passenger fare, and the same as the fare from Mongu to Lusaka. The distance from Mongu to Lusaka is 600km, while the distance from Mongu to Lusaka is just 70km. These transport costs are prohibitive for traders (if a bag of maize is purchased in Mongu for K15,000, trucking it to Kalabo immediately added K10,000 to the price, and if the trader takes K5,000 profit the price in Kalabo would be double the price in Mongu, at K30,000 - a 100% mark-up), so much maize that reaches Kalabo comes up the Zambezi River by canoe or boat, but the volumes that can be delivered by this means are limited.

Further evidence for the substantial potential benefits of a road connecting Mongu and Kalabo comes from a comparison of bus fares with the fare to the Mongu District road project at Nakamyaa in the Lui Valley. At 78km, the distance from Mongu to Nakamyaa is comparable to the distance from Mongu to Kalabo, but the fare to Nakamyaa in 1998 was just K3,000, less than one-third the price to Kalabo. The Nakamyaa route includes one tarred stretch of 21km and a gravel stretch of 56km, which is passable by two-wheel drive vehicles. Consequently, private buses run regularly to Nakamyaa, carrying 40-50 passengers each way, with a journey time of two hours. The importance for district-level food security of improved transport links to remote areas such as Kalabo cannot be overemphasised.

❑ *Food aid in Western Zambia*

During the 1990s, Zambia became heavily dependent on food aid, ostensibly in response to recurrent droughts but partly because of the institutional inertia that invariably follows the establishment of food aid pipelines: once the World Food Programme started channelling food through 'PAM' (the Programme Against Malnutrition, a consortium of local NGOs), reasons were found for continuing food distribution even in non-drought years. By the mid-1990s, concerns were being raised about the negative impacts of this dependency. Free food distribution and food-for-work projects were criticised for their disincentive effects on agricultural production and development of marketing networks, and for distorting food consumption patterns (Maimbo *et al*. 1996; Republic of Zambia 1996b). Most importantly, non-emergency food aid was seen as failing to address the structural causes of poverty and food insecurity. Instead of supporting long-term development goals, food aid promoted dependence on further food aid and undermined self-sufficiency (UNDP 1995).

The damaging consequence of the assumption that Western Province is a subsistence maize producing region with limited access to off-farm incomes has been excessive interventionism in terms of non-commercial food distribution, in the form of free food handouts and food-for-work projects - some of which involved paying farmers in food for working in their own fields! Kalabo District, for example, was declared drought-affected and eligible for relief assistance in 4 years out of 5 between 1991/2 and 1995/6. In fact, it is debatable whether food aid was necessary at all, even in the genuine drought years of 1991/2 and 1995/6. In the words of one aid worker in Mongu town:

> *"Giving out food is the worst thing we can do for food security in Western Province. Of course there is hunger in the villages, but we have created that hunger. In the past five years we have had only one and a half droughts, but every year tons of food aid are distributed to the local people. Now they just sit and wait for the donors to bring them food. We have created dependency on food aid."*

Food aid interventions in Western Province have failed to recognise that this is a historically drought-prone region, and that local people had developed risk-minimising mechanisms - such as planting drought-tolerant cassava, a 'traditional' crop that was undermined by the government's promotion of white maize - and coping mechanisms after a drought occurred. In the past, for instance, villagers in the Lozi area used to contribute food from their annual harvests to a communal grain store which was shared out to vulnerable groups, as needed, by village headmen. This practice has long since died out, but other strategies - such as seasonal migration for temporary employment elsewhere in Zambia - remain to ensure that major famines do not follow inevitably from localised drought episodes.

The agricultural liberalisation policies that were introduced throughout Zambia after 1993 heightened awareness of the inherent contradictions between indiscriminate food aid distribution by donors and NGOs, and the government's broader development objectives. A prerequisite for the success of the agricultural liberalisation was the rapid emergence of a competitive private sector to market farmers' produce and to transport foodcrops from surplus to deficit areas (Lanser 1995). This in turn required the promotion of a cash-based culture to isolated areas (such as the extreme west) where barter and other non-marketised transactions remained common. It also required a passable road network to enable traders to reach those isolated communities where poverty and food insecurity are deepest.

As will be seen, these factors motivated the case for cash-for-work (rather than food-for-work) projects focused on upgrading the road infrastructure in Western Province following the 1995 drought. Project officials argued that an improved road network would create an enabling environment for increased agricultural production and marketing, thus enhancing long term food security. Farmers interviewed for this research were equally optimistic that once the road project was completed transport costs would be lower, their communities would become accessible to traders and marketing of their produce would be easier.

- ***Food aid distribution, 1995/96***

Zambia suffered a moderate agricultural drought in 1995, which caused maize production to fall by an estimated 225,000 MT, to 923,000 MT, 30% below its trend average, and led to a Government request for food aid from international donors amounting to 85,000 MT (Dumas and Wood 1995:28).

Table 6.2. *National maize production and imports, Zambia 1987-1995*

Year	Area planted (hectares)	Yield (kg/ha)	Production ('000 MT)	Notes
1986/87	609,529	1,744	1,063	
1987/88	723,087	2,687	1,943	Favourable weather
1988/89	1,020,574	1,808	1,845	Area expansion
1989/90	763,277	1,432	1,093	
1990/91	639,390	1,714	1,096	
1991/92	601,606	730	483	Drought
1992/93	633,326	2,523	1,598	
1993/94	679,356	1,503	1,021	Drought
1994/95	520,165	1,440	738	Drought
Average	**645,052**	**1,828**	**1,180**	**Mean 1980/94**

Source: Dumas and Wood 1995:21

A three-pronged drought relief strategy was implemented: food aid was to be distributed to 'vulnerable groups', as identified either by Social Welfare or by village sub-committees, but the bulk of food aid (90%) was to be delivered as food-for-work, and thirdly, seeds would be distributed on credit for drought rehabilitation, with repayment in kind after the harvest. In the Government's 'Request for Food Aid Assistance' of July 1995, 24,200 MT of food relief was allocated to Western Province by WFP/PAM, to be distributed by local NGOs between October 1995 and March 1996. This amounted to an average allocation per capita of 72kg. Interestingly, these estimates were challenged by one of the principal drafters of the 'Request' document, on grounds that the WFP/PAM methodology was flawed. The estimates for food aid requirements by Wood (1995) are substantially lower - just over a quarter (26%) - than those of WFP (or PAM), because Wood assumes that the people in need of relief are located mainly in upland areas, not district-wide, and that the lean season during which relief might be required would last only 3 months, from October to December 1995. For Kalabo and Lukulu Districts, Wood's estimates were slightly over one-quarter (27%) of the WFP estimates (see Table 6.3).

Table 6.3. *Estimated food aid requirements for Western Province, 1995/96*

District	WFP			Wood			Ratio: Wood/ WFP
	Population Affected	Months of Relief	Food Aid Required	Population Affected	Months of Relief	Food Aid Required	
Kalabo	58,146	8	4,200 MT	38,764	3	1,046 MT	0.25
Kaoma	39,275	6	2,125 MT	26,184	3	700 MT	0.33
Lukulu	35,028	8	2,525 MT	23,352	3	630 MT	0.25
Mongu	76,438	8	5,525 MT	51,670	3	1,395 MT	0.25
Senanga	99,744	6	7,200 MT	66,496	3	1,795 MT	0.25
Sesheke	39,177	8	2,625 MT	26,118	3	700 MT	0.27
Total	**347,808**	**6-8**	**24,200 MT**	**232,584**	**3**	**6,266 MT**	**0.26**

Source: WFP 1996a; Wood 1995

The decision to deliver excessive quantities of food aid to Western Province in 1995 was motivated by two possibly erroneous pieces of information: first, an underestimation of cassava and other secondary food crop production;[114] second, information from the national Food Health and Nutrition Information System (FHANIS) in early 1995 (Republic of Zambia 1995c) regarding the food situation in Western Province, to the effect that: "Staples are reported to be not available for purchase within the surveyed communities" (Dumas and Wood 1995:30).

Sorghum distributed as food aid in Western Province was being sold in public markets in January and February 1996, competing directly with maize. Sorghum prices were much lower than maize: K5,000-6,000/50kg bag at Mongu (=K9,000-10,800/90kg, when maize at Mongu was K30,000/90kg), but K9,000-10,000/50kg at Senanga, when maize was K32,500 (Republic of Zambia 1996b). The sale of substantial quantities of relief food suggests that the food aid distribution in Western Province was poorly timed, poorly targeted, and/or significantly overestimated. Since the sorghum/ maize price ratio was so unfavourable at the time, the fact that many recipients chose to convert their food allocations into cash suggests that they had other priorities apart from food - which is hardly surprising, since this was February, when early maize and other foodcrops were already being harvested.

"In this respect, the cash-for-work programme implemented in Kalabo appears to provide a good alternative to the more ‘traditional’ food-for-work projects and is preferred by villagers" (Republic of Zambia 1996b:6). Cash-for-work was seen as offering beneficiaries more choice over how to allocate drought relief transfers (see also the discussion below) - and as strengthening the emerging private grain marketing system by boosting local purchasing power. The situation in October-November, when maize in the market was scarce and expensive, no alternative foodcrops were being harvested and the distribution of relief food (which was slow to get started: 27 November in Kalabo) was just beginning, was very different. The distribution of sorghum was poorly timed, and it was excessive - because the 'hungry season' ends earlier than elsewhere in Zambia, it was a case of too much, too late.

Targeting was poor at District level: it was concentrated on towns and along major roads; transporters were paid in kind, with relief food that they often sold immediately; each ward received an equal allocation, not differentiated by population size or need. Targeting was poor at village level, too: "the subcommittees lack the authority at village level to exclude the non-vulnerable population from the food distribution. Salaried workers and large farmers equally receive their share of food relief supplies being distributed" (Republic of Zambia 1996b:7); subcommittee members received some food (amounting to 16% of the total in one case) as payment.

The planned distribution of relief food in January-March in the Zambezi wetlands exceeded the entire estimated market demand for maize in each of these months (assuming demand of 400g/day or 12kg/month), even if cassava and other secondary foodcrops are excluded from the calculation. This presented a major disincentive to private traders, and to farmers with surpluses to sell. Instead, interventions should have focused on efforts to encourage and promote smallholder food production, not to undermine it by excessive distribution of relief food. In response to these concerns, food aid deliveries were in fact substantially scaled down after December 1995. Cash-for-work was introduced as an alternative that aimed to improve accessibility to isolated rural communities. Injecting cash would be advantageous to the local economy; cash is easier to deliver than food aid; it would not depress food prices locally and be a

[114] "Regarding staple foodstuffs, the greatest area of uncertainty lies in the contribution made by cassava and other tuber crops. According to an FAO mission (May 1995) some 100,000 ha of cassava were recorded planted in 1990 (MAFF) mostly in North-Western, Luapula, Western and Northern provinces. This crop should be taken into account in the food balance sheet." (Republic of Zambia 1995a:29)). This document continues: "Given the low quality of agricultural production statistics and the difficulties in properly assessing food flows in and out, it is difficult to correctly judge these data and we wonder if cereal needs have not been exaggerated at national level."

disincentive to local production and trade; and it would open up the productive farming area for input delivery and exports of rice and cattle.

Background to the Cash-for-Work Programme

Cash-for-work was introduced to Western Zambia as a donor-sponsored response to drought in the 1994/95 agricultural season. The Government of Zambia's request for food aid was met by the Royal Netherlands Embassy - which has a long history of providing developmental support to Western Province - with a proposal to provide income transfers through employment generation, instead of the more conventional combination of food handouts to vulnerable groups plus food-for-work for able-bodied adults. Although this idea was initially greeted with scepticism from the government and hostility from the World Food Programme, it was finally agreed to introduce cash-for-work on an experimental basis in addition to WFP providing free food rations for those vulnerable groups (such as the elderly and disabled) who would be unable to participate in physically demanding manual labour.

Three drought-affected districts in Western Province were selected for cash-for-work activities - Kalabo (where the project started in August 1995), Mongu (from December 1995), and Lukulu (June 1996). All three districts were among several throughout the country declared as worst hit by drought by the then Vice-President of Zambia, Brigadier General Godfrey Miyanda. The selection of these districts and the exclusion of the three other districts of Western Province (Kaoma, Senanga and Sesheke) was based not on a judgement that their need was less - see Table 6.3 - but on budgetary constraints on the part of the donor and the easier identification in Kalabo, Lukulu and Mongu of viable projects and local NGO partners (Nalionwa Catholic Mission in Kalabo, Lukulu Catholic Mission and Mongu Nutrition Group respectively) to implement the projects.

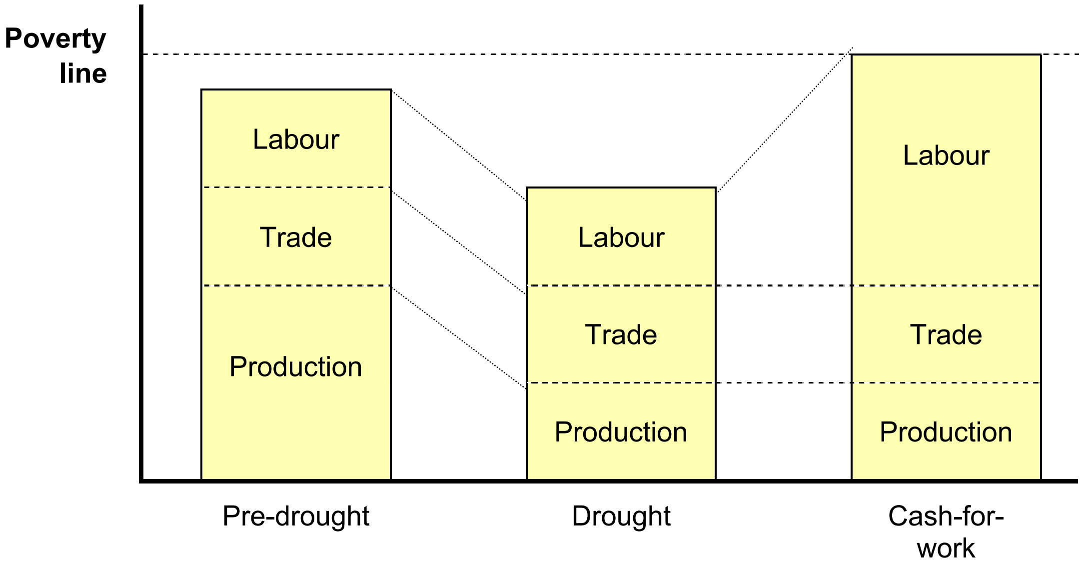
Cash-for-work activities concentrated on labour-based road construction and maintenance in all three districts. This reflected an intention by the Dutch aid agency, with their NGO partners, to achieve relief and rehabilitation objectives simultaneously. Cash-for-work would attract grain merchants and other traders, stimulating the local cash economy while meeting the immediate need of the local population for food. At the same time, having identified inadequate roads and transport infrastructure as a primary cause of food insecurity and chronic poverty in Western Zambia, the Netherlands Embassy argued for investment in road construction and maintenance as a mechanism for integrating markets, thereby reducing food supply bottlenecks and seasonal price fluctuations.

Cash-for-work was therefore seen as fulfilling two food security objectives at once, while avoiding the negative side-effects of conventional food aid interventions:

- in the short term, cash transfers to workers would partially compensate for food production deficits by providing income for food purchases *via* an employment-based safety net at the individual or household level;
- in the longer term, the assets created by public works activities would stimulate local economic activity and market integration, thus contributing to enhanced food security at the district and provincial levels.

Figure 6.3 illustrates how the cash-for-work programme was conceptualised in terms of the entitlement framework as developed in Chapter 2 of this report. Before the drought, the 'average' resident of Western Province was surviving through a combination of production, trade and labour-based entitlement-generating activities, with production-based entitlement dominating. The primary impact of the 1995 drought was on production, which is shown as collapsing in Figure 6.3. The cash-for-work projects addressed the resulting subsistence crisis by providing labour-based entitlements to drought-affected farmers, in the form of waged employment that transferred sufficient resources to lift these households at least to the level of the poverty line. (In reality, as we shall see, payment levels varied dramatically across the three districts, so that programme participants in Kalabo District were lifted out of poverty altogether, at least for the duration of their employment, while participants in Lukulu District received only a small payment and remained in poverty.)

Figure 6.3. ***Conceptualising cash-for-work in western Zambia***



Design Issues in the Cash-for-Work Programme

- ***Cash or food?***

The labour-based road projects in Western Province were conceived from the start as cash-for-work rather than food-for-work activities. Cash was preferred to food as the mode of payment for several reasons. Firstly, the donor concerned - the Royal Netherlands Embassy - had a strong commitment to supporting the private sector and the development of markets in Zambia's rapidly liberalising economic environment. Since 1994, Zambia has undergone a process of rapid agricultural and general economic liberalisation. In this context, the Dutch argued that food handouts and food-for-work would act as a disincentive to the incipient private sector grain trade as well as to local food producers. The Dutch argued that Zambia had acquired an unhealthy dependence on food aid over many years, and that this dependency had created serious disincentives to food production and trade.

Secondly, Zambia has had a mixed experience with food-for-work in the past. Food-for-work projects were first initiated in Western Province under the drought relief programme of 1991/2. However, they were perceived negatively by many beneficiaries. In Senanga District, villagers refused to work for drought relief food that was being provided to non-able-bodied community members as free food aid, while many others dropped out of the programme because food payments arrived late (Norton *et al.* 1994:52). Evaluations have found that food- for-work is expensive to deliver and is associated with high degrees of leakages to non-needy beneficiaries and losses due to theft. A review of food-for-work experiences published by the Social Recovery Project in Lusaka (Suba *et al.* 1996) found a number of additional problems and limitations:

- Although rations provided during the 1991/2 drought were relatively high, they were inadequate to significantly affect household food security or nutritional levels.
- Self-targeting was not achieved, "with demand for food-for-work outstripping supply in all areas", and no vulnerability criteria or assessment of needs being applied to screen participants.
- Most of the infrastructure created using food-for-work "has not been maintained and in many cases is falling into disuse".

- Dependency is a major problem: "communities have become accustomed to receiving food as compensation for any work undertaken and are now unwilling to participate in any activities without it. As a result food-for-work is tending to act as a disincentive to local self help development projects, with an attitude of "no food, no work" being prevalent".
- Although food-for-work focuses on infrastructure rehabilitation, it "is also used to extensively support subsistence farmers working their own fields". Predictably, this backfired - in one village, "it emerged at group interviews that people had not yet started cultivating their fields, although the first rains were imminent. They were waiting to receive food-for-work maize."

A final argument for preferring cash- to food-for-work is considerable evidence that the extent of food insecurity in Western Province has been exaggerated, so that even in drought years the actual deficit is probably less than estimated. In particular, the Royal Netherlands Embassy argued that cassava production has been consistently and massively underestimated in successive Ministry of Agriculture surveys and FAO/WFP Crop Assessment Missions, and that this failure to recognise the food security significance of cassava (and, to a lesser extent, sweet potatoes) is largely responsible for the false perception by food donors that Zambia suffers from chronic food insecurity and requires food aid support almost on a permanent basis.

This research project did not attempt to estimate food production in Western Province, but cash-for-work participants were asked about their preferences for mode of payment. The findings seem to support the Netherlands Embassy view that cash was preferred, either because household food insecurity was less severe than official statistics suggest, or because markets are well functioning and delivered sufficient food at reasonable prices so that people with cash incomes could purchase the food they need. (A stronger form of the argument is that cash-for-work actively contributed to increasing market supplies and reducing retail prices of food by injecting cash into the local economy, which attracted traders and stimulated competition among them. The evidence for this is reviewed below.)

Our survey asked project participants to express their preference for mode of payment. The 301 respondents overwhelmingly expressed a preference for payment in cash (72%) rather than food (5%), with a significant minority favouring a combination of cash and food (16%). The option of being paid in cash after the harvest when food is plentiful and in food later in the year when food is scarce and expensive was preferred by almost no-one (1%).[115] Western Zambia is a relatively monetised local economy and many respondents stated that cash is more flexible, provides more choice and meets a more diverse range of needs. *"How would we pay for our children's school fees or go to the clinics without money? I can not take food to the clinic. Money is important."* Interestingly, no gender differences were observed in responses to this question.

Two facts should be borne in mind in interpreting this finding. Firstly, the present research was conducted two seasons after the drought year during which the cash-for-work project was initiated. Food insecurity was certainly less of an issue in early 1998 than it was in 1995/96 when the project started. As one farmer said: *"If the road project was paying food I would not have gone to Nakanyaa to work on the road. I have food from my field; what would I need extra food for? What would I do with it?"* Conversely, at the time when cash-for-work was introduced many people did not have food and most women (80%) preferred to be paid in food because market prices were very expensive at that time, and because walking distances to towns where food could be procured were often far (Simwinji 1995).

[115] When Malawi's Social Action Fund (MASAF) was designing its 'Public Works Project' in 1996 a rapid rural appraisal found that payment preferences varied both geographically and seasonally. Households living far from roads and markets were more likely to request payment in food than those living near roads and towns. Also, respondents were more likely to request payment in cash after the harvest and payment in food during the 'hungry season'. These findings led to a recommendation that a flexible strategy be adopted, with WFP providing food to certain areas and at certain times of year, and the World Bank paying workers in cash in remaining locations and at other times of year (Devereux 1999a). Unfortunately, this unusual example of donors actively seeking to act on the wishes of their target group was not followed through in practice.

One trader in Kalabo town argued that in drought years, and in parts of the province that are far from roads and markets, access to food is a serious concern. Some communities are simply ignored by traders. Food distribution might be needed to prevent unscrupulous traders from exploiting poor farmers by manipulating grain prices or by offering low rates of exchange of livestock for grain. (During 1995 the barter terms of trade deteriorated to the point where one cow was exchanged for three 90 kg bags of maize.) On the other hand, farming households in Western Province face a 'hungry season' every year, but they survive when their granaries are empty on food purchased with income from various sources. According to a 1995 food stocks survey, this income derives from piecework (36%), small business and beer sales (27%), selling fish (12%), savings (11%) and livestock sales (7%) (Kalabo District Planning Unit 1995). Given this context, cash-for-work simply provided an additional source of income to finance a normal pattern of market dependence for food for several months of the year.

Secondly, the fact that the *level* of payment was relatively high (see below) may have influenced attitudes towards the *mode* of payment. As one woman said: *"By giving me money I have not only managed to have food to eat but also cloth to cover my stomach."* Participants were able to use their wages to purchase clothes, groceries and other household goods as well as food. This would not have been possible if the wage had been set at a much lower 'subsistence' level.

- ***Setting the wage rate***

All activities carried out on the road projects were defined in terms of targets or work norms for each group of participants. Tasks carried out on the road included bush clearing; digging out topsoil and sand; heaping, carrying and crushing stones; road formation (build-up and backfilling, refilling and claying), and surfacing, including compacting with tampers. Participants were organised into single-sex work groups of 10, 20, 25 or 30 men or women. Each group had a leader who was responsible to the Area Captain and his or her Assistant, who were in charge of 5 to 10 groups. Area Captains were responsible to the Monitoring Team. Each participant had an equal share to contribute to the team completing its tasks, which took an average of five to ten days to finish. Tasks and work norms were allocated in accordance with the time and effort required. Women were generally given lighter tasks than men - for example, transporting (headloading) and heaping stones was 'women's work' while crushing these stones was 'men's work'.

Payments were made after a task was completed. Participants were paid K10,000 per task in Kalabo and Lukulu, but in Mongu they received K7,000 and 5kg of red sorghum at the start of the programme, but this was changed to K10,000 (and no sorghum) when workers in Mongu protested that participants in the other two districts were receiving more cash. Later, in June 1996, participants in Mongu pressurised project officials into raising their pay to K14,000 per task, on the grounds that costs of living are higher in Mongu and that their work was too demanding. (This was in response to rising prices of consumer goods such as sugar, not because of food insecurity or a shortage of labour, and it introduced pay differential between the three districts, since Kalabo and Lukulu did not follow suit.) In Kalabo work norms had been reduced following complaints by participants, but this decision was not followed in Mongu. The Mongu Nutrition Group, which managed the project in this district, acceded to their workers' demands because they recognised that local conditions were different: Mongu town is the provincial capital and local residents have expectations analogous to those of urban residents. Recruitment in Mongu was always more difficult than in the other districts.

By the time the cash-for-work programme was fully operational in Western Province the worst of the drought was over, and the objectives of the programme were implicitly refocused, from drought relief (to address short-term food insecurity) to rehabilitation (to address chronic or long-term food insecurity).[116] Some of the programme designers argued (unofficially) that the wage

[116] The funding for the first phase of the cash-for-work programme came from an emergency relief budget line in the Netherlands Ministry of Foreign Affairs, but the second phase of funding was secured from the roads rehabilitation budget line in the same Ministry. After phase one ended there was a year-long break in the programme before funding was found for phase two.

rate should necessarily be set at a relatively high level if a sustainable development impact were to be achieved among beneficiaries. The underlying argument is that a trade-off exists between relief and development objectives. A higher wage would allow beneficiaries not only to meet their immediate consumption needs, but were more likely to achieve long-term impacts as well, by being invested in agriculture or business activities.

This logic also underpinned the decision in Kalabo and Mongu Districts not to implement job rotation. In Lukulu District employment was limited to one month, so that more people could be employed, but each worker earned much less than those in Kalabo and Mongu, who were employed for much longer. The Nalionwa Catholic Mission, which implemented the project in Kalabo District, argued that the costs - in terms of disruption to productivity and the need to train new batches of workers - were unnecessarily high and could result in lower quality road output. Survey data supports the view that the differentiated policy on job rotation resulted in a substantially higher impact of the cash transfer on beneficiaries in Kalabo and Mongu than in Lukulu.

Table 6.4 presents summary indicators of spending of cash-for-work income, and reveals that some Kalabo participants used this income to invest in farming, pay brideprice, even (in one instance) to purchase an ox-cart. Conversely, no participant from Lukulu earned sufficient income from cash-for-work to finance any of these investments. The inevitable trade-off that occurred was between coverage (employment levels) and impact (income transferred to each individual). Given the donor's budget constraint, fewer people will be offered work the higher the wage. Conversely, a low wage and/or continuous job rotation allows a larger pool of beneficiaries to be reached directly. Coverage is higher, but impact is lower, when a very low wage is offered or the duration of employment is limited.

Table 6.4. ***Cash-for-work payment and spending by district***

	Kalabo	Mongu	Lukulu
Average participation	10 months	7 months	1 month
Cash-for-work income	K 300,000	K 260,000	K 17,000
Poor households 1997	74%	86%	97%
Spending:			
Bought food & groceries	100%	100%	100%
Assisted other households	59%	54%	12%
Invested in housing	78%	79%	21%
Invested in farming	19%	3%	0%
Paid brideprice	5%	2%	0%
Purchased ox-cart	1%	0%	0%

With hindsight, it is clear that in terms of targeting accuracy, cost efficiency and coverage, wages offered on the road projects were far too high. Evidence comes from the fact that many people were willing and able to work on the road for far less than the K10,000 per task that was being paid to workers - including some of the workers themselves.

- Women on the project at Nan'umba hired local men with ox-carts to transport stones from the quarry to the construction site, and each contributed K5,000 per task towards paying the men - half their income. While this saved the women considerable effort - they were previously headloading the stones in buckets - their (reluctant) willingness to subcontract this activity means that they were willing to take home half their official level of pay. The ox-cart owners even tried to negotiate an increase with the women to K6,000 (60% of their income), on the grounds that the distance from the quarry to the road was increasing daily.

- While project participants were adamant that they would not accept a pay cut, non-participants surveyed in local villages, who could not secure a place on the project despite applying, expressed a willingness to work for K8,000 or K7,000 per task, or even less. *"It is better to work and earn something that sit at home and earn nothing."*
- Participants who wanted a break from the project often sub-contracted relatives or friends to work on their behalf for some time, before reclaiming 'their' job. This was done on a 50:50 basis - the 'owner' of the job received K5,000 and the replacement worker earned K5,000.

A number of problems followed from the decision to set a relatively high wage.

- It undermined local self-help initiatives. As noted above, Western Province has a long tradition of people working together (unpaid) on community projects such as road maintenance or rehabilittaion of health centres and school buildings. The introduction of cash payments for construction and maintenance of feeder roads may have contributed to undermining the voluntary spirit of cooperation to the point where villagers would be unwilling to contribute labour towards these activities without substantial remuneration.
- In terms of the costs of construction of the road, the wage was economically inefficient. If K5,000 was a more realistic rural wage for Western Province in 1996, twice as many person-days of work could have been purchased by the project. Since 70% of project costs went to wages, this means that the road length could have been almost doubled.
- In terms of numbers of beneficiaries, twice as many people could have been employed if K5,000 was offered instead of K10,000. This problem was exacerbated in Kalabo and Mongu District by the policy of retaining workers permanently rather than rotating them. If workers were retained for no more than six months and then replaced, the number of beneficiaries would have doubled in the first year. If in addition the pay level was set at K5,000 instead of K10,000, the number of beneficiaries could have quadrupled. While the extent of 'excess labour' and the elasticity of labour supply with respect to wage levels could not be quantitatively determined in this survey, the number of people willing and able to work was certainly at least double the number actually employed.
- Stratification and resentment increased, both within and between villages (see below). Because not everyone who was willing and able to work was employed on the project, many people were excluded from directly benefiting by 'the luck of the draw' while their neighbours accumulated clothes, oxen, radios and other goods for themselves.
- While there were some positive multiplier effects, such as women hiring agricultural labourers with income earned on the road, the benefits of the income transfers were concentrated in relatively few hands. The majority of workers lived in villages adjacent to the road. The people who were subcontracted to stand in for workers temporarily were usually relatives of the worker. The ox-cart owners who were subcontracted, and traders who set up stalls near the project site, were already among the wealthier residents of the community, so they simply accumulated more income. Only one out of seven ox-cart owners who were subcontracted by women to move stones at Nan'umba in Kalabo District had purchased their cart specifically to profit from the road.
- Much of the income injected into Kalabo and Mongu was used to buy clothes, alcohol and consumer goods such as radios - very little was invested, and surprisingly little contributed to household food security. While the project was initially conceived as a drought relief initiative at a time (late 1995) when food was scarce and the cash was certainly used to purchase food, high wages and better harvests in 1996 meant that most of the income earned on the road was essentially windfall cash.
- Local economies were distorted. One key informant stated that: *"People are getting used to handling K5,000 and K10,000 notes - some of them have never seen these banknotes before!"* But this too was a temporary phenomenon for the cash-for-work workers. A real concern was that this artificial 'boom' economy might not be sustainable beyond the lifetime of the project.

- The introduction of unprecedently high wage structures distorted local labour markets and set an expectation for levels of remuneration that future projects would have to at least match.

Targeting and exclusion

The costs of offering a high wage and continuous employment in Kalabo and Mongu were seen not only in terms of limited coverage, but also in terms of poor targeting. The survey evidence that 86% of Zambia's rural population lives below the poverty line (World Bank 1994b) weakens the argument for economic targeting, since random recruitment would result in leakages of only 14% to the non-poor. In this context, a major advantage of public works as an income transfer mechanism is that it is self-targeting. If the wage is set at the 'correct' level, only those who genuinely need work will apply. This self-selection avoids the problem that project administrators often face, of identifying the 'poorest of the poor' by using costly means testing or crude proxy indicators (e.g. female-headed households).

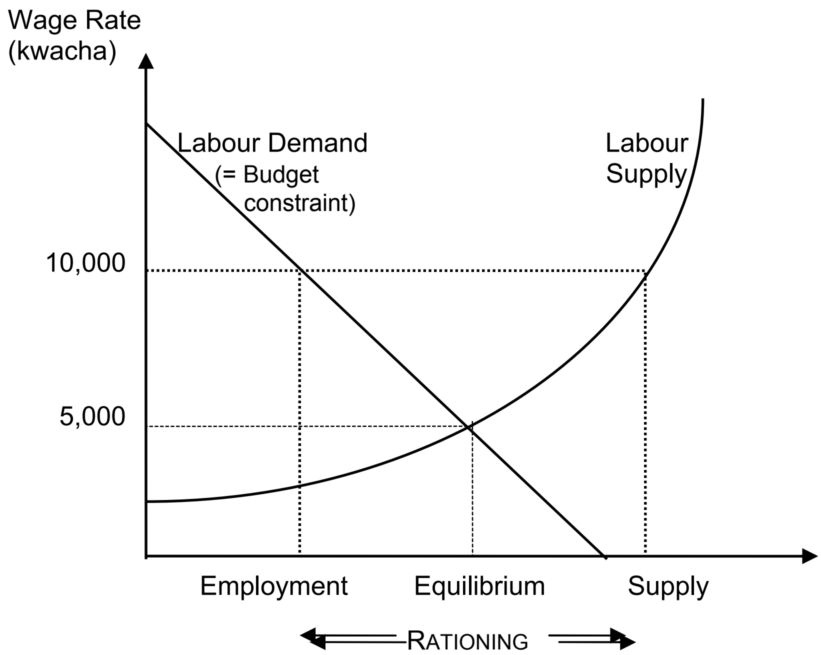
In this case, the piecework wage offered was so high that virtually every able-bodied adult in the area wanted to work on the road, and it was extremely difficult to select participants on a basis of genuine need. Instead, recruitment was more or less on a 'first come, first serve' basis, with many people who desperately needed to work being excluded by others whose poverty was less severe. Exclusion occurred in various ways at the level of the donor, at the level of potential participants and at the level of project implementation.

Firstly, the donor imposed restrictions on effective eligibility by selecting three districts from a province where all six districts were almost equally affected by drought. This narrowing of the programme area reflected limited local capacities to implement employment-based projects as well as the donor's budgetary constraints, and amounted to geographic targeting. Also, within the three programme districts, employment was heavily biased towards communities living alongside the roads where construction and maintenance activities were undertaken (a second layer of implicit geographic targeting), since they were the first to hear about the project and were closest to project registration points. Officially, employment was offered on a 'first come, first served' basis. Initially, a substantial number of people (mostly men) came to project worksites from far away - some from neighbouring districts 50kms or further away - and camped alongside the roadworks. Poverty in Western Province is worst in the upland areas, far from roads and markets. But most of these participants dropped out, either because they faced resistance from local people or because they found the disadvantages of walking each day or camping at the road too severe - they had to buy food for themselves while camping and still send money or food back home, which reduced the net value of the income they earned significantly; and camping meant being away from home and neglecting their fields.

Moreover, officials from implementing agencies in each district admitted that they preferred employing people from the immediate environment. The communities identified with these projects, there was an element of community participation in the creation or upgrading of infrastructure that would generate benefits to the workers themselves, and it would be easier to mobilise experienced local labour in the future for road maintenance. When a road section or embankment had to pass through somebody's field or land, negotiations were easier when these people were already involved in the road project. There were also other reasons for bias in the registration process. In Lukulu, some people complained that local councillors were recruiting people only from their wards, while in Mongu there were complaints of favouritism along tribal lines. Concerns about the inadvertent or intentional exclusion of isolated communities from cash-for-work employment opportunities led a 1996 evaluation mission to recommend that volunteers be trucked in from the hinterland if the project was extended to a second phase (Broersma *et al.* 1997).

Budgetary constraints, together with limits on the number of jobs that could be generated within the relatively short project time-frame, further restricted the number of available places on the road construction and maintenance activities.[117] According to key informants in Kalabo, approximately 70% of applicants for the project were turned away. This suggests that the programme did not reach all of the poor, but instead was seen as a lucrative employment opportunity by virtually all local residents. Substantial rationing of employment inevitably occurred (see Figure 6.4) and self-targeting was undermined. Since the wage was set above the market-clearing rate, it failed to equilibrate the demand for labour by the project (in terms of numbers of places available) with the supply of labour (the numbers of people presenting themselves for work). Not only were some non-needy households included in the programme, many needy households were excluded.

Figure 6.4. ***Employment rationing in Zambia's cash-for-work programme***



In Lukulu District, project administrators decided to introduce job rotation as a way of circumventing the targeting problem. Community lists were drawn up and individuals were given work on road maintenance activities for only two tasks (for which they were paid K20,000) before being replaced with another name on the list. In this way coverage was greatly extended - employment opportunities and cash incomes were spread among a larger proportion of the local population than in Kalabo and Mongu districts, where individuals were employed continuously for a year or longer, earning relatively large sums of money while their excluded neighbours earned nothing at all.

[117] In Namibia's food-for-work programme during the 1992 drought, similar problems with creating jobs arose. It proved impossible to create thousands of jobs in a very short time period, and the result was that food-for-work reached only a small fraction of the target population (27,000 out of 375,000, or 7%). Free food rations delivered to vulnerable groups - which required much less administrative planning and logistical support - achieved a much higher coverage (220,000 out of 250,000, or 88%) (Devereux and Solomon 1994).

Box 6.1. ***Participation and exclusion on the cash-for-work programme***

Kakuli village, on the **Kalabo** project road, had only 13 households, 5 of which had members who worked on the road. Three of the five workers joined the project when it started, in August 1995, and were permanently employed ever since - or else subcontracted relatives for limited periods. One man earned K290,000 in 15 months, which he used to buy clothes for himself, his wife and their two children, as well as kitchen utensils, blankets, an umbrella and a radio. He also set aside some of his earnings to buy a pair of oxen. Five of the non-participating households were turned away from the project because of lack of places, while two others were rejected as too old and one already had a job as a schoolteacher. The seven rejected households were visibly resentful of their fortunate neighbours, and offered to work for lower wages. *"It is better to work and earn something than just sit at home and earn nothing."*

On the Lui Valley road in **Mongu** District, a small satellite village called Nalyayo had just five households. In this area, population was less densely concentrated than in the Kalabo project area, and a policy of blanket recruitment along the road was implemented. Every Nalyayo household had one worker on the road since March or April 1996, except for one woman who was rejected at first but was eventually taken on in October 1996. The average cash-for-work income in these five households - four of which were female-headed - was K62,000, which was lower than Kalabo (because the Nalyayo workers started later), but higher than Lukulu, where job rotation increased the project's coverage but restricted individual earnings.

Natangandu is a village of 25 households in the **Lukulu** project area. All but two households contributed to spot improvements to the nearby road. Non-participants were the Agricultural Extension Officer and a man who said his family was too busy farming to go for cash-for-work. Most of the 28 workers (14 men and 14 women from 13 male-headed and 10 female-headed households) completed two tasks and were paid K20,000 before being 'rotated', but one individual worked five times and earned K50,000. (This person farmed the land on which the roadbridge was being built, and gave his permission only on condition that his family were employed several times.) Natangandu therefore enjoyed a cash injection of around K600,000 in one month, at K26,000 for each participating household. An encouraging feature of this case study was the even spread of income among virtually the entire community, which was achieved simply by implementing a policy of job rotation.

Secondly, many potential participants within the programme's geographical area excluded themselves. This report argues that self-targeting operates by adjusting one or both of two elements: the *benefit* received by the project participant, and the *cost* of receiving that benefit. Potential beneficiaries make implicit or explicit cost/benefit calculations before deciding whether it is worthwhile for them to take advantage of the opportunity. Some of the costs to beneficiaries in transfer programmes include the following:

- **time costs** (queuing and receiving handouts, or working on public works projects);
- **effort expenditure** (particularly when working on public works projects);
- **opportunity costs** (lost income or returns to effort expended on other activities);
- **social costs** (stigma associated with being seen as dependent on charity or aid).

One implicit assumption that informs the design of public works projects is that time and opportunity costs for the poor are very low - one reason for chronic poverty, as discussed in Chapter 2, being low returns to labour - and that these costs will in any case screen out people who already have paid employment elsewhere. This is intrinsic to the self-targeting approach. However, not all poor people have unlimited and costless free time. Poor women, in particular, face severe 'time hunger', because of their domestic responsibilities. For such women the time costs of participating in public works projects can be prohibitive - much more so than for men who are unemployed in the local labour market and have less onerous and time-consuming duties at home. So a work requirement that imposes the same time costs on all participants can be differentially felt by different groups among the target population, the most significant bifurcation being probably along gender lines.

Similar self-exclusion occurs across a much broader stratum of the population with respect to 'effort costs'. The manual labour required on public works projects is often physically demanding, prohibitively so for many physically weak groups of people, such as the elderly and infirm, pregnant women, the ill and people with disabilities. These groups may be in greatest need of assistance, yet are least able to participate in public works programmes.[118] These categories were unable to work on the cash-for-work programme, and could have benefited only indirectly, via informal redistribution from able-bodied employed relatives.

The Western Province cash-for-work programme set explicit gender quotas (at least 50% of workers should be women). A solution widely used on public works projects elsewhere was adopted, namely to divide activities on the road into those considered 'appropriate' for women, both culturally and in terms of effort required, and those that are better suited for men.[119] However, this attempt to reduce the workload for women broke down in Kalabo District. Women were required to headload stones from a quarry to the construction site, where men compacted them into the road surface. Over time, as work on road construction proceeded, the distance from quarry to construction site increased, and women found themselves having to walk further and further for the same pay (because a piecework system of payment by completed task was followed). As noted above, these women were eventually forced to hire ox-cart owners (all of whom were men) to carry the stones for them, in return for a 50:50 division of their earnings. The combination of an excessive effort requirement by the project and gendered norms locally on the ownership of productive assets resulted in men appropriating up to 75% of income generated in Kalabo District from the cash-for-work project - despite the well-intentioned enforcement of gender quotas.

- ***Reasons for non-participation***

The reasons given by 145 non-participants surveyed for not participating in the cash-for-work programme reflected the various targeting issues discussed above, as well as some additional considerations:

Table 6.5. ***Reasons for not participating in the cash-for-work programme (%)***

Reasons given for non-participation	Total sample (n=145)	District			Respondent Sex	
		Kalabo (n=44)	Lukulu (n=51)	Mongu (n=50)	Female (n=69)	Male (n=76)]
Limited places (no vacancies)	51.1	35.0	52.9	40.0	56.5	46.0
Wage not attractive or too busy	17.9	17.0	5.9	36.0	13.0	22.4
Geographic consideration	10.3	7.0	29.4	0.0	11.6	9.2
Health problems or old age	5.5	4.0	2.0	8.0	5.8	5.3
Could not afford registration fee	4.1	5.0	0.0	0.0	1.4	6.6
Workload was too onerous	1.4	0.0	0.0	4.0	2.9	0.0
Not allowed by husband	1.4	0.0	0.0	4.0	2.9	0.0

118 Ethiopia's Employment Guarantee Scheme has devised a solution to this problem, by allowing food-for-work participants to earn take-home rations not only for themselves but also for their dependants. Thus one adult man or woman could take home five or six rations for a single day's work, and the programme's coverage extends to those who are unable to work (provided they live in households with able-bodied adult members; otherwise they receive 'gratuitous relief').

119 Again, the Employment Generation Scheme in Ethiopia categorises public works activities as 'light', 'medium', or 'heavy', and reserves 'light' and 'medium' activities for women and 'medium' and 'heavy' activities for men (Devereux 1999b).

By far the most common reason for non-participation was an inability to secure a place on the project, despite volunteering for work. (Some respondents went to the roadsite up to five times hoping to be enrolled, but were unsuccessful.) Categorising these reasons suggests that 73% of these 145 non-participants were excluded involuntarily (*F*-errors, or undercoverage) - 51% by the project's failure to provide an employment-based safety net for all who wanted work, 10% by limited geographical coverage, 6% by personal physical incapacity, 4% by economic access barriers (the 'registration fee', which varied from K500 to K10,000 and amounted to a bribe to project supervisors in return for a place),[120] and 1.4% by gender discrimination within the local society. Overall, only 19% of this sample chose not to participate, being dissuaded by either the wage offered or the work requirement.

Significant differences were observed across districts for three of these explanations. The 'registration fee' issue was mentioned only in Kalabo, and distance to project site was a factor mainly in Lukulu - a large district with a scattered population. Complaints about the wage not being attractive were made by 36% of non-participants in Mongu (the provincial capital, where costs of living are highest - and where participants campaigned successfully for a pay rise), by 17% of respondents in Kalabo, and by only 6% of non-participants in Lukulu. This ranking also reflects the relative availability of employment across the three districts, and implies that the wage rate functioned best as a self-targeting mechanism in relatively wealthier parts of the province and hardly at all in the poorest parts.

Some gendered differences were observed in terms of access to the project. Women and men had equal opportunities for employment in theory, but women were more likely to be denied a place, whereas men were more likely to be otherwise employed or to complain about the wage. Some men chose not to apply for employment because they felt the pay was too little, but other household members - wives and children - worked on the project instead. Women from female-headed households are likely to be poorer and were therefore more attracted by the cash the programme provided. Men were also more likely to find the work stigmatising. (One man wanted to work as a project supervisor on the road and not as an ordinary labourer - as the Area Chief he needed a more respectable position to maintain his status within his community.) Only a few women found the workload too onerous, and two women were prevented from working by their husbands. Explanations given by these women were that their husbands feared infidelity (especially where workers camped at the project site) or insisted that their wives stay home to fulfil their domestic chores.

- ***Consultation processes***

One explanation for the range of problems that emerged during the course of the cash-for-work programme may have been the limited involvement of participating communities in its design and implementation. Table 6.6 summarises the results of a participation matrix exercise that was carried out with communities in all three districts. This exercise found that there was no local involvement in the conceptualisation and design of the programme, though local leaders were closely involved in selecting participants. Participants in Mongu exerted some influence over wage rates, and communities in Lukulu contributed to project implementation and management, through locally recruited supervisors. The communities were not involved in programme monitoring and evaluation activities, and they were only informed about the project ending, with little advance warning.

[120] Once it became apparent that the demand for jobs exceeded supply, some supervisors abused their power by introducing unofficial 'registration fees', which they pocketed and which screened out many applicants who were unwilling to lose part of their income in this way. One supervisor used the money he collected in fees and bribes to open a shop. Many respondents refused to pay the 'fee' (*"Why pay somebody to make him rich for nothing?"*), but others offered various bribes to supervisors - chickens, fish, milk, maize, millet, rice, cassava - in order to be enrolled.

Table 6.6. ***Participation in cash-for-work design and implementation by participants***

How was the community involved in the following	Level of involvement			
	Kalabo	Lukulu	Mongu	Remarks
Conceptualising the project	1	1	1	Local communities were only informed that the road project would start soon and people were needed to work
Designing the project	1	1	1	Not consulted
Selecting the participants	4	4	4	Local leadership provided lists of names and supervisors - who were local people - enrolled the participants.
Negotiating payment rates	1	1	3	Fixed rate set by the organisers; complaints were put forward but no adjustments made except in Mongu.
Implementing the project	1	3	1	To some extent the supervisors were involved in running the project at the community level.
Managing the project	3	4	1	Project organisers depended on the supervisors, who were in contact with the local people on a daily basis.
Monitoring and evaluation	1	1	1	Not involved
Terminating the project	1	1	1	Were not told in advance; just made to stop there and then

Note: 1= Informed; 2= Consulted; 3= Partners; 4= Delegated; 5= Controlled

Cash-for-Work Programme Impacts

The 'holistic impact assessment' methodology that was devised for this research project led to the identification of an extraordinarily wide range of economic and social impacts of each intervention studied, and the cash-for-work programme in Western Zambia was no exception. Participants and non-participants identified a number of both positive and negative impacts on the individuals, communities and districts involved, and drew impact trees to illustrate these (see Figures 6.5 and 6.6 overleaf). The discussion below disaggregates programme impacts into the following categories: employment, incomes, poverty and inequality, food security, social impacts, time and labour allocation, informal transfers, beneficiaries, impact of the road, local economy and trade, and effects of project termination.

This section presents data derived from the sample of 301 cash-for-work programme participants in Kalabo, Lukulu and Mongu Districts of Western Province, Zambia (roughly 100 respondents per district). In addition to this geographical disaggregation, many of the tables below present data disaggregated by gender - by participant's sex and by the sex of the household head - which produces a four-way classification. However, since the category where the household head is female and the participant is male constitutes only 10 households (not enough to draw meaningful conclusions), a three-way decomposition is usually preferred instead:

1. male-headed households where the participant was male (n=136 [45.2%]);
2. male-headed households where the participant was female (n=91 [30.2%]);
3. female-headed households (n=74 [24.6%]), incorporating both female participants [n=64] and male participants (n=10) from female-headed households.

Employment

- ***Job creation***

Demand for employment on the cash-for-work programme was very high. Many who people turned up looking for job opportunities were turned away because places were limited. Local people felt that opportunities do not exist to earn a reliable and 'meaningful' income. Cash-for-work was favoured because wages were higher than incomes earned elsewhere, though it was earned through hard work. (Working on the road was so demanding that it acquired the local name *kafunya mongo*, meaning ‘back-breaker’.) During the lifetime of the project over 11,000 people worked and benefited directly from it. Given that the population of Kalabo, Lukulu and Mongu districts totalled approximately 42,000 households at the time and assuming no more than one participant per household, this implies a coverage of 26%, or about one household in four in the programme’s geographical area (Broersma *et al*. 1997).

The distribution of employment varied across districts according to local project employment practices. In Kalabo, where jobs were retained by the initial recruits for the duration of the project, many participants were employed for a year or longer (Table 6.7). The reverse is true of Lukulu, where job rotation was practised in a deliberate attempt to maximise coverage. Most participants in Lukulu worked for less than one month, and no-one was employed for more than five months. Conversely, two-thirds of participants in Kalabo, and almost as many in Mongu, worked for six months or longer.

Table 6.7. ***Duration of cash-for-work programme participation, by district***

Months	Kalabo	Lukulu	Mongu
0-1	9%	92%	13%
1-5	23%	8%	27%
6-10	24%	0%	38%
11+	44%	0%	22%

Figure 6.5. ***Participants' perceptions of positive impacts of the programme***

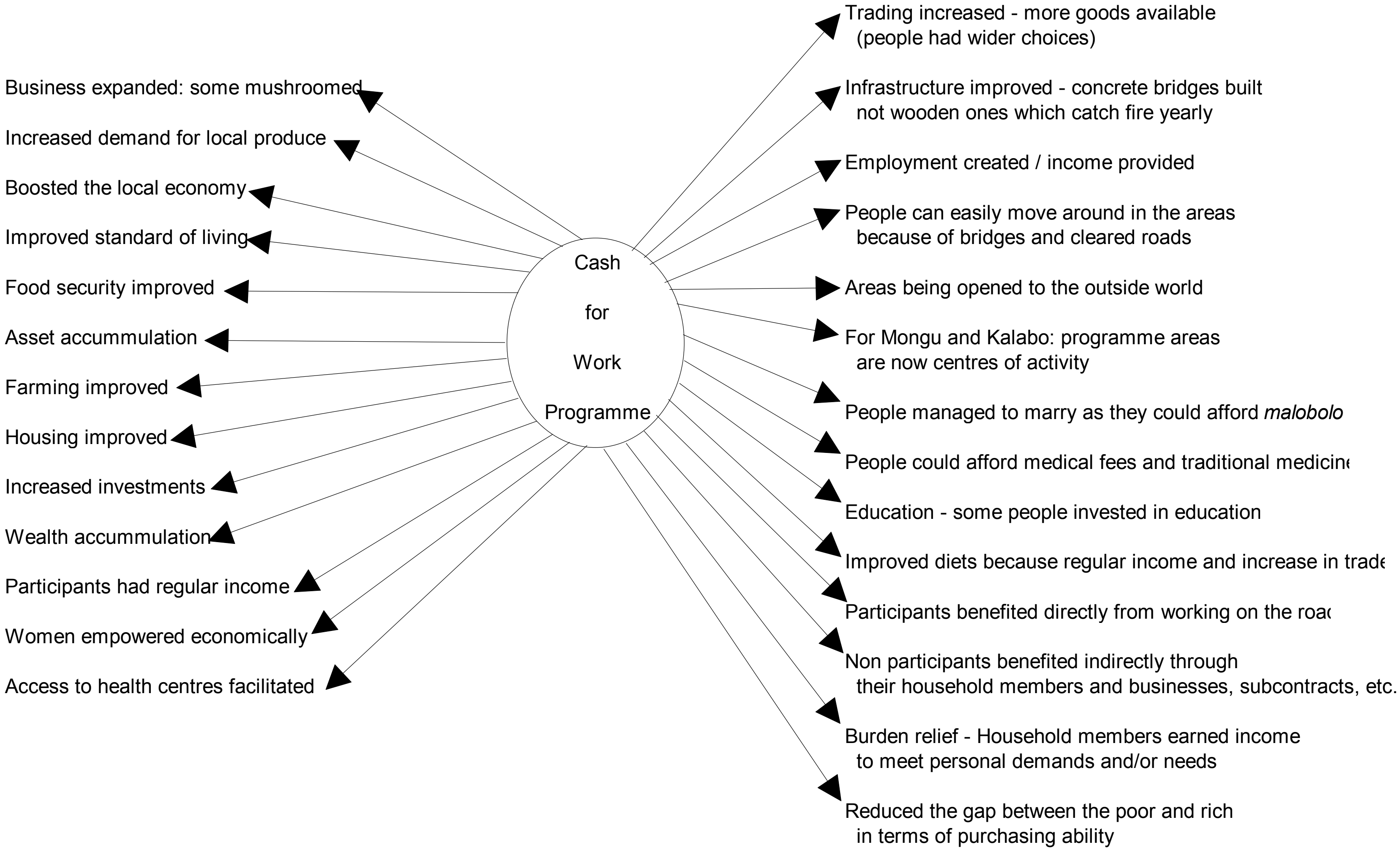
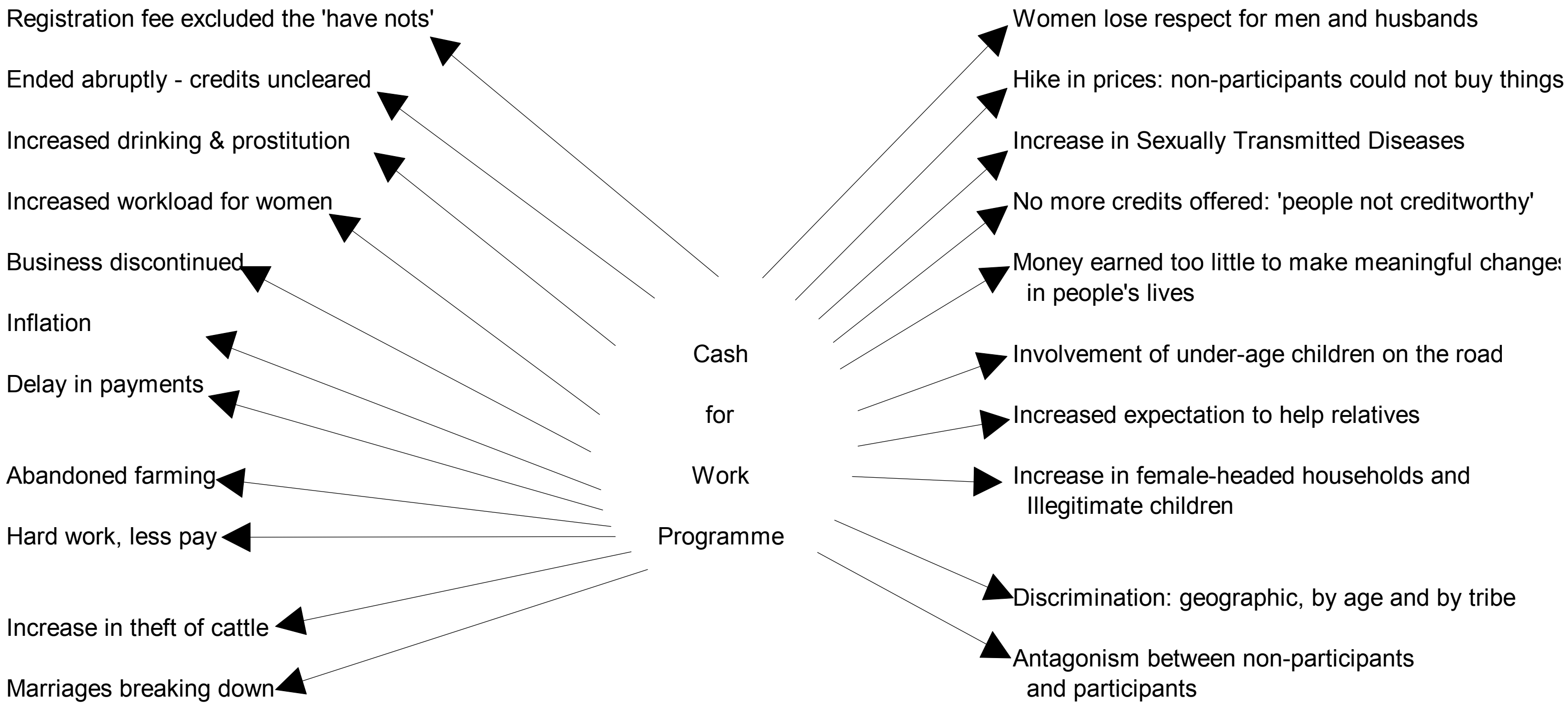


Figure 6.6. *Participants' perceptions of negative impacts of the programme*



As will be seen, this district-level variability in the distribution and duration of employment on the cash-for-work programme had highly significant ramifications in terms of incomes earned by individual participants, and led to very interesting findings in terms of how these resources were utilised across the three districts.

- ***Previous employment and opportunity costs***

Almost one in five cash-for-work participants surveyed (27% of men and 10% of women, most of the latter from female-headed households) were engaged in other forms of employment before the road project started. More men than women managed to continue with both activities, but 41% of this category had to give up their previous employment. The two main reasons for this were time constraints - which affected women more than men - and the perception that cash-for-work offered a more lucrative source of income. Interestingly, although men earned almost twice as much from previous employment as women from male-headed households (K19,014 per month as against K10,400), women in female-headed households earned most of all (K23,823). Participants who gave up their prior employment lost less income (on average, K16,391 per month) than those who persisted with both activities (who continued to earn K20,969 from non-cash-for-work employment).[121] Clearly, people made strategic choices about whether or not to apply for work on the road project, based on their judgement about the relative returns from the alternative employment opportunities open to them. Many non-participants gave as explanation the fact that they were already occupied in other full-time work which they were not willing to give up for short-term, physically demanding labour on road construction.

Table 6.8 shows how many households had previously worked for cash or food, and how many stopped after the programme began. All disaggregations show interesting differences. Women in male-headed households were less likely to been involved in such jobs, but the percentage of women from female-headed households to have done so is similar to that of men. Unexpectedly, female headed households earned much more than men did. Previous employment was much more common in Mongu than in the other districts, but average earnings were lower, suggesting greater availability of minor income-earning opportunities in the urban context of Mongu town.

Table 6.8. ***Participants' earnings from previous work***

		Worked before cash-for-work	Previous earnings		Stopped work after CfW began
			Mean	(s.d.)	
Male participants, MHH		35 (26%)	19,014	(25,929)	15 (43%)
Female participants, MHH		7 (8%)	10,400	(16,197)	3 (43%)
Female-headed households		15 (20%)	23,823	(28,215)	5 (33%)
By District:	Mongu	29 (29%)	12,672	(24,632)	13 (45%)
	Lukulu	14 (14%)	35,679	(23,198)	9 (64%)
	Kalabo	12 (12%)	15,083	(22,530)	7 (58%)
Full sample [n=301]		**55 (18%)**	**19,056**	**(25,388)**	**23 (42%)**

Kalabo District offers the best case for the analysis of opportunity costs, since cash-for-work employment was continuous throughout 1996 in Kalabo whereas in Mongu and Lukulu it was sporadic and people were not forced to choose between one form of employment and another. In Kalabo cash-for-work contributed 77% of total household income in 1996, but in Lukulu the figure was 31%, while the average across all 300 participating households was 73%. Average monthly earnings from cash-for-work in Kalabo amounted to K27,735 during 1996, while earnings from prior employment averaged K15,083. Cash-for-work therefore offered an income that was 83%

121 The only comparative information available on incomes is provided by the World Bank's 'Zambia Poverty Assessment' of a few years before our survey, which estimated average incomes in rural Zambia in 1994 at K4,590 per month, or K55,080 per year (World Bank 1994a).

higher, on average, than locally available alternative employment. (It is not surprising, then, that the demand for jobs on the road project exceeded the number of places so that substantial job rationing occurred.) However, this does not give an accurate indication of opportunity costs in terms of lost income, since only a fraction of cash-for-work participants (12% in Kalabo, 18% across the entire sample) enjoyed previous employment and less than half of these (23 out of 55) gave up this employment and lost that income. When these calculations are made it becomes clear that the opportunity cost of working on the cash-for-work project was high for individuals who lost their previous employment: their average monthly income increased from K19,700 to K34,833, implying a net increment of 44%, or an opportunity cost of 56%. Across the sample of 100 project participants in Kalabo District, the opportunity cost was much lower, at just 4%.

Another way of estimating opportunity costs is to compare participant incomes in 1996 with incomes for 1997. Cash-for-work stopped in most areas in January 1997, though an extension until April was granted to complete one section of road in Kalabo District. Household income for 1997 thus provides a proxy for ‘baseline’ income while 1996 represents a ‘project’ year. Average annual income in participating households was 2.66 times higher in 1996 than in 1997, and 2.95 times higher per capita. Results by district reflect the differential impact of the project: in Lukulu there was virtually no change between the two years, while in Mongu 1996 income exceeded 1997 income by a factor of four. In Kalabo the ratio was lower than in Mongu, at 2.65, but total income was higher in both years than in the two other districts because the project started earlier and finished later in Kalabo. Differences by sex of participant are not significant, because male incomes exceeded female incomes by roughly 33% in both project and baseline years.

Table 6.9. ***Average total income in participating households, 1996 and 1997***

		1996	1997	Ratio
By participant	Male	273,264	102,307	2.67
	Female	204,781	77,545	2.64
By district	Kalabo	386,050	145,601	2.65
	Lukulu	56,642	55,324	1.02
	Mongu	268,873	67,833	3.96
Full sample [n=301]		**K237,999**	**K89,555**	**2.66**

An alternative interpretation of the income data is that these three districts suffered a massive economic recession when the project ended in early 1997. Short-term jobs were created during 1996 but the bulk of income generated (as will be seen below) went to consumption uses rather than investment, leaving little behind in terms of sustainable employment or income generation. Evidence for this assertion comes from data on the average number of economic activities per household, which fell from 1.9 in 1996 to 1.4 in 1997, suggesting that most participants did not find alternative employment after the cash-for-work programme finished, nor did they invest their cash-for-work earnings in starting new enterprises.

- ***Time and labour allocation***

Working on the road was demanding for participants camping and also for female participants. Historically in Zambia, productive labour and reproductive labour were complementary, and the division of labour was based on age and sex. With the pressures of the monetary economy and increasing poverty, reciprocal labour between kin has been replaced by individual or nuclear family labour. This puts more pressure on women, who bear a double workload as both food producers and homemakers: women and girl children undertake virtually all the daily housework. “Women spend much of their time collecting water, collecting firewood, working in fields, washing clothes, cooking meals, caring for the young, the sick and the elderly” (YWCA 1997). Female household heads are particularly overworked as they have to shoulder all the responsibilities themselves, in the absence of adult male labour. Household sizes are much smaller for female-headed households.

Participating on the road put pressure on agriculture during certain periods of the year. There is a highly seasonal dimension to labour requirements in rural Zambia, with labour shortages being experienced due to the limited time in which to tend several varieties of crops at the same time. The months of November-January are particularly difficult, as these are the peak months for agriculture - planting, weeding and ploughing (see Figure 6.7). Women have a far heavier workload than men in agriculture. It is estimated that Zambian women perform, on average, 75% of all agricultural activities, being especially dominant in the area of subsistence food production (Jiggins *et al.* 1992). Women's agricultural tasks are mostly performed manually, requiring heavy energy expenditure. Smallholder farming relies heavily on unpaid family labour - characteristically women and other members of the household. Generally, women spend the largest amount of on-farm time in planting, weeding and harvesting while men's inputs is greatest in land preparation and ploughing. The introduction of plough technology - which is available only to a few wealthier households in our study area - often implies reduced effort for men but increased labour inputs from women, as the amount of agricultural land under cultivation increases.

Figure 6.7. ***Agricultural labour calendar***

<table>
<tr><th></th><th>Jan</th><th>Feb</th><th>Mar</th><th>Apr</th><th>May</th><th>Jun</th><th>Jul</th><th>Aug</th><th>Sep</th><th>Oct</th><th>Nov</th><th>Dec</th></tr>
<tr><th>Men</th><td colspan="3">Plough cassava fields</td><td></td><td></td><td></td><td colspan="3">Plough maize fields</td><td colspan="2">Plough rice</td><td></td></tr>
<tr><th>Women</th><td colspan="2">Weed maize</td><td></td><td></td><td colspan="3">Harvest maize & rice</td><td></td><td colspan="2">Plant millet,
maize, cassava</td><td colspan="2">Plant rice
Weed cassava;</td></tr>
</table>

The cash-for-work programme did allow some participants to hire labour to substitute for them in their fields. More women than men hired labour for agriculture purposes and involved household members to assist them on the road (Simwinji 1995).

Decisions about allocating household labour to the road project, other economic activities and domestic duties varied across households. Some couples chose to share responsibilities; for example, while men worked on the road their wives attended to urgent agricultural activities. In many cases both spouses decided to work on the road to increase their total income, while in other cases labour substitution within the household was observed, with children taking on additional domestic duties (or even working on the road themselves) to free adult labour time for the road project. This affected girls more than boys. Because daughters take on more domestic work than sons, and because girls are more likely to be removed from school by their parents, girls started working on the road at much earlier ages compared to boys.

Participants generally worked from 7am to 12 noon at the latest so that they could have the rest of the day for other activities. Typically, agricultural work is carried out in the mornings, but during the road project daily routines were disrupted such that farming activities were rescheduled to the afternoons, after the roadworks had closed for the day. Some participants used the money they earned to invest in agriculture - e.g. they hired other people to work in their fields, and some even saved their earnings to buy oxen.

For other people, especially labour-constrained households, agriculture suffered while they were employed on the road project, since they concentrated their labour mainly on the road at the expense of their fields, having little energy for afternoon farming. This particularly affected people who walked long distances to and from the project site each day, while those who camped (and stayed away from home five days a week) suffered most in this respect. As many as 82% of participants interviewed asserted that they were spending less time in their fields during the time they were working on the road, and 29% of participants indicated that farmwork was abandoned altogether. Of these, 65% were women, mostly from female-headed households, which suggests that they had nobody to replace their labour while they were away from home. People who camped also spent more of their earnings away from home, on food and consumption goods, leaving less money to invest in productive assets.

Off-farm income-generating activities suffered as well. In 1996, during the cash-for-work programme, participants earned less from other sources of income because they had less time as they were busy working on the road. For example, some women stopped brewing beer because they were busy on the road. *"How could we brew beer when we were busy on the road?"* This reflected a calculation that returns to cash-for-work employment were higher than returns to standard local income generating activities. The fact that average incomes earned from the road in 1996 were higher than income earned from all other sources is an indication that other sources of incomes were often abandoned, at least for the duration of the road project.

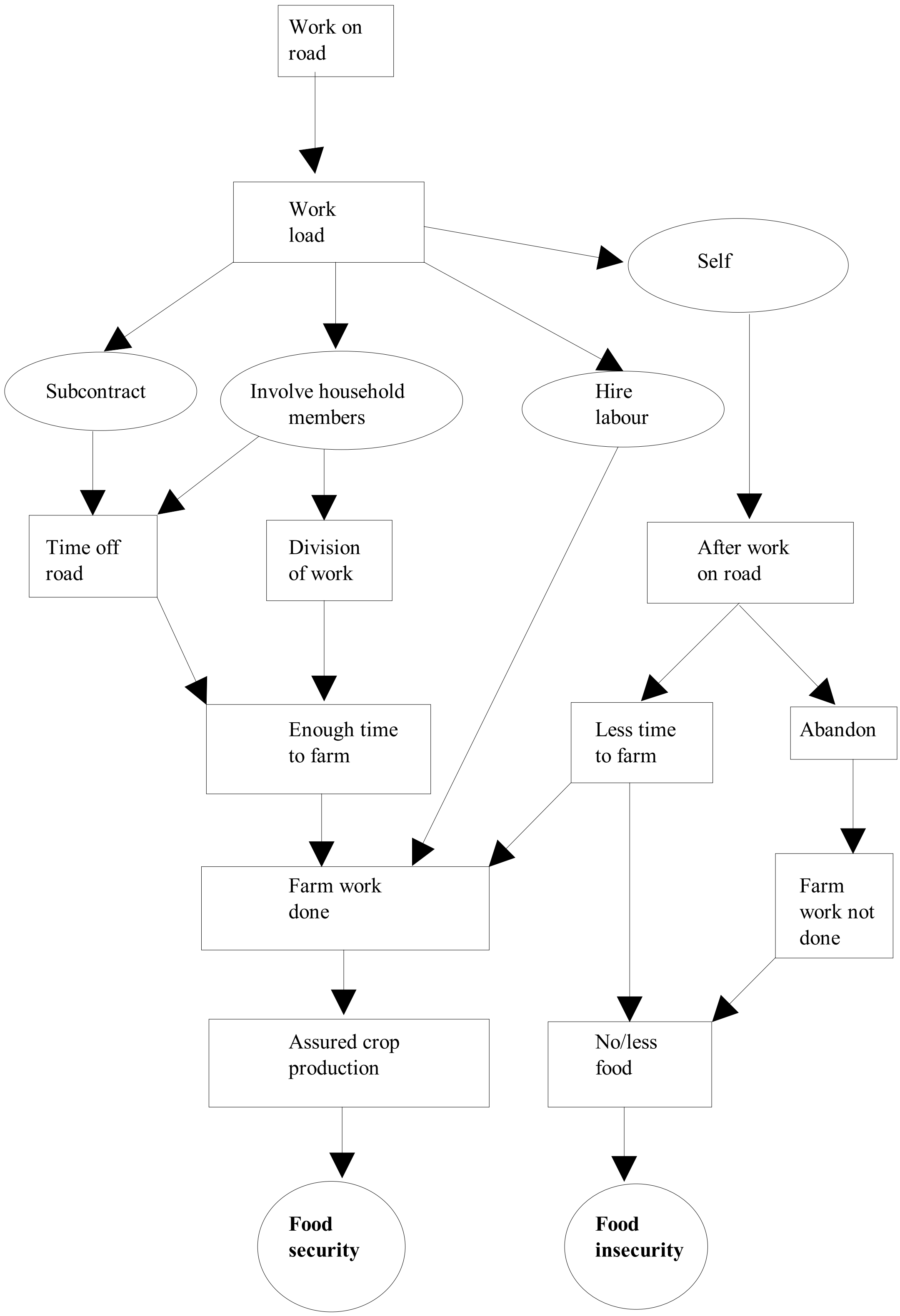
Some people were of the opinion that cash-for-work should be carried out when they are not very busy, from February to July. *"It is better to work when there is less other work to do."* Many admitted to being over-burdened during the time they worked on the road, but accepted this self-exploitation because they needed to earn the money. On the other hand, during this survey some of the participants interviewed said that they were happy that the road project had ended because they now had time to work in their fields. They found it very difficult to refuse the opportunity of working on the road because they had few alternative sources of cash income.

Working on the road increased women's workloads disproportionately, since women in Zambia are more heavily engaged in agricultural activities and domestic responsibilities than men. The situation was worst for female-headed households with few adult members, since they had less flexibility in terms of substituting labour within the household. Women facing time constraints adopted a number of strategies to balance their domestic and farming activities against their employment on the road. These strategies included:

- *hiring labour* to work on their farms, using some of their cash-for-work income;
- *reallocating their time*, for instance working in their fields over weekends and in the afternoons, instead of in the mornings as is standard practice in western Zambia;
- *job-sharing*: a work group of, say, 18 women would share their jobs with 18 others by dividing into two groups, the first working on the road for one week while the second stayed at home attending to other chores, then rotating roles the second week;
- *reducing their workloads* by engaging ox-cart owners to help them move stones, thereby saving energy and time, in return for a 50:50 split of their wages;
- *subcontracting* others to work on the road while they were busy at home or in their fields, or while they were ill or pregnant. Subcontracting took two forms:
- hiring someone to 'stand in' for the contracted employee at the project for several days and paying them for the number of days worked;
- hiring someone to complete the whole task and paying them 50% of the wage while the 'owner of the job' took the other half.

Men were less likely to adopt these strategies - all of which involved some cost to the adopter - because they faced fewer constraints on their time. Women were more likely to allocate some of their cash-for-work income to hire farm labour than men, or to subcontract ox-cart owners to assist them with transporting stones and sand, which reduced their net earnings relative to the earnings of men. Figure 6.8 (overleaf) reproduces a community impact tree diagram from the fieldwork in Kalabo, that illustrates the complex implications of the cash-for-work programme on the allocation of labour time.

Figure 6.8. ***Impacts of the cash-for-work programme on labour time***



Incomes

Table 6.10 shows the evolution of total household income between 1996 and 1997. Across all participants interviewed, total income fell by a factor of 2.66. Most of this dramatic decline is explained by the fact that the cash-for-work projects stopped in early 1997, removing the largest single component of cash earnings in participating communities (1997 can therefore be regarded as a 'baseline' year). Disaggregating this population reveals only one sub-group whose income diverges dramatically from the trend: participants in Lukulu District experienced only a marginal fall in their incomes, because total income injected into Lukulu was much less. Workers in Lukulu participated for a shorter time and the programme started later - cash-for-work was introduced to Kalabo District in August 1995, then to Mongu in December 1995 and finally reached Lukulu in June 1996. The final column in Table 6.10 indicates by how much household income increased when the cash-for-work programme was introduced. In contrast to Lukulu's marginal increment, average household income in Mongu was almost four times higher in 1996 than in 1997.[122]

Table 6.10. ***Average total income from all household activities, 1996 and 1997***

		1996	1997	Ratio 1996/97
By participant sex	Male	273,264	102,307	2.67
	Female	204,781	77,545	2.64
By sex of household head	Male	252,192	88,388	2.85
	Female	194,459	93,136	2.09
By district	Mongu	268,873	67,833	3.96
	Lukulu	56,642	55,324	1.02
	Kalabo	386,050	145,601	2.65
Full sample		**237,999**	**89,555**	**2.66**

The question that arises is whether the steep decline in household incomes can be attributed to the injection and then withdrawal of cash-for-work employment. Table 6.11 shows the amount of income earned only from cash-for-work employment by survey households and (in parentheses) the percentage contribution that cash-for-work made to total household income in 1996 and 1997. It is clear from these figures that the observed decrease in total household income in 1997 can be largely explained by a decline in cash-for-work income.

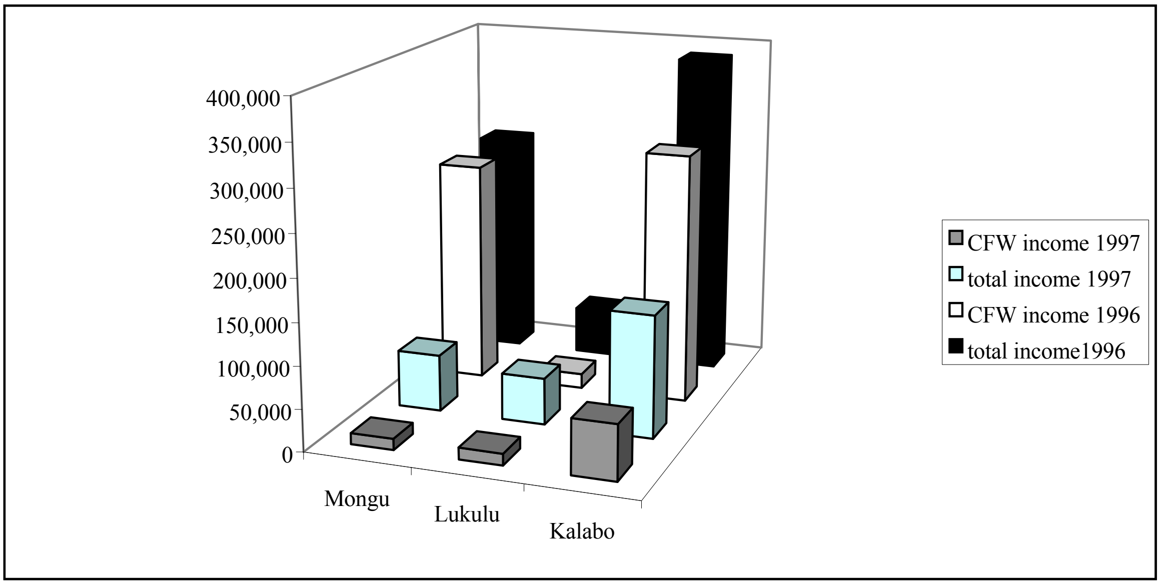
Table 6.11. ***Average cash-for-work income, 1996 and 1997 (% of total income)***

		1996	1997	Ratio 1996/97
By participant sex	Male	208,174 (76%)	31,473 (31%)	6.61
	Female	140,871 (69%)	29,900 (39%)	4.71
By sex of household head	Male	187,927 (75%)	31,064 (35%)	6.05
	Female	129,311 (66%)	29,432 (32%)	4.39
By district	Mongu	263,275 (98%)	13,275 (20%)	19.83
	Lukulu	17,364 (31%)	13,753 (25%)	1.26
	Kalabo	297,755 (77%)	65,140 (45%)	4.57
Full sample		**173,517 (73%)**	**30,663 (47%)**	**5.66**

122 Recalculating these income data per capita rather than by household reveals no significant differences in the direction of trends between 1996 to 1997. However, the absolute decrease in household income between the two years is greater in per capita terms. For instance, per capita income in Mongu cash-for-work households fell by a factor of 3.96 overall but by 4.77 in per capita terms.

The cash-for-work programme made the greatest contribution to total incomes in male-headed households and in Mongu and Kalabo districts. Women and participants from Lukulu District earned less from the programme, and its (substantial) contribution to local livelihoods was more limited in these cases - especially for Lukulu District. Figure 6.9 graphically illustrates these findings, highlighting the fact that the observed drops in income in 1997 were certainly explained by the termination of the cash-for-work programme.

Figure 6.9. ***Household incomes across the three programme districts, 1996 and 1997***



❑ *Determinants of income*

Table 6.12 reports the results of an analysis that attempts to isolate the determinants of total household income for 1996, the main project year. This model explains 46% of the variation in the dependant variable (R^2=0.46). The most significant explanatory variables are the period of time spent participating in the programme (at 1% significance) and the number of activities of the household (also at 1%) - livelihood diversification in western Zambia is associated with higher incomes. Two district dummies were introduced in order to control for locality-specific effects. This confirms that not only is Lukulu the poorest of the three districts but also that the scope for improvement through cash-for-work was limited due to the way it was implemented. It is logical, therefore, that living in Lukulu significantly decreases total household income, while the opposite applies to Mongu. Finally, the larger the household, the higher the income (significant at 5%).

Table 6.12. ***Modelling the logarithm of total income in 1996***

Independent variables	B	standard error of B	β	t-stat
Duration of employment on project	0.08803	0.013572	0.404	6.49**
Amount spent on the respondent	8.93E-06	2.99E-06	0.141	2.98**
If income was spent on assets	0.242042	0.12421	0.094	1.95
Amount of income spent on sons	2.74E-05	1.49E-05	0.082	1.85
Number of activities in household	0.114948	0.055375	0.092	2.08*
Household size	0.060696	0.023641	0.112	2.57*
Household resident in Mongu	0.08612	0.137758	0.033	0.63
Household resident in Lukulu	-0.459731	0.175236	-0.178	-2.62**
Constant	10.694119	0.23425		45.65**

R^2 = 0.46112   *indicates 5% statistical significance, ** indicates 1% statistical significance

❑ *Group differences*

Table 6.13 looks for significant differences between households where programme participants were female or male. The first interesting finding is that total incomes of the two groups differed significantly from each other in 1996 (the peak year of programme operation), but not in 1997. This suggests that the income earned from the programme brought about the significant changes found between these two groups. The next variable is the average (absolute) change in total household income from 1996 to 1997. Though less significant, the null hypothesis cannot be rejected. Finally, the membership length of participants on the programme differs significantly by gender: the average duration of employment was lower for female participants than for males.

Table 6.13. ***Differences in mean incomes of male and female participants' households***

Variables tested for differences in means	Sample mean	Male participants		Female participants		t-ratio
		Mean	(s.dev.)	Mean	(s.dev.)	
Total income 1996	237,999	273,264	(291,111)	204,781	(234,354)	2.24*
Total income 1997	89,555	102,307	(144,722)	77,545	(163,886)	1.39
Change in total income 1996 to 1997	-148,443	-170,958	(258,052)	-127,236	(18,564)	-1.55
Employment (months)	5.7	6.4	(5.7)	5.1	(5.5)	2.06*

Table 6.14 searches for differences between the three implementation districts. First, comparing Mongu and Lukulu, significant differences (at 1%) are found in means of all variables analysed, except for total income in 1997. The differences in these variables are dramatic: total income in 1996 was K268,873 in Mongu but just K56,642 in Lukulu, while the average drop in income from 1996 to 1997 was an enormous K201,039 in Mongu and a tiny K1,319 in Lukulu. The average duration of participation was 6.7 months in Mongu and 0.7 months in Lukulu, reflecting the policy of job rotation in Lukulu which largely explains the income differentials between the two districts.

Table 6.14. ***Differences in mean incomes by district***

Variables tested for differences in means	Sample mean	Mongu		Lukulu		Kalabo		t-ratio
		Mean	(s.dev.)	Mean	(s.dev.)	Mean	(s.dev.)	
Total income 1996	237,999	268,873	(189,940)	56,642	(62,850)			10.57**
Total income 1997	89,555	67,833	(129,109)	55,324	(105,752)			0.90
Total CfW income 1997	30,663	13,275	(44,707)	13,753	(30,615)			-0.09
Total CfW income 1996	173,517	203,275	(171,509)	17,364	(20,635)			10.71**
Total income: '96 - '97	-148,443	-201,039	(205,305)	-1,319	(116,636)			-8.45**
Membership length	5.7	6.7	(4.0)	0.7	(0.8)			14.63**
Total income 1996	237,999	268,873	(189,940)			386,050	(341,160)	-3.01**
Total income 1997	89,555	67,833	(129,109)			145,601	(220837)	-3.27**
Total CfW income 1997	30,663	13,275	(44,707)			297,755	(275,162)	-2.93**
Total CfW income 1996	173,517	203,275	(171,509)			65,140	(83,754)	-5.51**
Total income: '96 - '97	-148,443	-201,039	(205,305)			-240,449	(304,244)	1.08
Membership length	5.7	6.7	(4.0)			9.7	(6.0)	-4.08*
Total income 1996	237,999			56,642	(62,850)	386,050	(341,160)	9.49**
Total income 1997	89,555			55,324	(105,752)	145,601	(220837)	3.68**
Total CfW income 1997	30,663			13,753	(30,615)	297,755	(275,162)	-10.11**
Total CfW income 1996	173,517			17,364	(20,635)	65,140	(83,754)	-5.74**
Total income: '96 - '97	-148,443			-1,319	(116,636)	-240,449	(304,244)	7.33**
Membership length	5.7			0.7	(0.8)	9.7	(6.0)	-14.72**

The comparison between Lukulu and Kalabo reflects the same phenomenon. These two districts differ significantly (at 1%) on all variables observed - even (unlike for Lukulu and Mongu) for total income in 1997, since the cash-for-work programme continued until later in Kalabo than in the other two districts. Finally, apart from the change in total income between the two years of study, Mongu and Kalabo are also found to be significantly different in most respects. The means indicate that households in Kalabo were better off than those in Mongu, in both years. Again, a major cause of this is the longer average participation in Kalabo.

Next, Table 6.15 presents the results of an analysis of differences between the three household categories used previously (male-headed household/male participant; male-headed household/ female participant; female-headed household). The analysis reverts to the first method used for testing for differences in group means: the independent samples t-test, but it extends to more variables than were used in testing for differences above.

The first part of the table looks at differences between male-headed households where the participant was either female or male. The total income of these households in 1996 and 1997 was significantly different and, as expected, income is lower when the participant was female. (There is a clear correlation in our sample between household income and gender. Dividing the participants into income quartiles (based on either 1996 or 1997 incomes) reveals that male-headed households predominate in the richest two quartiles, but are less represented in the lowest income quartiles. Conversely, fewer female-headed households are found in each quartile as income rises.)

This difference also exists for cash-for-work income, which was much lower for women than for men (K143,363 as opposed to K217,746) in the main project year of 1996. However, this does not necessarily imply that women were paid at a lower rate than men. In fact, monthly cash-for-work earnings were slightly higher for female participants than male participants in male-headed households (K36,387 compared to K34,743), though this difference is not statistically significant. This essentially reflects the fact that women, on average, participated in the programme for shorter times than men. Considering other earnings of participants from previous employment, women earned on average just 16% of men's earnings. Other factors, such as membership length and age of the household head, are not significantly different, though both are lower for female participants.

The second block in Table 6.15 reproduces this analysis to compare male participants from male-headed households with participants - mostly but not all female - from female-headed households. Total income for 1996 and change in total income from 1996 to 1997 are both significantly different for these two groups, mostly due to the difference in cash-for-work income for 1996, which is statistically significant at the 1% level. On average, female-headed households earned only 60% of men from male-headed households from the cash-for-work programme at its peak. Earnings from previous employment were not significantly different between these two groups. Female-headed households earned less than male participants when looking at average cash-for-work income in 1996, but this result is not significant. The only other significant difference is in terms of membership length, where on average participants from female-headed households worked for 4.6 months and men for 6.6 months.

The final comparison, between female-headed households and female participants from male-headed households, exhibits few statistically significant differences. Only earnings from previous employment were different, with cash-for-work participants from female-headed households earning much more than women in male-headed households. Generally, though, these two groups are fairly similar in terms of the characteristics observed.

Overall, Table 6.15 confirms that the employment and income impacts of the cash-for-work programme varied a great deal by gender, especially by sex of participant. Even within male-headed households, major differences were found between male and female participants.

Table 6.15. ***Differences in household incomes between the three categories of participants***

Variables for which differences in means are tested	Sample mean	MHH/male participants (n=136)		MHH/female participants (n=91)		Female-headed HHs (n=74)		t-ratio
		Mean	Standard deviation	Mean	Standard deviation	Mean	Standard deviation	
Total income 1996	237,999	280,416	(298,831)	210,011	(224,699)			2.0*
Total income 1997	89,555	103,697	(148,715)	65,509	(88,320)			2.2*
Change in total income 96/97	-148,443	-176,719	(262,830)	-144,502	(203394)			-1.0
Membership length	5.7	6.6	(5.8)	5.3	(5.6)			1.7
Age of household head	36.4	36.9	(18.0)	34.1	(24.2)			1.0
Earnings from previous work	3,482	4,893	(15,458)	800	(5,026)			2.4*
Cash for work income 1996	173,517	217,746	(249,245)	143,363	(183,664)			2.4*
Cash for work income 1997	30,663	33,478	(71,883)	27,456	(49,907)			0.7
Monthly cash for income 1996	33,685	34,743	(40,092)	36,387	(58975)			-0.2
Total income 1996	237,999	280,416	(298,831)			194,459	(235,335)	2.29*
Total income 1997	89,555	103,697	(148,715)			93,136	(217,418)	0.37
Change in total income 96/97	-148,443	-176,719	(262,830)			-101,323	(253,805)	-2.03*
Membership length	5.7	6.6	(5.8)			4.6	(5.1)	2.5*
Age of household head	36.4	36.9	(18.0)			38.4	(22.1)	-0.56
Earnings from previous work	3,482	4,893	(15,458)			4,185	(14,635)	0.33
Cash for work income 1996	173,517	217,746	(249,245)			129,311	(190, 177)	2.66**
Cash for work income 1997	30,663	33,478	(71,883)			29,432	(57,619)	0.44
Monthly cash for income 1996	33,685	34,743	(40,092)			28,428	(47,0226)	0.9
Total income 1996	237,999			210,011	(224,699)	194,459	(235,335)	0.43
Total income 1997	89,555			65,509	(88,320)	93,136	(217,418)	-1.03
Change in total income 96/97	-148,443			-144,502	(203394)	-101,323	(253,805)	-1.19
Membership length	5.7			5.3	(5.6)	4.6	(5.1)	0.83
Age of household head	36.4			34.1	(24.2)	38.4	(22.1)	-1.21
Earnings from previous work	3,482			800	(5,026)	4,185	(14,635)	-2.06*
Cash for work income 1996	173,517			143,363	(183,664)	129,311	(190, 177)	0.48
Cash for work income 1997	30,663			27,456	(49,907)	29,432	(57,619)	-0.4
Monthly cash for income 1996	33,685			36,387	(58975)	28,428	(47,0226)	0.9

* indicates 5% significance; ** indicates 1% significance

Poverty and Inequality

- ***Poverty reduction***

In this section we construct poverty lines for the sample of programme participants and estimate the extent to which the cash-for-work income elevated poor participants above the poverty line - if only temporarily. This exercise is indicative rather than statistically rigorous: first, the sample size is small (n=301) so the results cannot be generalised; second, no data were collected on food production, so the analysis is based only on cash income, with no imputed value for food produced and consumed on-farm.[111] Three alternative variables are used, all based on incomes of participant households: wealth ranking, total income for 1996, and total income for 1997.

Since 86% of the population of Western Province lives below the poverty line, we assume that 86% of our study population is under the poverty line. Looking first at the cumulative frequency of the wealth ranking, the poverty line is situated in the fourth category. Households in wealth ranking categories from 0 to 4 are therefore considered to be under the poverty line and the rest above it. According to 1996 total income, 86% of the population had an income of less than K480,000, while for 1997 - when incomes fell sharply after the cash-for-work programme ended - this figure was K179,000.

Given the less precise nature of the wealth ranking method, the income method results are preferred. Table 6.16 allows a consistency check for the headcount poverty indices calculated for each district using the three methods. The results are surprisingly close, particularly for Mongu and Lukulu. Mongu's headcount index is closest to the average of 86%. Lukulu's is much higher, which is consistent with previous results. There seems to be some discrepancy between the wealth ranking method and the two income methods for Kalabo, though the results for the latter two procedures are identical. This analysis reveals that Kalabo had the lowest proportion of households under the poverty line, which reflects their relatively high cash-for-work earnings.

Table 6.16. ***Headcount index using three poverty lines, by district***

Indicator	Mongu	Lukulu	Kalabo
Wealth ranking	86.3%	91.9%	94.0%
1996 total income	85.6%	100.0%	74.0%
1997 total income	86.3%	97.0%	74.0%

Table 6.17 provides a gendered disaggregation of the headcount indices (P_0), which confirms that female participants and female-headed households had a higher probability of being under the poverty line than male participants and male-headed households respectively. Table 6.17 also provides poverty gap (P_1) and severity index (P_2) estimates for each categorisation of the sample households. The poverty gap gives a good indication of the depth of poverty, and can be interpreted as an indicator of the potential for eliminating poverty by targeting transfers to the poor. The poverty gap index is particularly high, whichever group is considered.[112] The results for the various groups reflect quite closely the pattern found with the headcount index. For female-headed households, for instance, the cost of eliminating poverty is 65.4% of the poverty line per household (using 1996 income data) compared to 56.7% for male-headed households. This indicates that income inequality is critical among the participants, and confirms the evidence presented earlier, that targeting was not very efficient. Finally, the results for the severity index

[111] The consequence of neglecting domestically produced and consumed food is that the number of households classified as poor is likely to be overestimated.

[112] The following example provides a useful basis for comparison. Ravallion and Sen (1994) estimated the poverty gap for rural Bangladesh in 1994 at 14.6%. However, in 1997, the Human Development Report ranked Zambia and Bangladesh respectively at 45th and 67th poorest countries in the world, using the Human Poverty Index (UNDP 1997).

(which is a method of ranking degrees of severity of poverty rather than an absolute number (Ravallion 1992)) are consistent with the trends found with the other indicators.[113]

Table 6.17. ***FGT indices for total household income using the 1997 poverty line***[114]

		Headcount	Poverty gap	Severity index
By district:	Mongu	86.3%	68.5	58.5
	Lukulu	97.0%	74.0	60.6
	Kalabo	74.0%	52.3	41.7
Male headed households		84.1%	64.3	53.5
Female headed households		90.5%	67.0	54.0
Male participants' households		80.8%	60.4	49.9
Female participants' households		90.3%	69.2	57.2
Full sample		**85.4%**	**64.7**	**53.4**

Having defined a poverty line, Table 6.18 examines how the total income of households situated above and under the poverty line evolved between 1996 and 1997. Whatever method is used to fix a poverty line, the total income of the poorest always decreased more than that of the richer households. The obvious question is whether this was related to the cash-for-work programme.

Table 6.18. ***Total income for households above and below the poverty line***

		1996	1997	% change
Total 1996 income	Below	777,390	212,027	-72.7
Poverty line	Above	152,941	70,242	-54.1
Total 1997 income	Below	195,954	43,419	-77.8
Poverty line	Above	490,267	366,374	-25.3
Wealth ranking	Below	228,949	80,064	-65.0
Poverty line	Above	326,232	182,093	-44.2

Table 6.19 therefore redoes these calculations, taking only cash-for-work income into account. The same trends emerge as for total income, but to a lesser degree, which means that the worsening situation of the already poor was not entirely due to the cash-for-work programme.

Table 6.19. ***Average total cash-for-work income for households above and below the poverty line***

		1996	1997	% change
Total 1996 income	Below	562,060	78,049	-86.1
Poverty line	Above	167,077	42,615	-74.5
Total 1997 income	Below	147,964	15,436	-89.6
Poverty line	Above	326,825	122,023	-62.7
Wealth ranking	Below	172,837	29,324	-83.0
Poverty line	Above	180,143	43,714	-75.7

[113] A similar analysis conducted in terms of per capita income yielded similar findings except in one case: in disaggregating by gender using 1997 income, the poverty gap and the severity index measures were worse for male-headed than for female-headed households (though not for male participants).

[114] The 1997 poverty line is preferred because it was the year when the programme ended.

❑ *Income inequality*

The calculation of poverty indices above provided a first glance at income inequality among different groups of programme participants. Table 6.20 below calculates the Gini coefficient for incomes in 1996 and 1997 in the various household categories. The first striking feature is the increase in inequality from 1996 to 1997, which was also indicated by the poverty gap and severity indices. This can probably be explained by the cash-for-work programme ending during 1997, leaving some participants worse off, and others much better off, than before. The district decomposition supports this hypothesis since the degree of inequality in 1997 and the worsening of the Gini coefficient from 1996 are smallest in Lukulu, where the programme gave least scope for individual enrichment. These results are consistent with the FGT results using total income: inequality is greater among female-headed households and in households where the participant was female. Furthermore, this inequality widened from one year to the other. Finally, irrespective of these differences between different groups and from year to year, the absolute values that these coefficients take are high and translate into substantial inequality among all participants, confirming yet again that not only the neediest had access to cash-for-work employment.

Table 6.20. ***Gini coefficients by district and gender of cash-for-work participants***

	Total income 1996	Total income 1997
Mongu	0.39	0.63
Lukulu	0.54	0.58
Kalabo	0.47	0.63
Male headed households	0.54	0.64
Female headed households	0.59	0.68
Female participants' households	0.53	0.41
Male participants' households	0.58	0.66
Full sample	**0.55**	**0.65**

Food Security

This sub-section considers the impact of the cash-for-work programme on food security, in terms of household food consumption, food price inflation, and local agricultural production.

❑ *Household food consumption*

The overriding objective of the first phase of the cash-for-work programme in Western Province was to improve drought-affected people’s access to food by providing them with an income to purchase basic food needs. However, the Netherlands Embassy strongly believed that official estimates of vulnerable people and food aid requirements for Western Province were grossly overestimated, so there was never any intention to implement large-scale public works as an employment-based safety net for all drought-affected people in the province. Rather, cash-for-work was a complementary activity, designed to transfer income to many drought-affected households and at the same time to develop infrastructure that had the potential to reduce district-level food insecurity in future droughts.

Food purchases were, in fact, an important expenditure item for participants, especially in the first year of the project, and most participants interviewed said that they had no problems in securing food for their families. However, since the 1996 harvest was much better than the 1995 harvest, it is not surprising that programme participants spent much less of their income on food the longer the programme went on. A survey in late 1995 found that as much as 76% of cash-for-work income was spent on food (Simwinji 1995). A much smaller sample by Devereux in November

1996 found that this proportion had fallen dramatically, down to only 14% (see Table 6.21 below) (Broersma *et al*. 1997). This released most of the money earned for clothes, household items such as blankets and kitchen utensils, health and education expenses, and investments in agriculture or trading.

Table 6.21. ***Spending of cash-for-work income by expenditure category, Kalabo District***

Category	Nov. 1995	Nov. 1996	Comment on changes from 1995 to 1996
Food	76%	14%	Spending on food dwindled since the drought ended, and was now dominated by relish, not maize.
Clothes	10%	30%	Spending on clothes trebled and was now the most significant single item for both men and women.
Farming	8%	5%	Spending on farming remained very low, though many farmers were saving to buy oxen for ploughing.
Education	2%	11%	Spending on health services and education expenses both increased substantially during 1996.
Health	0%	17%	
Miscellaneous	4%	10%	'Miscellaneous' spending shifted from paying off debts to buying household goods.
Savings	0%	13%	Surplus income was now saved as cash at home, for both precautionary reasons and investment purposes.
Total CfW income/worker	K20,000	K88,000	Incomes increased because most workers enjoyed continuity of employment throughout 1996.

Note: Expenditure and income figures for November 1996 should be treated as indicative only, as this sample of just 15 workers was by no means as representative as the 1995 survey of 141 workers.

❑ *Food price inflation*

A common argument against cash relief in food crises, or for cash-for-work instead of food-for-work, is that the distribution of cash in a context of market failure might be simply inflationary, as prices of available food will be bid up without a corresponding increase in marketed supplies. The evidence from our fieldwork provides some support for this view. High grain prices in Kalabo District appeared to be related more to volume than to demand, and traders were fairly sensitive and responsive to demand signals. For example, our monitoring of Kalabo market found only one 90kg bag of maize being offered for sale on a particular day, but at K30,000 - well above the average prevailing price of K20,000-K22,000. The substantial injection of cash income into the local economy was large enough to exert upward pressure on prices - the bag of maize (which had apparently been purchased from a neighbouring district at K15,000) was sold for K30,000.

Our survey of local traders found that commodity prices had not risen significantly, in their view, between June 1995 - before the cash-for-work project started - and November 1996. However, as noted, inflationary trends resulting from the injection of project money into poor communities were observed in local markets. Asked to explain these price increases, traders attributed them to transport costs from Mongu town and more distant markets. However, project participants disagreed, arguing that traders were exploiting this new and lucrative source of effective demand to hike prices excessively. Enormous sums were paid out in these communities, ranging from hundreds of thousands to up to forty million Kwachas at any one time. Non-participants were placed at a particular disadvantage by price inflation, arguing that they could not afford to pay the prices that project participants were paying.

From the point of view of household food security, a more relevant consideration than the impact of cash-for-work wages on market prices is the impact of market prices on the value of the wage. As noted above, the relatively high project wage offered in late 1995 was related to the high price of maize at that time. Following the good harvests of 1996, the price of maize fell dramatically, so that the value of the cash-for-work wage in terms of food doubled or even trebled - but at a time when most participants did not need to buy grain. In household food security terms, this food price variability is problematic. Should the wage rate be linked to the price of food? Or should payment be made (at least partially) in the form of vouchers for a fixed quantity of maize? This would be administratively complex and would be a return to a system that has been controversial in the past. However, it would provide a guaranteed level of food security to households at all times of year, and it would stimulate trade, unlike food-for-work or food aid handouts.

On balance, the cash-for-work initiative was a fairly efficient alternative to food-for-work or food aid - but only for the relatively few beneficiaries. Where the market is responsive to demand signals, it is costly and inefficient for donors or the state to deliver food aid to drought-affected communities. Providing assistance in the form of cash that can be used to buy food stimulates trade and encourages local farmers to grow surpluses, both of which will reduce district-level food insecurity in the long term. If cash-for-work is implemented as a drought relief mechanism in future, however, it must be on a much larger scale, and it should be responsive to demand.

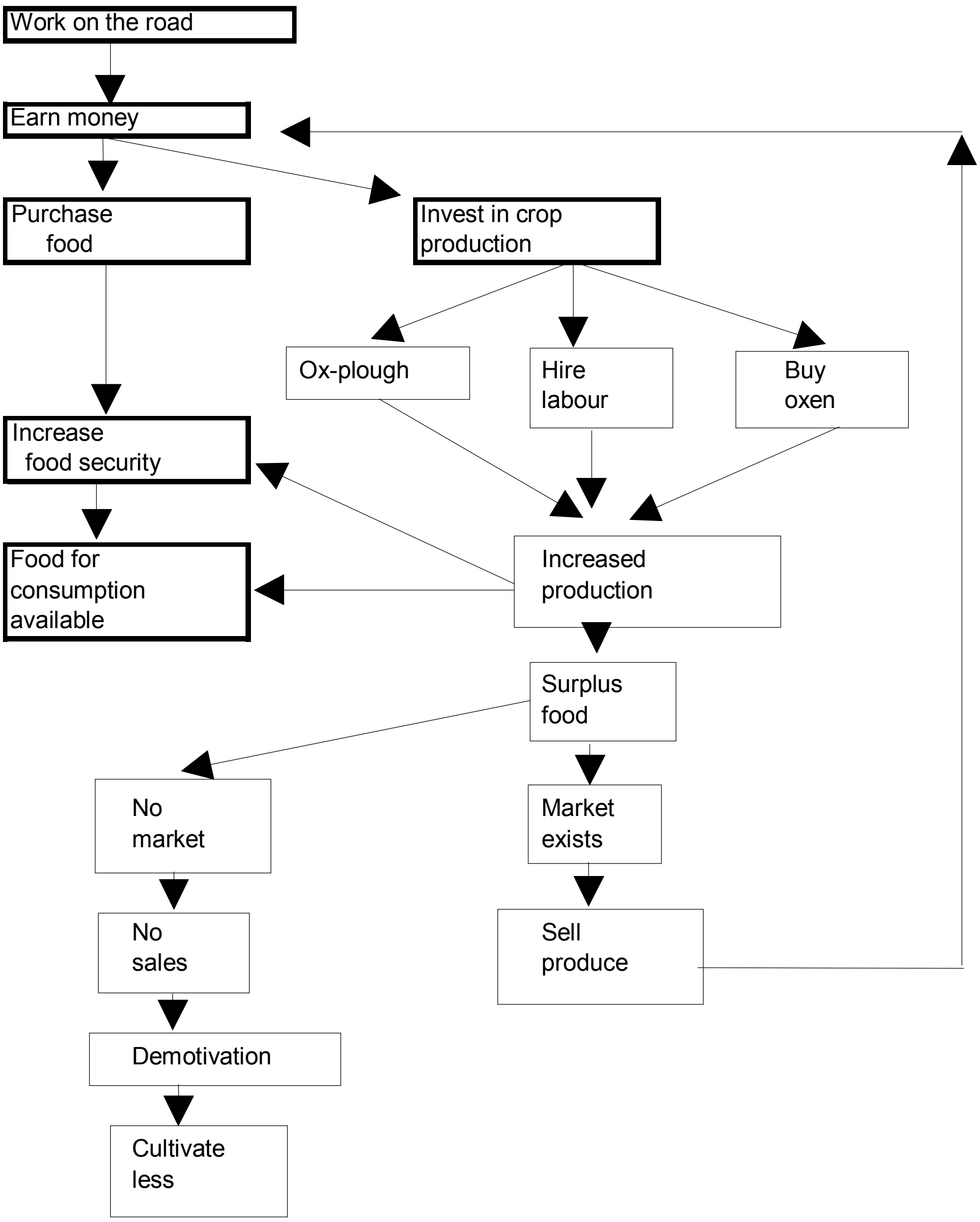
- ***Agricultural production***

The cash-for-work road construction projects were ongoing throughout the year, including during the farming season (October to May), except when heavy rains caused a temporary halt. A common concern with public works projects that continue through the rainy season is that they might compete with agricultural production, by diverting participants from cultivating their fields. This disincentive effect did not appear to be a major problem in this case: the cash-for-work programme did not appear to affect agriculture negatively. There were several reasons for this:

1. Participants worked on the road until noon or 1pm, leaving them several hours for working in their fields in the afternoons. However, some participants living far from the road did abandon their fields while working on the road project, since they were forced to camp for extended periods. Doing public works in the mornings and farming in the afternoons may also have increased the workloads of some people, especially women - who undertake most farming (and childcare) activities in Western Province - to unacceptable levels.
2. Participants were often replaced in their farming duties - and sometimes on the road itself - by family members, so that the amount of household labour devoted to agriculture did not necessarily fall. Where substitute farmers or roadworkers were children, this raises the question of whether these children were withdrawn from school for this purpose. Public works projects are only non-competitive with other household activities when 'surplus labour' is available. During the farming season, there is less surplus labour than in the dry season, which is why most public works programmes are designed to provide employment only in the dry season months, when rural unemployment or underemployment is high.
3. Many participants used some of their cash-for-work income to hire labour to clear, plough or weed their fields (or else they subcontracted others to work on the road). This practice had a number of positive features. Firstly, it provided income to a second group of workers (an income multiplier effect). Secondly, since many hirers were women and many labourers were men (especially for ploughing), this freed women from some onerous and demanding labour on the farm. Thirdly, if the application of agricultural inputs such as labour actually increased as a direct result of incremental investment financed by cash-for-work income, agricultural productivity and output might actually have risen rather than fallen.
4. Apart from labour hire, some participants bought spare parts for farm equipment and some purchased seed and fertiliser, boosting their agricultural productivity. Others saved up to buy oxen, ploughs and ox-carts. This type of investment has positive long term implications for agriculture. As suggested above, the proportion of cash-for-work income spent on investment was rather low, but it was not insignificant.

Figure 6.10 overleaf presents participants' views of the multiple impacts of the cash-for-work programme, both positive and negative, on household food security. Significantly, the presence or absence of markets for food and produce was seen as a more important determinant of agricultural production than the cash-for-work programme itself.

Figure 6.10. ***Impacts of the cash-for-work programme on household food security***



Use of Cash-for-Work Income

Cash-for-work earnings were used for a variety of purposes, from the purchase of everyday necessities (food and groceries) and durable assets (clothing, furniture, farm tools, livestock), to payment of health and education expenses, investment in businesses and debt repayment. Several questions were asked in our survey about how cash-for-work income was allocated to these various uses.[115] The results are discussed below.

- ***Asset accumulation and investment***

During the lifetime of the programme, participants accumulated a variety of assets, including: a canoe, fishing nets, a wristwatch, kerosene lamps, cattle and smallstock, kitchen utensils, a radio cassette player, bedding and blankets, various items of clothing and footwear, even an ox-cart (by far the single most expensive item acquired). Household inventories for participants revealed that a considerable amount of the money earned was spent on clothing and kitchenware.

Table 6.22 summarises the allocation of cash-for-work income in terms of the three main items purchased by programme participants with this income. The most frequent purchases were in the categories 'house related' (which includes house construction as well as smaller items such as kitchen utensils) and clothing, with food and groceries a distant third. This rather surprising ranking could reflect the timing of our survey, which was conducted in a year of good harvests and at a time of year when food was plentiful and dependence on the market for food staples was low. As seen above, a much higher proportion of wages was allocated to food purchases when the programme started - in the immediate aftermath of a severe drought - than a year later. House construction could be seen as an investment, and also suggests that certain households benefited sufficiently from cash-for-work to afford such an asset (implying that the wage was too high). Alternatively, it could also be that these households were well enough off not to have to spend their wages on everyday essentials (implying that targeting was ineffective).

Table 6.22. *Major purchases with cash-for-work income*

Items purchased	Full sample	Participant		District		
		Male	Female	Kalabo	Lukulu	Mongu
House related	178	83	95	78	21	79
Clothing	136	56	80	19	58	59
Food/groceries	72	30	42	27	30	15
Cattle	18	16	2	17	0	1
School fees	17	4	13	7	7	3
Fishing related	11	11	0	3	3	5
Medicine	9	3	6	5	1	3
Lobola	7	6	1	5	0	2
Agriculture	4	4	0	2	0	2
Ox-cart	1	1	0	1	0	0
Other	16	11	5	7	3	6

Note: 'Other' includes debt repayment, investment in business, radio-cassette, wristwatch.

Two categories of disaggregation - by participant sex, and by district - are shown in Table 6.22. The participant's sex appears to affect the allocation of earnings. Women were more likely to spend on basic necessities: food and groceries, house related, school fees, medicine, clothing for

[115] These included questions about how the most recent payment was spent; the three main uses (ranked) of cash-for-work income, and how total earnings over the duration of the project had been allocated. This triangulation technique might be responsible for some apparent anomalies or inconsistencies in the data presented here.

themselves and their children. Men were more likely to invest their earnings in livestock, agriculture and fishing equipment, and brideprice. In terms of amounts of money spent, women spent less overall than men. Women did not purchase agricultural or fishing items, and only two women bought any cattle, as opposed to 16 men. (Men who bought cattle favoured bulls or oxen, because of their importance for agricultural purposes and transportation. Several participants bought poultry and pigs, mainly for breeding purposes). This tendency for women to spend mainly on perishable and recurrent household expenses, while men accumulated durable assets, reflects local norms which perceive married women as subordinate to their husbands and having few independent rights over productive assets. Most assets in western Zambia are under the control of the household head, who enjoys sole disposal rights over livestock and consumer durables. This severely inhibits the potential for women to acquire assets for themselves. As one woman expressed it: *"What can you buy when you are in your husband's home?"*

Disaggregating by district is equally interesting. Since the amount of money obtained through cash-for-work was small in Lukulu due to the job rotation policy, Lukulu participants bought fewer items for the house, and none purchased cattle. Of 18 participants who did purchase cattle, 17 came from Kalabo, where the highest cash-for-work incomes were earned. But the number of purchases of food and clothing - the basic necessities - was at least as high or higher in Lukulu than in the two other districts - though the actual amounts spent on these items was much less (see Table 6.23). Clearly, most of the money earned by Lukulu programme participants was used on items that were needed for everyday survival.

Table 6.23. ***Average spending on items purchased with cash-for-work income***

Items purchased	All	Participant		District		
		Male	Female	Kalabo	Lukulu	Mongu
House related	28,531	33,451	24,233	20,444	11,210	41,385
Clothing	21,236	28,716	16,000	27,841	10,629	33,105
Food/groceries	33,107	33,243	33,010	23,733	5,023	69,519
Cattle	146,722	156,143	113,750	60,000	0	151,824
School fees	23,124	37,500	18,700	31,433	5,343	37,343
Fishing related	22,364	22,364	0	20,900	9,500	37,667
Medicine	60,000	38,333	70,833	73,333	15,000	61,000
Lobola	86,857	79,667	130,000	80,000	0	89,600
Agriculture	11,750	11,750	0	10,000	0	13,500
Ox-cart	900,120	900,120	0	0	0	900,120
Others	30,375	13,273	68,000	9,333	8,333	57,857

A clear trend emerges when considering whether households spent any of their cash-for-work income on assets according to their position on the income spectrum. From the poorest to the richest quartiles, the percentage of households who spent some of their cash-for-work money on assets was 11%, 24%, 33%, and 63%. Households with higher incomes were more likely to spend some cash-for-work earnings on assets, and they allocated more of this income on assets than the poor: the richest quartile spent over K60,000 of cash-for-work earnings on assets, while the poorest quartile spent just K25,700. This suggests that cash-for-work money took on different roles in different households. For the poor, it provided the cash needed to satisfy the simplest daily needs - food and groceries, clothing and blankets. For the wealthier, it brought in a surplus permitting investment in capital assets and acquisition of consumer goods which they might not have been able to afford previously.

The cash-for-work programme itself affected household wealth, and participating households in Kalabo District, in particular, were considerably wealthier after the programme then before. Table 6.24 breaks down spending on assets by district, and reveals that participants in Lukulu, who earned the least, allocated almost all their assets spending to 'basic' items such as clothing and kitchenware. Interviewees in Lukulu complained that the amount of money they earned was too small to make any meaningful purchases. Conversely, participants in Kalabo used their higher aggregate earnings to purchase furniture, an ox-cart, farm implements and 'luxury' items such as radios and wristwatches.

Table 6.24. ***Percentage of cash-for-work income spent on assets, by category***

Category	Kalabo	Lukulu	Mongu
Clothing	63%	91%	71%
Kitchenware	18%	7%	18%
Luxury items	4%	2%	9%
Transport	7%	0%	0%
Housing	1%	0%	0%
Furniture	5%	0%	1%
Farm implements	2%	0%	1%
Total	100%	100%	100%

Table 6.25 shows how much value was added to household asset holdings by purchases made with cash-for-work income. (Figures under 'value added' show the proportion of total value that is attributed to cash-for-work purchases. For instance, one quarter (24%) of all kitchenware owned by participant households in Kalabo District was purchased with project income.)

Table 6.25. ***Mean proportion of assets bought with cash-for-work earnings with respect to total spending on new assets***

Type of Asset	Kalabo		Lukulu		Mongu	
	% who bought	Value added	% who bought	Value added	% who bought	Value added
Clothing	96	72.9	73	93.9	95	77.6
Kitchenware	75	24.3	15	42.5	70	23.0
Luxury	38	6.6	4	27.7	38	13.0
Transport	5	20.6	0	0.0	2	18.2
Housing	3	5.0	0	0.0	0	0.0
Furniture	25	12.7	0	0.0	16	10.3
Farm implements	24	7.9	0	0.0	16	8.0

The figures on farm implements underestimate the full value of spending on agriculture, since many participants purchased seasonal inputs (seeds, fertilisers) and hired labour with their income. Households that allocated some income to business investment mentioned the following categories: farming (79%), retailing (15%), cattle marketing (4%), selling foodstuffs (2%), and tailoring (1%). Despite the predominance of farming in investment terms, few purchases were made of capital goods such as farm implements, transport, and livestock. Overall, 28% of the households surveyed invested some of their cash-for-work earnings. Female participants and female-headed households both invested less than their male counterparts. By wealth ranking categories, there was a clear division between the three lowest ranks and the four highest. Few households in the lower wealth categories invested at all, which is predictable. Poor households had a lower propensity to invest, simply because they cannot afford to do so: they need almost all their money for immediate consumption.

The data presented above provide persuasive evidence that many participating households enjoyed a substantial improvement in their living standards as a direct result of the cash-for-work programme. This was particularly the case where the income transferred (a direct function of the duration of employment on the programme) was sufficient that it exceeded the minimum required for subsistence consumption needs, but facilitated investment and acquisition of productive assets. Naturally, this also raises the question discussed elsewhere in this report about trade-offs between coverage and impact - is it preferable to transfer fewer resources to more people (thus maximising the consumption support objective) or more resources to fewer people (maximising longer term investment potential)?

In any event, whether these improvements would be sustained beyond the lifetime of this project was doubtful. A worrying indicator is the ratio of 'consumption spending' to 'investment spending', which was very high, even in households that earned quite significant amounts of cash. As will be discussed below, traders did good business alongside road construction sites, and perhaps because of this relatively easy accessibility, people tended to buy clothes and kitchen utensils, not fertiliser and seeds. Although participants cannot of course be forced to purchase 'investment goods' rather than consumer items, future interventions might consider ways of making such commodities more readily available or more attractive to participants.

- ***Savings***

Only 10% of participants surveyed (29 out of 301) said that they had saved some cash-for-work earnings. The average amount saved was approximately K60,000 (Table 6.26). Reasons given for saving were for emergencies (55%); investment (21%); brideprice (12%); staple food (5%); household goods (5%); and to build a house (2%). Fewer women than men saved some of their cash-for-work earnings, and men's savings averaged 70% higher than women's. Men were more likely to save to buy large assets and for investment purposes, while women saved mainly for food and emergencies. The level of savings made varied across districts in line with average individual earnings. Kalabo participants saved more than twice as much as Lukulu participants.

Table 6.26. ***Amount of cash-for-work income saved, by gender and district***

District	**Number who saved**		**Mean savings**		
	Men	Women	Men	Women	**Total**
Kalabo	8	2	K111,000	K41,785	K97,157
Lukulu	3	1	K58,333	K7,500	K45,625
Mongu	14	1	K53,071	K120,000	K57,533
Total	**25**	**4**	**K71,880**	**K42,353**	**K59,929**

Beneficiaries

This research project aimed to discover to what extent resources transferred by the cash-for-work programme trickled down to other household members (an 'extended entitlement' analysis). Who was the money spent on, and what is the significance of gender (of beneficiaries and other household members) on intrahousehold usage and redistribution of cash-for-work income?

The injection of sizeable quantities of cash into three very poor districts of western Zambia had significant multiplier effects, both within and beyond the participants' households. For every participant interviewed, 4.5 of their dependants benefited directly from project income, making a total of 1,645 direct beneficiaries (301 participants plus 1,341 members of their households). Moreover, several categories of 'secondary beneficiaries' also benefited from participants' spending of their wages, including sub-contracted replacement workers, ox-cart owners, traders, and agricultural labourers hired and paid for out of cash-for-work earnings. Although the number of registered workers on the road amounted to about 11% of the local population, once these secondary beneficiaries are included in the calculation the numbers of households that enjoyed increased incomes because of the cash-for-work programme was at least double that figure.

Table 6.27 shows how cash-for-work income earned by the whole sample was spent on different categories of people, including the participants, their relatives and non-relatives. In 76% of cases, some money was spent on the 'whole household' - this category covers food, groceries and other items whose consumption or ownership cannot be attributed to individual household members - and in 65% on items for the participant himself or herself. A surprising finding was that more participants spent money on individuals who are not relatives than on relatives, and more money was spent on non-relatives (26%) than on any other category. Next came the 'whole household' (17%), then the participant himself/herself (16%). More money was spent on 'other relatives' as a group (12%) than on any individual household member. Overall, though, most cash-for-work income went on items - clothing, education, medical fees and so on - for specific non-participant household members (41%).

Table 6.27. ***Beneficiaries of cash-for-work spending***

Beneficiaries	% of households who spent on:	Average spent	(standard deviation)	% of CfW income spent
Whole household	75.7	16,712	(38,221)	16.9
Participant	64.5	16,181	(21,868)	16.4
Household head	10.3	10,137	(11,329)	10.3
Spouse	16.6	7,044	(6,903)	7.1
Sons	18.9	6,023	(6,408)	6.1
Daughters	21.6	5,785	(5,543)	5.9
Other relatives	13.3	11,675	(13,328)	11.8
Non-relatives	19.6	25,263	(14,362)	25.6
Total	**-**	**98,860**	**-**	**100.0**

Note: The 'average spent' is calculated for the households having spent on that particular category of individuals.

Notable differences emerge when the sample is disaggregated by gender (Table 6.28). Female participants tended to spend more of their income on the whole household, other relatives and on individuals who were non-relatives, and less on the participant herself. Also, more women spent cash-for-work income on non-relatives - and spent more - than did men, despite earning 12% less. This difference in spending patterns was most marked in Kalabo District, where 35% of women spent on non-relatives while only 10% of men did so. The main factor responsible for this discrepancy was the payment by many women of up to half their earnings to ox-cart owners.

Table 6.28. ***Beneficiaries of cash-for-work spending, by sex of participant***

Beneficiaries	Male participants			Female participants		
	% who spent	Average spent	% of spending	% who spent	Average spent	% of spending
Whole household	70.5	21,333	20.9	80.6	12,906	14.1
Participant	63.7	20,733	20.3	65.2	11,989	13.1
Household head	11.0	11,559	11.3	9.7	8,620	9.4
Spouse	25.3	7,532	7.4	8.4	5,654	6.2
Sons	19.2	7,279	7.1	18.7	4,812	5.3
Daughters	16.4	6,810	6.7	26.5	5,184	5.7
Other relatives	11.0	7,225	7.1	25.5	14,708	16.1
Non-relatives	12.3	19,806	19.4	26.5	27,659	30.2
Total	**-**	**102,277**	**100.0**	**-**	**91,532**	**100.0**

A marginal gender bias is evident in terms of spending on children: women were more likely to spend on daughters than on sons, while men were marginally more likely to spend on sons.

However, other than in the 'other relatives' and 'non-relatives' categories, it emerges that male participants always spent more, in absolute terms, than females. As noted above, this could indicate that men simply earned more money than women. However, the magnitude of some of the differences suggests more than a difference in income levels. An obvious example is the money spent by the participant on him/herself. When the participant was a male in a male headed household, the average spent on himself is K21,955; for female participants in the same type of household, K12,326 and for female participants in female headed households, K11,381. Similar differences are evident for amounts of money spent on the 'whole household'. All this is suggestive of gendered biases in propensity to allocate cash-for-work earnings to various individuals within and outside the household, though the differences are not significant enough to draw definitive conclusions on this issue.

Informal Transfers

Reciprocity in western Zambia is based on the notion of interdependence and the belief that no one is wholly self-sufficient. Helping others is mediated by the underlying value of providing support in the knowledge that today's donors might well be in need of assistance themselves tomorrow. WLSA-Zambia (1997) asserts that: "the value of supporting relatives based on reciprocity and investing in family members is quite common countrywide. This value could be explained in historical terms that in traditional African society the individual was not autonomous. Emphasis was on mutual obligations rather than individual advancement".

The cash-for-work programme had a significant positive impact on the distribution and value of informal transfers while the programme lasted, much of which dissipated when the programme ended. Before they started working on the road project, 25% of participants interviewed indicated that they received help from other people while 35% indicated that before the project started they helped somebody else. A further 42% of participants interviewed started helping others after they started working on the road.

Table 6.29. ***Patterns of informal assistance received and given***

		Received help before CfW	Gave help before CfW	Started giving help after CfW began
By participant sex	Male	24.7%	37.0%	43.8%
	Female	25.2%	32.3%	39.4%
By district	Mongu	30.4%	38.2%	52.9%
	Lukulu	26.3%	30.3%	12.1%
	Kalabo	18.0%	35.0%	59.0%
Full sample		**24.9%**	**34.6%**	**41.5%**

No significant differences by gender are evident in Table 6.29, but the results by district reveal that a clear relationship exists between the period worked (i.e. amount of money earned) and the propensity to help relatives and others. Before cash-for-work started in Western Province, about one in three households were providing assistance to others. However, this figure jumped to over half in Kalabo and Mongu after the programme began. Of those participants who started helping others after cash-for-work began, 47% were from Kalabo, 43% from Mongu and just 10% from Lukulu. This can be explained by the fact that relatively little income was earned by participants in Lukulu, as they worked for a very short time. *"I did not help other people when I started working on the road because the money earned was too small. How could we help our relatives when we were earning so little money?"* The differences found between the sub-categories observed are marginal except when it comes to regional ones. In Kalabo, the district where average total income was highest in 1996 and 1997, the proportion of households receiving help is much lower than elsewhere. At the same time, 59% of the households started helping others after the programme began.

Table 6.30 shows how the cash-for-work programme affected patterns of informal assistance. Interestingly, two-thirds (66%) of participants who had received informal assistance before the programme began continued receiving assistance - indeed, most of these enjoyed a higher level of assistance than before - despite being employed on the programme, and only one-third (33%) received less assistance or had their assistance terminated. This suggests that many informal transfer relationships are determined not by need or relative economic status but by customary obligations which are determined mainly by relative social status (e.g. sons-in-law offer 'gifts' to their in-laws irrespective of the latter's wealth). Given the strategic and cultural reasons for reciprocity and sharing arrangements, it would be simplistic to equate giving assistance with relative wealth, and receiving assistance with poverty and passive dependence on others. The relationship between informal transfers and economic status is not linear and straightforward. For instance, many non-participants who received help were giving help before the cash-for-work project, and some households were simultaneously receiving assistance from one relative or friend and providing support to another.

The second column of Table 6.30 confirms that almost half the participants (44%) who had assisted others before the programme increased their level of assistance after they started earning cash-for-work income. Clearly, helping is limited to ability - people only provide help when they can afford to do so. The fact that a high proportion of participants began giving assistance or increased their level of assistance to others after cash-for-work was initiated suggests that it was the money earned which allowed them to do so. The final column of Table 6.30 shows that the termination of the programme resulted in a severe contraction in the level of informal assistance circulating in local communities: three out of four donors stopped giving assistance altogether (43%) or cut back on the level of the assistance they provided (32%). Only 15% of the non-participants interviewed said they were still receiving support from former participants.

Table 6.30. ***Changes in patterns of assistance after cash-for-work began and finished***

	Help received by pre-CfW recipients after CfW began	Help given by pre-CfW donors after CfW began	Help given by donors after CfW ended
Continued, more than before	49%	44%	7%
Continued, same as before	17%	35%	18%
Continued, less than before	4%	10%	32%
Stopped permanently	29%	12%	43%

Reasons given for providing assistance to others included: "because they are relatives" (76%); "because they are poor" (6%) "because they will help me in future" (3%); "because they were excluded by the programme" (3%); "because they helped me in the past" (2%); and for other reasons (9%) - e.g. because they "begged" for help. Local people feel a sense of obligation to assist the needy - the elderly, ill and destitute. Some people complained that working on the programme increased expectations and/or responsibilities. Relatives had expectations that they would help them. Asked who they had helped before cash-for-work, participants said 63% were immediate family members, 34% were members of the extended family and 3% were friends. Most of the relatives supported were living in the same community (73%).

Table 6.31 indicates a slight shift in the distribution of assistance provided by participants after the cash-for-work programme began, away from their immediate family and towards extended family, friends and others. However, disaggregation by sex of the participant reveals that this trend cannot be generalised across households. Female participants actually concentrated more of their assistance on close relatives, while men gave more assistance to non-relatives, after the cash-for-work programme started.

Table 6.31. ***Distribution of informal assistance given by programme participants***

Sex of Participant		Immediate family	Extended family	Friends/Others
Male	Before cash-for-work	66.7%	29.6%	3.7%
	During cash-for-work	57.8%	35.9%	6.3%
Female	Before cash-for-work	60.0%	38.0%	2.0%
	During cash-for-work	63.9%	34.4%	1.6%
Full sample	Before cash-for-work	63.5%	33.7%	2.9%
	During cash-for-work	60.8%	35.2%	4.0%

Before the cash-for-work programme started, food was the most common type of assistance provided to other households, followed by clothes, with cash a distant third (Table 6.32). One man confirmed that it was much easier to receive help in food than in cash. There is a local (Lozi) saying: *"Food is never too small to be shared".* For those who helped with cash, small amounts were involved and this help was not given regularly - only when they could afford to do so. After respondents started working on the road, however, this ranking was reversed: cash became the commonest type of transfer, followed by clothes, with food in third place. Table 6.32 reveals that the shift towards cash assistance as a consequence of the injection of cash-for-work income was most pronounced in Kalabo and Mongu districts, where earnings were highest. Curiously, Lukulu displayed a reversal, with less assistance being offered in the form of cash than before.

Table 6.32. ***Type of assistance given before and during cash-for-work, by district***

Type of assistance provided	Full Sample		Kalabo		Lukulu		Mongu	
	Before (n=103)	During (n=126)	Before (n=35)	During (n=59)	Before (n=30)	During (n=12)	Before (n=39)	During (n=54)
Food	39%	26%	43%	19%	30%	33%	39%	20%
Clothing	29%	37%	31%	31%	27%	25%	26%	30%
Cash	10%	38%	6%	29%	10%	0%	13%	39%
School fees	4%	5%	0%	5%	10%	17%	3%	0%
Credit	2%	6%	3%	5%	3%	8%	0%	2%
Other	19%	14%	17%	12%	20%	17%	21%	9%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Social Impacts

- ***Relations between participants and non-participants***

Informal discussions and interviews with non-participants revealed that obvious tensions had developed during the course of the cash-for-work programme between participating and non-participating households, most noticeably in Kalabo District, where those participants who were employed for a year or longer accumulated substantial wealth in local terms. Several participants admitted that their neighbours were "jealous" of them because they could not afford to buy what people working on the road were buying with their wages. There was a sense of injustice at the arbitrariness whereby some people had places on the project while most excluded households wanted to work but could not because of limited places. Much of this resentment was directed against the project administrators in Kalabo and Mongu Districts (but not in Lukulu, where strict job rotation was practised), but several non-participants complained that their neighbours could have "shared" their jobs, as some participants in Kalabo did.

Non-participants sometimes received gifts from participating relatives and friends, but found this unsatisfactory as these gifts were nominal, and besides: *"Getting gifts is not the same as working on the road and earning the money yourself. You decide how to spend your money whereas when you are given a gift it is not always what you really want to buy."* Non-participants also resented the fact that participants enjoyed access to credit from traders by virtue of having a sizeable and regular income.

At the provincial level, local councillors from areas where the cash-for-work programme was not implemented were not in favour of the programme, because their constituents did not participate. During an audience with the King of Barotseland, the First Minister complained to us that none of the roads being constructed by the project were built from Mongu town to the King's palace.

> *"A body has three essential parts – the head, the legs and the arms - but the most important is the head. When a man wakes up in the morning his first duty is to wash his face. Why do you build roads out to these remote arms and legs of the province and you ignore the head?"*

Although there was little evidence that a stigma was attached to working on the road, the Lozi families who dominate Western Province regard themselves as royal, and many of these people dismissed the cash-for-work project as *"poor man's work"*. Often these families hire servants from subordinate tribes as domestic workers and cattle herders, and it was these "servants" who were most eager to work on the road, which created social tensions along class lines as a consequence of the relatively high wages and continuous employment offered on the project.

> *"You are a Lozi and your servant is working on the road and starts to buy his own cattle, his own plough, nice clothes for himself - nicer clothes than you have yourself. Will you be happy for him? Of course not! It's a guaranteed recipe for conflict."*

- ***Community spirit***

Some development workers in Western Province blamed the cash-for-work programme for undermining community solidarity and a long tradition of community participation. Because many people were excluded from the project, and because participants were paid for contributing their labour to community infrastructure projects that had previously been undertaken on a voluntary basis by community members, the project was seen as introducing competition and an incipient commercialisation of community-level activities.

In the past, if local people recognised the need for a particular community asset and could see that they would benefit directly from it, they would volunteer to work without expecting payment. One non-participant on the cash-for-work project said that she would not work on the road, *"because it is not just me or my people who will benefit when the road is completed. If it is to build a clinic in our area I will work and contribute without expecting a payment in return, because if you fall sick you can go there for medication."* An example is the EU-supported 'Micro-Projects Unit' (MPU), which was created by the Republic of Zambia to redress the problems faced by the poor as a consequence of adverse impacts of the economic adjustment programme. The MPU aimed to improve the availability of services at a time of severe budget constraints, by providing financial support to community-managed projects. Activities supported by the MPU included education, health, water and sanitation, economic and other infrastructure, community roads (using labour-based methods), environment, income generation, revolving funds, savings and credit schemes, and training. A precondition was that all communities involved in micro-projects should make a 'voluntary' contribution, in the form of unpaid labour, amounting to at least 25% of total project costs (European Union 1998).

Following the cash-for-work project, however, cases were reported of communities where people were required to provide labour towards micro-projects refusing to do so, because they had become accustomed to receiving payment. Several examples illustrating this dependency on cash-for-work were mentioned by various informants. Parents in one village in Lukulu refused to help build teachers' houses and schoolrooms. When asked why they were reluctant to do this community work, these villagers argued that they should receive "compensation" in return for their time and effort (interview with Mr Njekwa Nalumino, Ward Councillor, Lukulu district). Also during our fieldwork, bags of rice were taken to the chief's palace in Lukulu, to induce villagers to clear the area surrounding the palace. In the past, this activity was undertaken by the chief's subjects as a tribute or sign of respect, without any expectation of cash or in-kind payment.

On the other hand, cash-for-work income afforded poor villagers a rare opportunity to offer contributions towards micro-projects in the form of cash. In a village elsewhere in Lukulu District, parents were asked to pay K2,500 each towards a 25% community contribution to qualify for MPU funds to upgrade dilapidated school buildings. This cash contribution was only made possible by the cash-for-work project that was ongoing in the community at that time.

Other key informants dissented from the argument that cash-for-work had contributed to undermining the ethos of voluntarism in local communities. An official from the Micro-Projects Unit confirmed that they faced similar problems in other parts of Zambia (where there was no cash-for-work), and that the reluctance to provide free labour had started several years earlier, when food-for-work projects came to the rural areas. Food-for-work activities also emphasised creating or upgrading community infrastructure - feeder roads, wells, dams, canals, pit latrines - and according to one evaluation were popular for this reason as well as for providing food (Sythes and Smithies 1995).

Another factor 'killing' community spirit is the notion that people have come to believe that it is the responsibility of the state to provide services and facilities to its citizens. Some respondents felt that the state should provide roads without the people having to work on their construction.

- ***Exploitation and stratification***

Exploitation occurred between project participants and non-participants, and between project administrators and participants. Several participants complained that they were exploited by certain corrupt supervisors. One Area Captain in Kalabo District abused his position as a supervisor to accumulate project resources for himself. Having the power to hire and fire at will, he extracted a proportion of wages from workers by charging them an 'enrolment fee'. People paid him money to be placed on a fictitious 'waiting list', and in fact never participated in the project at all. On several occasions he recruited additional workers to a group and paid them with 'donations' from existing group members' wages - arguing that the extra workers were reducing workloads - then pocketed the wages of the new recruits.

The same Area Captain started the practice of hiring out his ox-cart to women to assist them with transporting stones from the quarry to the road construction point, in exchange for half of the women's wages. One ox-cart owner, for example, 'assisted' a group of 30 women with one task that took three days to complete. Each woman was paid K10,000 for this task, of which K5,000 was paid over to the ox-cart owner, so that they each took home K5,000 while the ox-cart owner took home a total of K150,000 for just three days work. Some women from non-poor households used their own ox-carts: one woman in Kalabo District used her household's ox-cart to complete more tasks and make more money (she completed 35 tasks and earned K350,000 while others in her work group completed only five tasks and earned K50,000 in the same period).

Finally, many participants exploited their 'ownership' of places on the cash-for-work programme by subcontracting non-participants for a 50:50 division of wages - i.e. the registered participant took half the income but did no work at all. Subcontracted non-participants accepted these exploitative terms on the basis that 'half a loaf of bread is better than no bread at all'.

Child labour

Many children were involved as workers on the road project - some as young as ten years old - either officially employed or (more often) delegated to work instead of their parents for some of the time. Most adults acknowledged that this practice was not good because the heavy manual labour involved was as difficult for young people as it was for the elderly or pregnant women. Supervisors interviewed denied employing anyone under 16 years old, and said that they discouraged this practice. Nonetheless, children did participate, at two levels:

- being subcontracted or enrolled as participants, especially during school holidays;
- helping their parents or relatives to complete work targets on time; when the adults were sick, busy with other things, or behind with their work.

Although child labour on the road project was widely perceived as undesirable, the issue was clouded by confusion over the definition of a 'child'. In Zambia's census of 1990 the child population was restricted to the age cohort 0-14 years, but the census also defined the working age (economically active) population as all persons aged 12 and above. This definition has been criticised. "By institutionalising the labour force to include children under the age of 15 in the census and other statistical bulletins, the country as a whole may be encouraging child labour" (Chipoma and Sikaneta 1995).

As the benefits of working on the road became apparent, more children were tempted to work on the road, with or without their parents' consent. Because poor households rely more on each family member to contribute to household survival, the opportunity to earn additional income on the road encouraged some poor households to register child members as well as adults. Simwinji (1995) observed that children were most liable to get involved at an early age if they were the oldest siblings in the household, lived near the work site and/or came from very poor families.

Box 6.2. ***A young participant who was the oldest in her household***

Nalukui is 14 years old and comes from Namukabo village in Senanga district. She worked on the road from December 1996 until October 1997. She left school during 1995 because her parents could not afford to pay for her. Her father is elderly and encouraged her to join other people working on the road. She is the oldest child in the household. Whenever she was paid, she gave part of the money to her father for upkeep of the family. Because of the distance involved from her village and the worksite she camped there and returned to her village for the weekends to get food and to assist her parents with farmwork.

Concerns were expressed that some children stayed away from school because of the road project. Local people often do not perceive education as generating worthwhile economic returns, but education carries significant direct costs (school fees, uniforms, stationery and books). Conversely, people did see the immediate benefits accruing from working on the road. The opportunity costs of educating children are highest for the poorest families, and the main factor responsible for low enrolment in schools, especially in rural areas, is poverty. Apart from this calculation of opportunity costs and returns, high dropout rates at every grade - primary education in Zambia is neither compulsory nor 'fee free' - mean that many learners leave school at an early age and stay home with nothing to do. Learners were also encouraged to work during the school holidays to enable them to raise money for their school fees and related expenses.

Simwinji (1996) found that girls tended to start work on the road far earlier than boys. Several factors are responsible for this. In rural Zambia, fewer girls go to school than boys, and the ratio falls at higher levels of education. In Western Province, the proportion of female to male learners in Grade 1 is 49:51, but by Grade 7 the ratio has fallen to 46:54 (CSO 1990). Girls tend to leave school and assume family responsibilities (marriage, teenage pregnancy, household chores, caring for younger siblings) much earlier than boys.

❑ *Gender relations*

Many women in Western Province were empowered, both economically and socially, by working on the road and earning independent income. Significant amounts of cash were injected into thousands of poor households, which raised living standards, at least temporarily. On the other hand, several conjugal relationships were undermined by the cash-for-work programme, in two ways: the programme threw people together and facilitated new relationships; and the receipt of relatively large cash incomes by individuals became a source of conflict within many households. Access to employment itself raised contentious issues around women's decision-making ability within male-headed households. Often wives have the status of minors, and can work outside the home only if their husband gives his permission. Cases were reported of husbands actively preventing their wives from participating on the road project. In a few instances where women worked against their husbands' wishes, the local project supervisor was asked to exclude these women by their husbands.[116]

Project participants frequently asserted that the establishment of camps at project sites promoted promiscuity. Men and women were thrown together from different and distant places - some even travelled from neighbouring districts - and camped from Monday to Friday every week. This led to temporary relationships being formed that ended with children being born outside marriage to women who returned home as single mothers. Where the people involved were already married to other partners, the father generally did not support these children.

Conversely, just as divorce and conflicts between spouses occurred during the project, so the project also provided single people with opportunities to get married and start homes. One woman interviewed in Mongu District met the man who became her husband while they were both working on the road project. Several planned marriages were made possible because families obtained the money they needed to pay *malobolo* (brideprice), and brideprice featured prominently among the many reasons given for saving up cash-for-work earnings. On the other hand, the payment of (brideprice) from the husband's family to the wife's certainly contributes to the patriarchal subordination of Lozi women. Formerly *malobolo* was paid mainly in cattle, but more recently payment in cash has replaced livestock. This practice puts a monetary value on the wife, who is expected to be 'productive' for her husband and his relatives, because they paid for her. This attitude extends to the wife's assets and incomes - most assets are owned by men, and many husbands feel they have rights over their wives' earnings. Lozi women's productive and reproductive labour is under their husbands' control, so a wife is expected to 'show' her money to the husband before she spends it - behaving otherwise is considered disrespectful. *"The woman should take the wage to the husband because she owes him the time he 'afforded' her to work elsewhere."* The husband might take part of his wife's income and instruct her on how to use the balance. Many female project participants complained that they lost control over their earnings in this way.

Several divorces or separations were recorded as a result of quarrels between conjugal partners concerning the use of money earned on the road (see Box 6.3; also Figure 6.11). Intrahousehold conflicts over cash-for-work earnings were especially pronounced in the Mongu and Kalabo project areas, because the programme ran for longer in these districts, and participants made substantial amounts of money. The issue was most serious when wives decided not to take their earnings to their husbands. On the other hand, a husband can spend his income how he chooses, without informing or consulting with his wife. Sometimes wives did not even know whether their husbands had been paid or not, but on inquiring from the project supervisor they would discover that they had been paid several times. Often husbands who concealed their project income spent it on extra-marital affairs and beer.

116 Interestingly, two-thirds of participants interviewed (69%) said that the decision about which member (or members) of the household should participate in the road project was taken by the individual, and only one participant in three (31%) said that household members had negotiated over who should participate. Working on the road was an opportunity that attracted almost everyone, and in some households all adult members were fortunate enough to be recruited.

Box 6.3. ***Intra-household conflicts***

Several marriages ended because the road project provided opportunities for workers to start extra-marital relationships, either because they stayed away from home in camps for extended periods or because they had extra income to spare. In some areas, husbands camped at the road for up to two months, and some of these marriages broke up. One husband stayed away from home every time he was paid and spent his earnings on beer and other women. Eventually his wife confronted and finally left him. *"Why should the wife stay home and do the donkey work for nothing?"*

Another woman was divorced by her husband after questioning his spending of his cash-for-work income. She was in a polygamous marriage and, after demanding to know how the money was being used, she discovered that her husband was supporting his second wife with this income, and giving nothing to her. Yet another wife complained to the Area Chief about her husband not using his cash-for-work wages on the family. The Area Chief intervened and asked the husband to give his wife some of the money in his presence.

Gender reversals were less common, but were also reported. One woman working on the road refused to give her earnings to her husband. They quarrelled and ended up divorcing.

An additional and unforeseen complication arose from the fact that men and women employed on the road project earned the same wages. Some men expressed concern that women had lost respect for their male counterparts because of this income parity, arguing that women receiving the same wages as men made it difficult for men to control them. These men felt threatened by the fact that women were handling more money than they ever had before, and they favoured a policy of differential payments for men and women. *“How can we even propose to women when they too can afford what we could buy them? Women can argue that they can pay back the malobolo if they disagree with the spouse.”*

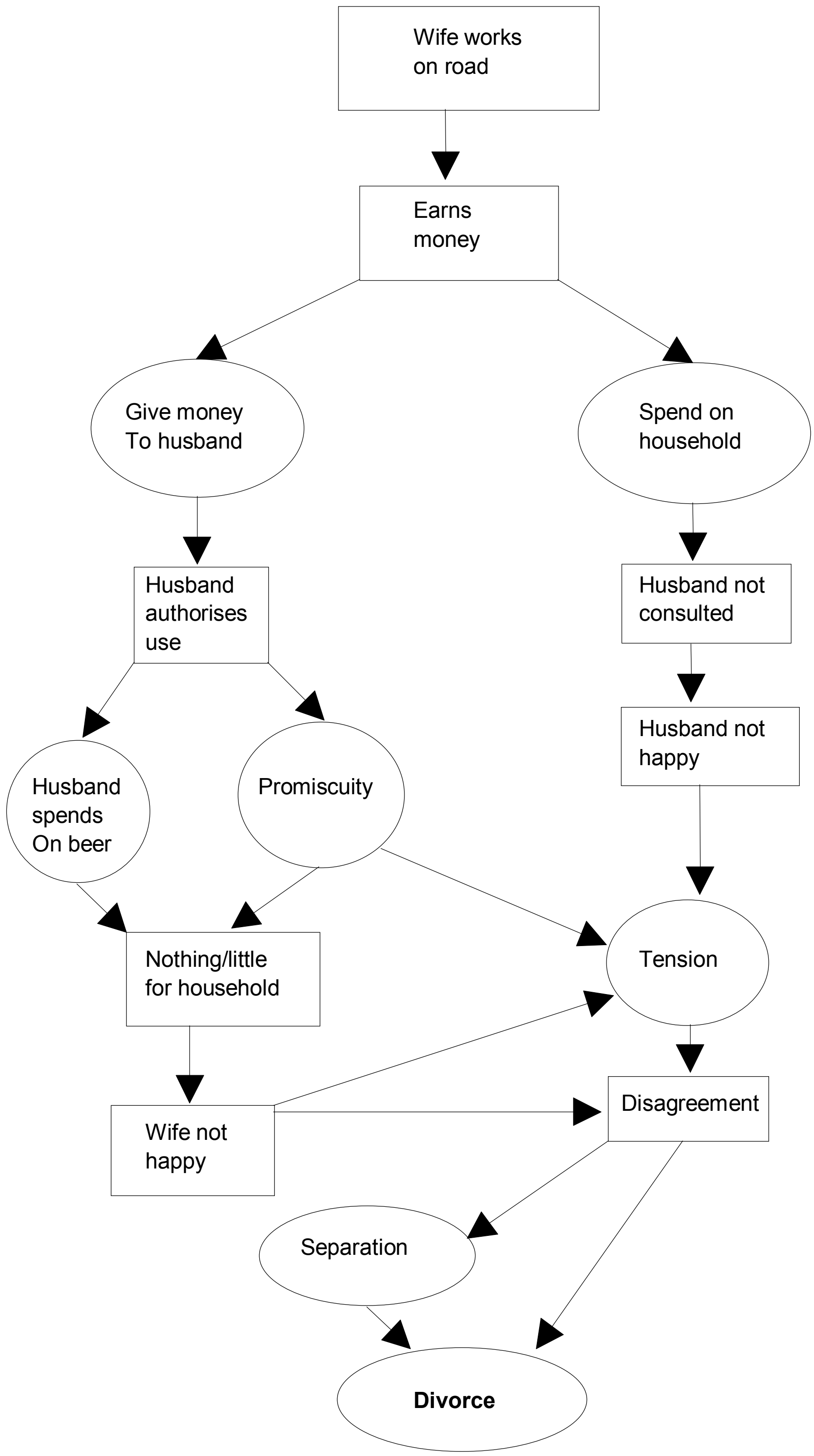
Married women were worse-off in this respect than unmarried women. Some said that single women actually benefited more than married women because single women were allowed to keep their wages and spend this income as they pleased. This notion of subordination is embedded in the culture and internalised, through socialisation, by the women themselves. One elderly woman, during a group discussion with a female group, emphasised that: *“A man is a man and at no time should a woman ‘grow feathers’ because she is married.”* She cautioned the young women in the community that they should respect their husbands at all times. This subordinate status of women was also observed in other aspects such as ownership and control of resources. Rights to land, livestock and other assets are heavily gendered. As seen above, women were less likely than men to spend their cash-for-work earnings on assets such as livestock or consumer durables, since these items are conventionally owned or at least controlled by men (Box 6.4). Although women claim to own certain resources and assets, either jointly or individually, they do not have disposal rights over these assets without first consulting either their husbands or their male relatives.

Box 6.4. ***Gendered ownership and control of assets in Western Zambia***

In male-headed households, the husband owns ploughs and consumer durables such as radios and bicycles, *“because he is the head of the household”.* Most livestock, especially cattle, are owned by men, but women can own animals in their own right. However, if a woman wants to borrow using cattle she has to consult her husband, even if the animals belong to her. Women are more likely to own poultry than cattle, however if the wife sells chickens her husband authorises use of this cash.

Unmarried women can secure access to land for farming through their male relatives, and married women can obtain land only through their husbands. A woman’s access to land is revoked upon separation, divorce or widowhood, unless a widow has adult sons who can inherit their father’s land. A divorced woman who returns to her father’s village does not automatically revive the usufruct right to land that she farmed before marriage - she needs to request access to an alternative plot. This dependence on male relatives for access to land and productive assets such as oxen and ploughs severely constrains women’s ability to accumulate wealth.

Figure 6.11. ***Negative impacts of cash-for-work on intrahousehold relations***



Other Economic Impacts

- ***Local economy and trade***

The availability of steady cash from the road programme attracted several new business ventures in both Kalabo and Mongu, though less so in Lukulu where payments were lower and the population was more dispersed. Three shops opened in Kalabo District and two shops and three stalls opened in Mongu District, all in communities adjacent to the roadworks. Mongu Nutrition Group also opened a retail store in a project community in November 1996. The shops retailed basic consumer goods such as soap, sugar, salt, cooking oil and second-hand clothes. A market was also built in Nan'umba, a village in Kalabo, which operated mainly on pay days, selling local produce like vegetables, fish, cassava and cooked snack foods. Occasionally cattle were slaughtered for sale as meat. These new businesses depended primarily on incomes earned from the project. Shop-owners interviewed said that their turnover doubled on paydays. Mobile traders were also active in project communities in all three districts, with hawkers travelling from villages up to 20km away on paydays to sell various commodities to the workers.

Savings from cash-for-work income also provided capital for some of these new business ventures. Two of the three new shops at Nan'umba were owned by men who worked on the road project, so it was not just traders from outside who benefited from the cash infusion in rural participating communities. Some enterprising workers invested their earnings to generate further income from trading activities. The steady income generated by cash-for-work employment also raised the creditworthiness of project participants. Many traders started offering credit facilities: selling goods to road workers against repayment of debts on payday.

Most of the businesses that started alongside the road projects, selling basic commodities or cloths, were dominated by men. Women lacked the necessary working capital to travel and buy these products for resale. Another aspect is that local women, particularly those from male-headed households, are discouraged from travelling outside their local area. They tended to engage in cooking snack foods and brewing beer (which depended on the availability of millet, sorghum or maize), and selling these in mobile outlets along the road. Non-participants from local communities and other rural areas also took advantage of the opportunity provided by cash-for-work to sell cooked meals or snacks to project workers. Beer brewing especially was a booming business, and many women started brewing beer or increased the scale of their beer brewing business. Road workers employed many non-participants as agricultural labourers, so project income clearly had powerful multiplier effects.

Box 6.5. ***Local traders in Lukulu District***

A widow in Lukulu with five children to support sells *salaula* (second hand clothes) and *chitenge* (wrap-around cloths), salt and soap in her local community. During the time of the road project she used to sell to participants, who used to place orders for specific merchandise that she would buy from Lusaka (e.g. bedspreads). Sales and turnover were higher than ever before, and she regularly earned K200,000 a week from sales. But after the programme stopped business was sluggish and she started exchanging goods for chickens, which she transported to Lusaka to sell, because her customers no longer had cash. Barter terms of trade included one dress for one chicken, one pair of trousers for two chickens, a bedspread for three chickens. The future was uncertain, however. *“This year since our fields are flooded people will not have food, so when they find money they will spend it on food and my business will suffer.”*

Three male participants from the Lukulu project started retail businesses. One traded in sugar, salt and bubble gum with K5,000 saved from his pay of K20,000, earning a profit of K15,000. He planned to continue trading after the road project ended but complained of stiff competition from other local traders. Another young man started trading in fish using K30,000 saved from his cash-for-work pay. He made a profit of K20,000 in two months and his ambition was to continue retailing fish until he had raised enough money (around K200,000) to start trading full-time in secondhand clothes.

The cash-for-work project not only stimulated local business but also provided working capital for some participants who invested in alternative income-generating activities. One man from Kalabo purchased an ox-cart, which he hired out to women working on the road project to haul stones from the quarry, earning over K400,000 each month by taking 50% of the women's income. This activity was so lucrative that he was about to buy a second ox-cart when the project ended.

To summarise, cash-for-work income clearly stimulated trade and the local economy by boosting purchasing power in poor communities adjacent to the project sites. Traders and non-participants derived economic benefits by providing goods and services to project participants. However, the long-term sustainability of this economic stimulation is unclear. Since more than 75% of income in participants' households came from cash-for-work (as seen above), it was doubtful whether the new enterprise activities would continue after the road projects ended, except perhaps for a few individuals who seized the opportunity to build viable retail businesses.

- ***Impact of the road***

Local residents in the project communities were positive about the road construction and spot improvements undertaken, and were very committed to these activities. People in Lukulu District, where cash-for-work focused on building culverts and repairing bridges, pointed out that access to health facilities had been facilitated, since ox-carts could now be used for taking patients to the clinic over previously impassable rivers and gullies. Another positive impact was in terms of physical security: women especially can walk without fear as forest tracks have been cleared and roads are busy with pedestrians and traffic.

In Kalabo District, because of non-availability of funds, the Kalabo-Mongu road was never completed.[117] This meant that the main developmental objective of the project - to improve provincial-level food security by providing a road link across the floodplain from Mongu town to Kalabo - was not achieved. Participants interviewed in 1998 remained hopeful that the road would eventually be completed, and they believed that this would have meaningful effects on their livelihoods. *"When the road network is improved we will be able to sell our produce, and transport costs for food and other essential items will reduce."* The main perceived benefit of an improved road network is in terms of improved marketing, which will contribute to lower prices for food and other commodities 'imported' from outside Western Province, and to increased income from sales of agricultural produce and other locally produced goods.

- ***Effects of project termination***

On several occasions participants were informed that the cash-for-work project would end in July and later in October 1996, but more funds from the Royal Netherlands Embassy were made available and the project eventually continued in Kalabo until August 1997. Following a positive evaluation, a proposal for second phase funding was drafted, but was never implemented. This highlighted the dilemma of the concept of creating employment through labour-intensive public works. The programme had a limited lifespan and created employment for a short time. When the programme ended many people were left without jobs. However, participants were assured that the programme would start again in the near future. When this survey was conducted in 1998, former participants were looking forward to working on the road again and complained that they were suffering since the project ended. *"It is now a year - what is happening?"*

Many participants and non-participants indicated that their community was deprived of incomes and business. As discussed above, many businesses were started or expanded significantly during the cash-for-work programme, but many of these were discontinued because they relied heavily on project income. Many more people had no off-farm incomes or only one source of income in 1997 than in 1996 (Table 6.33). Even those with alternative incomes complained that cash-for-work income was regular and predictable, whereas the market for local products was

[117] Refilling of 2km of ditches alongside the road was not done, and 14km of road required resurfacing, culverts and an embankment (Mongu Nutrition Group, pers. comm.).

neither assured nor reliable. *“With selling pots you are not sure when and if your products will be bought. With the road project when you complete your task you get paid - no delays!”* Because people in these villages are engaged in the same economic activities, they are highly competitive which reduces both the demand for products and profit margins. Almost all participants (87% of males and 90% of females) indicated that after the programme ended their total income declined, a result of income lost directly from the programme and/or indirectly through their other activities.

Table 6.33. ***Number of income sources per household, 1996 and 1997***

Activities	1996	1997	Increase/Decrease
None	14	41	+192%
One	99	129	+30%
Two	110	96	-13%
Three	60	29	-52%
Four	18	6	-67%

Moreover, after the cash-for-work income was removed the volume of cash circulating in the local economy declined dramatically. Mobile traders, who had come into the area to sell a wide range of goods to project participants, disappeared. There was plenty of fish and meat for sale, but after the programme ended local residents and traders sold less than before (Figure 6.12). *“The end of the project has affected businesses and people have no money any more - most customers were road participants. Poverty will increase as people are not able to buy essential commodities.”* In many communities a reversion to bartering (*mbe-na-mbe*) was observed.

Women were worse affected than men by the loss of project wages. Income-earning activities in western Zambia are highly gendered - men and women tend to undertake different activities, women’s activities earn less and they sell their products at lower prices. *"Even if we sell beer or handicrafts we cannot earn as much money as we were earning the time we worked on the road."* Many women complained that beer brewing was no longer a lucrative business since the project ended, because of reduced buying power locally.

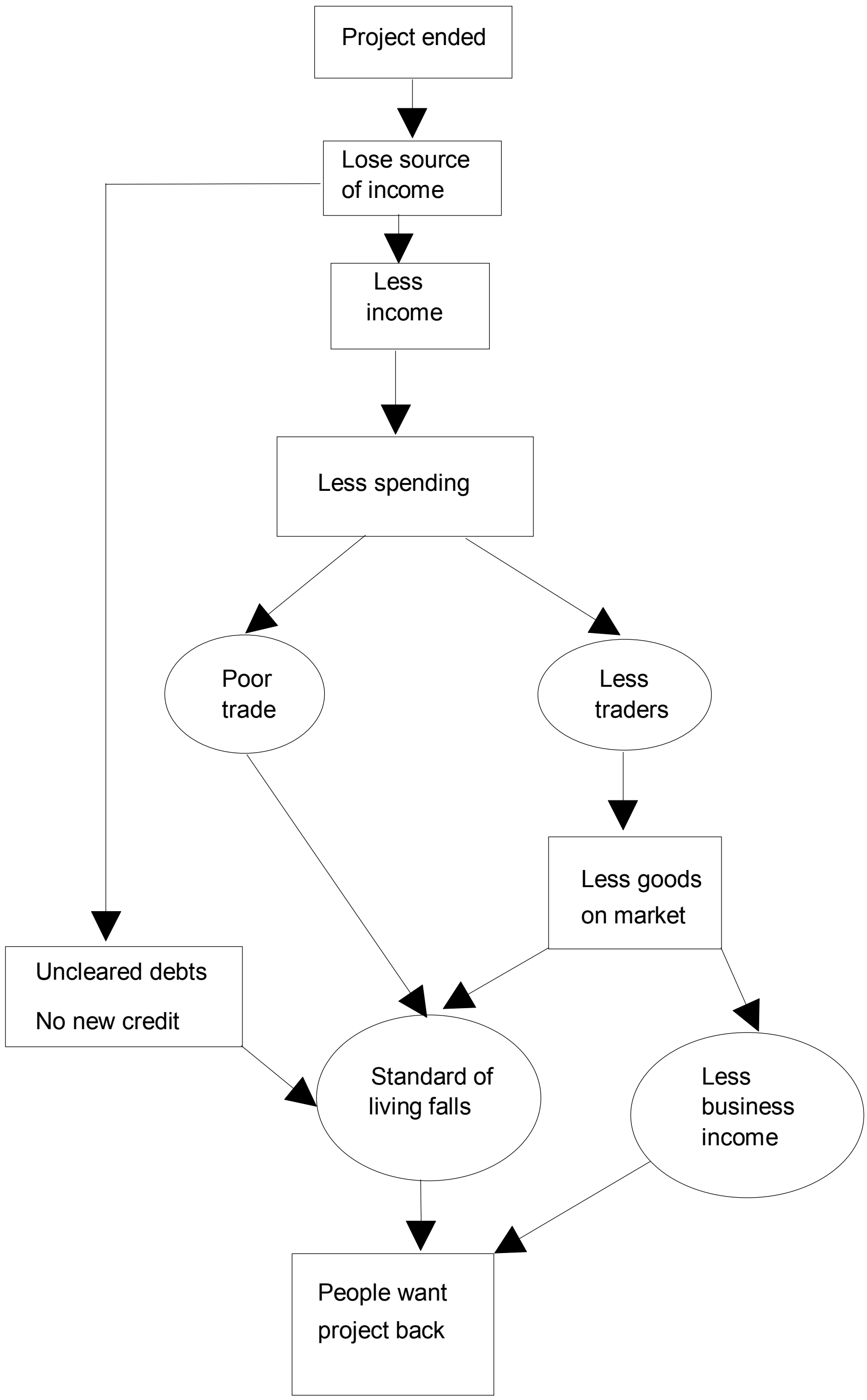
Box 6.6. ***Cattle trader who lost business after the project ended***

A cattle buyer from Sing'anda village would slaughter an animal and sell it for meat at the project site, earning K250,000 to K270,000 in a single day, depending on the size of the animal. After the project ended there were few customers with cash to buy meat, so he had to take the animals to ZamBeef in Mongu town for commercial slaughtering. Problems with selling in Mongu include the expense involved in transporting animals, quality checks at the abattoir which means some animals are rejected and low prices are offered for others, and delays of 2-3 weeks before payment is received. Back in the villages, people complained that meat had become a rare commodity again after the project ended, because people were no longer slaughtering their animals due to limited purchasing power in local markets.

Dependence on the cash-for-work income was high, as indicated by the termination of some income-generating activities, a contraction in turnover and profit margins, change of diets for some people, and lower levels of labour hiring by project participants. Many participants took loans in anticipation of cash-for-work wages that ended when the project terminated, leaving some with accumulated debts and financial commitments that they were unable to clear, and others unable to complete large purchases - such as plough oxen - that they had started making in instalments. Households that had adjusted to a higher standard of living had to readjust their expenditure downwards to pre-project levels. *“We were buying clothes, plates and blankets the time we were working on the road. Now we cannot buy even soap, meat, fish and cooking oil among other things. We are really suffering."* Participants from Lukulu District were less affected than those from Kalabo and Mongu, because employment in Lukulu was offered only for a short time and individuals earned too little cash to make meaningful changes in their living standards.

A small minority of former participants expressed relief that the project had ended, saying that: *"At least we have more time - I can go back to my work now"* (meaning agriculture). People had time for themselves since the programme ended. An activity that had occupied participants for five mornings each week was replaced with agriculture or free time.

Figure 6.12. ***Impact of cash-for-work programme termination***



Conclusion

Cash-for-work labour-intensive road projects were introduced to Western Province, Zambia, in the aftermath of a fairly severe drought, but continued beyond the relatively good harvest of the following year. This fact gave the programme designers a degree of flexibility that is absent from most conventional drought relief programmes. They experimented with payment in cash rather than food, a decision that seemed to be vindicated by the low proportion of earnings allocated to food purchases by participants and by the participants' own articulated preferences. They used job rotation and a low wage in one district to maximise coverage, and employed people for over a year at a relatively high wage in another district to maximise impact at the beneficiary level.

The debate over whether food or cash should be provided on public works in Zambia remains unresolved. The World Food Programme continues to argue that the drought-proneness and isolation of Western Province makes the provision of food aid imperative in years when local production fails to meet subsistence needs. Other donors, notably the Royal Netherlands Embassy which funded the cash-for-work programme, contend that food-for-work perpetuates dependence and creates disincentives to farmers and traders, while cash-for-work stimulates investment in agriculture and attracts private traders, which is vital since the government has withdrawn from agricultural marketing.

Like all targeted interventions, the cash-for-work programme did not serve as a comprehensive drought relief intervention because its coverage was restricted to participating households, which represented 10-11% of the population in three out of six drought-affected districts in Western Province. The programme was intended to be self-targeting, using the wage level as a means of excluding the non-needy. When rural poverty is deep and unemployment is widespread, self-targeting of public works becomes extremely difficult, because the supply of labour is highly wage-inelastic at low levels of income, and adequate coverage is virtually impossible to achieve - the programme becomes too large. During the 1992/93 drought in Botswana, for instance, about 7 million person days of work were created in a cash-for-work programme, but even though the wage was set well below the statutory minimum wage, there was excess demand for jobs, so employment was rationed and targeting was poor (Subbarao *et al.* 1996).

By their nature, public works programmes can never achieve universal coverage of the poor, since most demographic categories conventionally defined as vulnerable - children, the elderly, people with disabilities, pregnant women - are unable to participate. As a safety net, therefore, public works programmes must be supplemented by additional support to excluded vulnerable groups, or informal redistribution must occur from direct beneficiaries to their excluded relatives and neighbours. This research established that a high proportion of cash-for-work earnings was informally redistributed from primary to secondary beneficiaries (a 'trickle-down effect') - close relatives, extended family and other community members. Some of this informal redistribution reflected customary obligations, but much of it reflected the local ethos that recognises the need to provide assistance to destitute community members and other needy individuals.

The transfer efficiency - non-wage project costs in relation to wages paid to beneficiaries - of the Western Province public works programme was high. As much as 75% of the project budget was paid out as wages to workers on the roads. This compares to an average of 40-50% on road construction public works activities in other African and Asian countries, including the Maharashtra Employment Guarantee Scheme. The Western Province project was very small compared to the EGS, and draws on the goodwill of missionaries and local NGOs for its low administrative costs.

A major concern with the Western Province cash-for-work programme was its sustainability. Labour-intensive public works programmes have generally enjoyed greater support and funding from governments in south Asia, and have therefore lasted longer and made a more sustained impact than in Africa, where they tend to be donor-driven and short-lived. The Netherlands-funded programme in Western Province lacked the budgetary, administrative or technical capacity to 'scale up' during a drought crisis (as the Maharashtra EGS does). The road-building programme in Western Province stopped in March 1997 when funds from the Netherlands *ad hoc* emergency budget were exhausted. This was despite the recommendations of a generally positive evaluation report (Broersma *et al.* 1997), which argued for continuation of the programme but with three modifications: the extension of job rotation to all districts in order to extend coverage to more households; the inclusion of participants from distant communities; and the adoption of an ‘agency model’ for managing the programme, in order to involve more local and national stakeholders than the ‘NGO model’ on which the first phase was implemented.

Table 6.34 below lists a number of 'best case' and 'worst case' criteria for assessing holistically the effectiveness of employment-based safety nets. Statements relevant to the cash-for-work project in Western Province are shaded. The project performed poorly in terms of targeting, budget constraints, and impacts on labour markets and community spirit. It performed best in terms of its impact on food markets and its (potential) sustainability. Most of the shaded 'worst case' problems were either created or exacerbated by the wage rate being too high.

Table 6.34. ***Best case and worst case scenarios for an employment-based safety net***

	Best Case	Worst Case
Design	Shelf of well-designed projects ready in advance	Projects cobbled together when drought hits
Targeting participation	All participants are poor and all poor who want and are able to participate do so	Many participants are not poor and/or some poor who wish to participate are excluded
Supervision and management	Adequate to guarantee the technical quality of works and reasonable labour productivity	Inadequate leading to poor quality construction and very low labour productivity
Budget	Sufficient budget to provide all employment needed	Budget constraints mean employment has to be curtailed or rationed
Impact on food markets	Food or cash employment encourages development of local food markets, without creating either inflation or disincentives	Payments in cash cause inflation in food prices or, conversely, payment in food causes falls in food prices and disincentives to local production
Impact on labour markets	Works support labour market by providing employment of last resort	Works introduce distortions into labour market, by bidding up market wages to unreasonable levels, or because a dependent mentality is created
Sustainability	Assets created can be and are maintained	Assets are allowed to deteriorate rapidly
Impact on income and employment	Assets created generate future employment, at times of year when labour is available	Assets create no new jobs or incomes, or jobs only at previous peak seasons
Impact on asset ownership	New assets belong proportion-ately or disproportionately to the poor	New assets belong disproportionately to the rich
Impact on community	Works programme fosters community cohesion	Works programme undermines community cohesion and makes future self-help projects more difficult

Source: Maxwell 1993:105-106

Programme administrators did not involve local communities in the identification and design stages, and only to a limited extent in implementation. Hence the concerns of needs assessment arose and did not promote community spirit. Future initiatives of this nature should involve the local communities as much as possible. Cash-for-work activities should be planned with full involvement of the local communities to ensure that they address community needs. Gender sensitivity should be an important aspect in project design. The findings of this study reveal that women were disadvantaged because of sociocultural factors that dictate what men and women do in society. Women from female-headed households were especially disadvantaged because of increased workloads and vulnerability to exploitation.

It is important to separate the aggregate economic impact of the cash-for-work programme in terms of district-level food security from the specific impact on food insecure households. The direct impact on household food security was through the transfer of income which can be used to buy food. The direct impact on district-level food security was the extent to which the construction or improvement of roads increases food supplies and decreases the price of staple food imported into the district. The indirect impact on household food security was the multiplier effect of the income transfer - e.g. the increased food and cash crop production generated by hiring labour with cash-for-work income, and the proportion of workers' earnings that goes to traders. The indirect impacts on district level food security are determined by the extent to which the road stimulated trade - both imports and exports - and the local economy more generally.

There is no doubt that the cash-for-work programme had a significant positive impact on the livelihoods of participants and their families, especially in Kalabo District where earnings were considerably higher than in Lukulu and Mongu. In Lukulu, individual earnings were so low that they financed the purchase of basic commodities (food and groceries) for a short period. In Kalabo, by contrast, earnings were so high that participants met their subsistence needs and purchased consumer goods (clothing, kitchen utensils, furniture), provided support to relatives, saved for the acquisition of major productive goods (oxen, plough, ox-cart), and hired labour for their farms or even to provide temporary cover on the road project. The injection of large amounts of cash into a profoundly poor rural economy meant that much of this incremental income was diverted to consumption goods that raised living standards for the duration of the project, and relatively little was saved or invested for sustainable income enhancement. Some participants argued that people became worse off than before the road project because they wanted to live the lifestyle of somebody ‘working’ (i.e. formally employed), so they bought assets that they could not maintain and debts they could not repay after the project ended.

The cash-for-work programme also had a range of complex social impacts. Negative impacts included increased stress within households over the control of cash-for-work income, marital breakdown where spouses engaged in extra-marital relationships while camping at project sites, tension and resentment within communities between participants and their excluded neighbours. There were signs that men benefited disproportionately - they faced less pressure on their time than women, they enjoyed more control over spending of wages, male ox-cart owners assisted many women with their tasks in exchange for 50% of these women’s wages. It is debatable whether these concerns are sufficient to undermine the positive aspects of the programme.

On balance, the economic impacts of the programme would appear to be unambiguously positive, though not as substantial as was planned. A sizeable amount of cash was injected into the local economies of Kalabo, Mongu and Lukulu Districts; and the roads that were built or improved have contributed to enhancing trade and the integration of food markets in Western Province. However, the specific impact on household livelihoods was not maximised by the cash-for-work programme as implemented, because of its restricted coverage, the non-participatory way it was designed, its abrupt termination and the failure to integrate the programme into complementary development activities. The economic impacts were significant but mostly short-lived, while the unintended and unforeseen social impacts were often negative.

CHAPTER SEVEN - COMPARISONS, CONTRASTS AND CONCLUSIONS

This research project assessed the design, implementation and impacts of three social safety net programmes that transfer - unusually for Africa - cash to the poor. One of these programmes - cash-for-work for drought-afflicted farmers in western Zambia - had a work requirement, but two did not: cash transfers for 'destitutes' in urban Mozambique and the nationwide social pension for elderly citizens in Namibia. This concluding chapter summarises the major findings, draws comparisons and contrasts across the three case study programmes, and identifies implications for policy in several areas.

Conceptualising safety nets

Social safety nets can be conceptualised as publicly funded transfer programmes that have 'consumption smoothing', poverty alleviating or 'entitlement protection' objectives, rather than 'mean-shifting', poverty reducing or 'entitlement promotion' ambitions. Safety nets compensate for temporary fluctuations in income or consumption; they have limited potential for raising the chronically poor sustainably above the poverty line. On the other hand, this research hypothesises - and survey findings confirm - that social safety nets can have both effects: even small income transfers are often invested in informal sector activities, education, or acquisition of productive assets. The magnitude of the 'mean-shifting' effect is partly a function of individual or household preferences and priorities (some recipients consume all of the transfer while others invest as much as they can), and partly a function of the value of the transfer (the more resources are transferred, the more can be invested rather than consumed). As has been seen, these direct economic impacts are only one set of consequences that follow from the implementation of safety net programmes; many other economic and social impacts were explored in this study.

Design and implementation issues

Two issues are selected for discussion below: targeting and coverage of social safety net programmes, and mode of payment - the 'cash or food?' debate.

❑ *Targeting and coverage*

The three case study programmes used self-targeting (public works in Zambia), means testing (social welfare in Mozambique), and proxy indicators (age for the social pension in Namibia, gender quotas in Zambia) to identify beneficiaries. Each mechanism has its merits, but each raises its own problems. All three are subject to both types of targeting error: exclusion of the needy (*F*-errors) and inclusion of the non-needy (*E*-errors).

- ***Self-targeting***

  On Zambia's cash-for-work programme a relatively high wage was set that resulted in excess labour supply and job rationing. Because of budgetary constraints and the complexity of creating mass public works employment in isolated communities, the programme created just 4,700 temporary jobs in three districts with a population of 42,000 households (coverage = 11%). Our survey of 150 non-participants revealed that 78% were involuntarily excluded, despite volunteering for work. The problem was caused by widespread rural poverty (86%), limited alternative income-earning opportunities, and a concern by project managers to pay workers a 'fair wage'. An employment-based safety net can be self-targeting on the poor only if the payment is set below the local average wage. In Kalabo District, participants were employed for over a year, which allowed them to accumulate substantial wealth in local terms, to the obvious resentment of their excluded neighbours. In Lukulu District the same wage was paid, but employment was restricted to two tasks (±20 days). Job rotation increased coverage and participation rates, but limited economic impacts in terms of income transferred to individuals. Our survey found that participants in Kalabo would willingly have worked for half their wage, the evidence coming from the widespread practice of 'subcontracting' their work to excluded friends and relatives, for 50% of earnings. Thus the official wage was set at a level which deterred almost no-one who was physically able to work from applying for the limited places available. This trade-off - between transferring small amounts of cash to many participants and greater amounts to fewer participants - can be seen as a policy choice between maximising coverage and maximising livelihood impacts.

- ***Means testing***

  Registration for GAPVU in Mozambique was done by *bairro* leaders, some of whom profited by charging unauthorised 'registration fees' (as did supervisors on Zambia's road project) which excluded some of the poor and allowed non-poor to register in return for a 50:50 split of GAPVU income. Some nurses did the same for babies who were incorrectly recorded as malnourished. In one town a mother defrauded the system by registering her malnourished baby and 'lending' it to six friends, who all received GAPVU cash. These problems arose because of an ambition to achieve high coverage and maximum income transfers to beneficiaries (low *F*-errors) by minimising administration and other programme costs (to maintain a high ratio of benefits/costs)). Inadequate monitoring systems led to extremely costly leakages (high *E*-errors), partly to ineligible beneficiaries and partly to corrupt GAPVU officials. This siphoning off of programme funds also meant that many deserving people did not get benefits, so the approach was counterproductive: the result was high, rather than low, *F*-errors.

  There is a potential lesson for Mozambique to draw from the management of the social pension in Namibia. In an effort to reduce corruption and the administrative burden on the state, the Department of Social Services contracted out the delivery of the pension to a private company in 1996. By introducing biometric identification techniques (computer scanning of fingerprints), linked to automated payment from a mobile cashpoint machine on verification, the potential for false registration and claiming of pensions was virtually eradicated. At the same time, coverage of eligible citizens rose from 49% in 1990 to 88% in 1998, so *F*-errors and *E*-errors were both reduced, albeit at significant administrative cost: the α-ratio fell from 0.93 to 0.86.

- ***Proxy indicator***

  Eligibility for the social pension in Namibia is determined only by age: every citizen aged 60 years and above is entitled to receive N$160 (£16) each month from the state. While the social pension is an invaluable source of supplementary income to the large majority of Namibians who live in poverty their entire lives, old age is a weak proxy for poverty. The poor under 60 are excluded while many wealthy retired Namibians claim this entitlement - which they do not, strictly speaking, 'need' - and use it to pay domestic servants and gardeners. All proxy indicators suffer from this dual error - e.g. targeting female-headed households as a 'vulnerable group' by definition excludes poor male-headed households (*F*-errors) and includes non-poor female-headed households (*E*-errors). The solution to the exclusion problem is to locate the social pension within a comprehensive programme of social assistance for all poor and vulnerable Namibians - though this would meet political resistance because of its fiscal implications. One solution to the inclusion problem currently under consideration is to introduce means testing to screen out the non-poor elderly, but this is generating political resistance of a different kind, from those who would be deprived of a benefit that is currently regarded as a statutory, non-discriminatory citizenship right. An alternative proposal advanced in this report is to introduce self-targeting elements to the programme. At present the social pension can be paid directly into private bank accounts, but the majority of poor claimants queue up each month and receive their payment from mobile cashpoint machines. Requiring all claimants to queue for their monthly social pension, not just the poor without bank accounts, would introduce significant stigma plus time costs that might dissuade the non-poor without technically removing their entitlement.

- ***Mode of payment***

The decision to transfer either cash or food to safety net programme participants is often a pragmatic one, dictated by what resources are available rather than what is considered optimal by the participants. In western Zambia, the Netherlands-funded cash-for-work programme was established in opposition to the World Food Programme's argument that drought relief should logically be delivered in the form of free food to those unable to work plus food-for-work for the able-bodied. As it turned out, the injection of cash income attracted traders so that access to food was enhanced - fears of rampant price inflation did not really materialise - and payment in cash was clearly preferred by the majority of participants (Table 7.1). An important finding of this research in terms of programme design is that providing participants with cash rather than food clearly expanded their choices. It is doubtful whether food-for-work would have afforded participants as much flexibility, and addressed such a diversity of consumption and investment priorities, as was made possible by payment in cash. This conclusion was reinforced by respondents in all three countries expressing a strong preference for payment in cash rather than kind, usually because of the choice and flexibility that cash provides: *"I know what I need"*.

Table 7.1. *Payment preferences on social safety net programmes*

Preference	Urban		Rural	
	Mozambique	Namibia	Zambia	Namibia
Cash only	51%	84%	72%	93%
Cash plus food	42%	15%	16%	7%
Food only	7%	1%	5%	0%

In Mozambique a significant number of respondents preferred a combination of cash plus food (*"We need food to eat and cash for other things"*), mainly because of food price variability. In both urban and rural Namibia, by contrast, markets are well-established and market dependence is not perceived as risky to the same degree. (A precondition for a successful cash-based safety net is that markets are functional and fairly efficient.) The few pensioners in Namibia who articulated a preference for a food basket or 'cash plus food' rather than 'cash only' said that this would save them the trouble, as frail elderly citizens, of having to walk to the nearest shop - which was often some distance away from their homes - to buy food. The overwhelming majority of rural Namibians saw no need for the government to give them food because they are farmers: *"I get food from the field."* Even in drought years: *"The food aid programme gives us food when drought destroys the harvest".* Most respondents in Windhoek preferred cash because the need for cash is greater in urban areas: *"How can I pay my water or rent with food?"*

On this issue, as with many others, programme participants complained that they had never been consulted about their needs and preferences, or that nominal consultation processes had been held which resulted in no change - in short, participants' views were either not sought at all or were ignored. In general, 'beneficiary' communities were not involved in any of the following processes - conceptualising and designing the safety net programme, negotiating modes of payment or payment levels, project management, monitoring and evaluation, and (in the Zambian case study) programme termination. In Mozambique, GAPVU respondents had evidently internalised programme administrators' views of them as passive beneficiaries with no right to question procedures or to request modifications to the programme - indeed, this passivity and subordination undoubtedly contributed to the corrupt practices of large numbers of GAPVU officials. In one rare display of collective action, cash-for-work participants in Mongu District, Zambia agitated successfully for a wage increase, but this ability to influence programme administrators was not replicated in Mozambique or Namibia.

Impacts

The central hypothesis of this study - that safety net programmes have more extensive and deeper impacts than is commonly supposed - is confirmed by the variety of impacts that were recorded in fieldwork in all three country case studies. The injection of large volumes of cash into poor households and communities has significant economic and social consequences, both positive and negative, intended as well as unintended. The following discussion addresses the following sets of impacts: poverty reduction, food security, spending patterns, local trade, informal transfers, social relations and gender.

- ***Poverty reduction***

Different payment levels in the three case study programmes resulted in significant differences in the use of income by beneficiaries, and in economic impacts. The impact of transfer income on poverty is a function of the size of the transfer and its contribution to total income. In Mozambique, GAPVU income was so tiny that its impact on poverty headcounts was negligible. One survey concluded that the incidence of beneficiary households living in absolute poverty had fallen from 71% to 65% as a result of GAPVU. Conversely, the much higher value of the social pension in Namibia is largely responsible for the finding from a national household income and expenditure survey that 'only' 42% of households whose principal source of income is the social pension are poor, which is not significantly higher than the national poverty headcount of 38%, and considerably less than the incidence of 52% among 'subsistence farmers' - whose living standards actually rise if their household includes a person over 60.

In western Zambia, where 86% of farming households survive below the poverty line, differential cash-for-work earnings by district resulted in differentiated poverty impacts. When the programme ended in 1997, the proportion of participating households still below the poverty line had fallen to 74% in Kalabo District, was approximately equal to the provincial average at 86% in Mongu District, but remained at an extremely high 97% in Lukulu District, indicating that targeting was most effective in Lukulu and that the income transfer had made the greatest difference to economic wellbeing in Kalabo.

Table 7.2. ***Value and proportionate contributions of safety net transfers***

Country	Programme	Monthly transfer	Annual transfer	Transfers as % of total income
Mozambique	GAPVU	£ 1.78	£ 21.36	24%
Zambia	Cash-for-work	£ 3.10	£ 36.80	62%
Namibia	Social pension	£ 16.00	£ 192.00	81%

The purchasing power provided by the social pension was sufficient to allow many people who had been engaged in formal occupations to retire, and those engaged in informal sector activities to stop working. The wage offered on cash-for-work projects in Zambia was so attractive that many participants gave up their previous occupations. By contrast, not one participant in the GAPVU programme had made a similar decision.

GAPVU made a much greater contribution to total household income in the small, poor town of Chimoio (41%) than the large, relatively wealthy city of Maputo (9%), where incomes in our sample were four times higher, but living costs are correspondingly greater. Similarly, social pensions accounted for as much as 85% of household income in our rural Namibia sample, but a lower 74% in the capital city of Windhoek. These figures might suggest that national safety net programmes should consider weighting the level of transfer payments by local costs of living. On the other hand, a regionally differentiated payment schedule might be seen as discriminatory - in effect, penalising the poor for living in poor areas. Such a move would certainly encounter resistance in Namibia, where one of the government's first achievements after independence in 1990 was to equalise the social pension, which had previously paid Africans living in impoverished 'bantustans' just one seventh of the payment made to whites.

- ***Food security***

Intriguingly, despite transfers in all three programmes being in the form of cash, GAPVU in Mozambique and the cash-for-work programme in Zambia were both initiated as household *food security* interventions. Perhaps this reflects the shift in thinking since the 1980s, which now recognises that access to food can be provided or restored indirectly - through boosting purchasing power - not necessarily through direct food distribution. In Zambia the objectives were to stimulate local trade (by injecting cash incomes into poor communities) and to enhance market integration (by building feeder roads), reducing food prices and improving food security at the household, district and provincial levels. Although some inflationary tendencies were observed initially, when traders failed to deliver food to village markets in response to increased demand, these effects were limited and would certainly have been offset by reductions in transport costs had the road-building programme been completed.

In Mozambique GAPVU beneficiaries identified three distinct routes from GAPVU income to increased household food consumption: food purchases, investment in backyard farming for increased foodcrop production, and using GAPVU income as working capital to increase profits from informal sector activities such as petty trading. These three routes correspond, in entitlement terminology, to trade-based, production-based, and own-labour-based entitlement respectively, and provide further evidence for the multiple impacts of social safety nets, especially those involving cash transfers to the poor. Strikingly high proportions of urban Mozambicans are farming. Higher value transfers or enhanced access to agricultural inputs would facilitate investment in backyard farms and contribute to household food security.

The Zambian case provides evidence against the concern that rural public works projects might dampen agricultural production by competing for scarce labour. Many cash-for-work participants in Zambia used some of their income to hire labour to clear, plough or weed their fields. This phenomenon had a number of positive features. Firstly, it provided income to a second group of workers - a significant multiplier effect. Secondly, since many hirers were women and many labourers were men (especially for ploughing and weeding), this freed women from the most onerous and demanding tasks of farming. Thirdly, if investment in agricultural inputs, including labour, increased as a direct result of cash-for-work income, agricultural productivity and output might well have risen rather than fallen as a consequence of the cash-for-work programme - *contra* conventional wisdom on the labour-displacing impacts of rural public works on agriculture.

- ***Spending patterns***

The Zambian cash-for-work programme is illuminating because different employment policies were applied in adjacent districts that were otherwise very similar, resulting in very different earnings levels (unlike in the Mozambican and Namibian cases, where the programme was uniform across the country but the study sites differed in many respects, the three Zambian survey sites are comparable agro-ecologically, economically and socio-culturally, only the implementation of the programme varied). Table 7.3 clearly shows the higher earnings of participants in Kalabo compared to those in Mongu and (especially) Lukulu. One consequence was that Kalabo participants spent more of their cash-for-work income on investment items (mainly on agriculture and social capital - brideprice and providing assistance to other households through informal transfers) whereas participants from Lukulu had little cash to spare for such spending after they had purchased staple food and grocery items.

Table 7.3. ***Cash-for-work earnings and spending by district, western Zambia***

	Kalabo	Mongu	Lukulu
Duration of employment	10 months	7 months	<1 month
Cash-for-work income 1996	K 146,722	K 60,000	K 11,750
Maize equivalent (90kg bags)	7.4 bags	3.0 bags	0.6 bags
Bought food & groceries	100%	100%	100%
Bought items for house	78%	79%	21%
Helped other households	59%	54%	12%
Invested in farming	19%	3%	0%
Paid brideprice	5%	2%	0%
Purchased ox-cart	1%	0%	0%

Note: K2,000 = £1. A 90kg bag of maize (household needs for one month) cost K20,000 (£10)

This finding confirms 'Engel's law' - that the marginal propensity to consume incremental income falls as income rises - but a slightly different point emerged from the fieldwork: that larger incomes facilitate purchases of 'lumpy' assets. Assets purchased by Lukulu participants were predominantly low-cost consumer goods (second-hand clothes, kitchen utensils), but Kalabo participants were able to acquire productive assets (farm tools and fertiliser, livestock, even an ox-cart) with high long-term returns. Higher transfers facilitate more investment. Rather than a continuum, this pattern of expenditure might be better described as a series of 'steps' (Figure 7.1). Participants 'graduated' to higher steps as their earnings increased, enabling them to shift beyond consumption spending towards investment purchases, and from small, regular outlays to large, costly acquisitions.

Figure 7.1. ***Spending of transfer income as a step sequence***

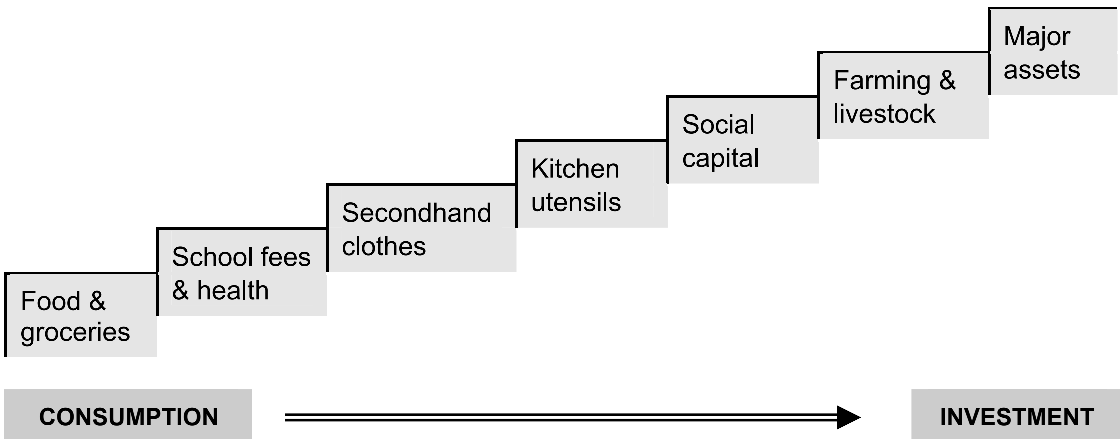


Table 7.4 reveals clear differences between urban and rural livelihood systems, in terms of spending priorities and relative market dependence. In a drought year, spending of rural transfer recipients is closer to the spending pattern observed in urban areas, with market dependence for food dictating that the bulk of transfer income is allocated to meeting staple needs (76% in drought-affected Zambia, 61% in urban Mozambique).

Rural spending patterns were concentrated on a few categories during the drought, but more dispersed after the drought. The dominance of food and clothing in Mozambique reflects the low value of the transfer, while the high proportion of social pension income allocated to medicines in Namibia reflects the higher value of this transfer and the age profile of pensioners.

Table 7.4. ***Spending of transfer income in rural and urban study areas***

RURAL (Zambia)	Non-drought	Drought year
Livestock	34%	0%
Brideprice	20%	0%
Medicine	14%	0%
Food	8%	76%
Agriculture	8%	8%
House related	7%	4%
Schooling	5%	2%
Clothing	5%	10%

URBAN	Namibia	Mozam-bique
Food	38%	61%
Medicine	23%	1%
Schooling	16%	3%
Clothing	11%	15%
House related	4%	8%
Water/electricity	2%	7%
Livestock	2%	2%
Transport	0%	2%

The high proportion of transfer income allocated to consumption expenditure can be interpreted in two ways. One is that these programmes were well designed and targeted, reaching people so poor that this income was used mainly to bridge unmet consumption deficits. On the other hand, it might equally be argued that the proportion of transfer income that was invested or saved is remarkably high. For instance, the contribution of the social pension to human capital formation in Namibia, through the allocation of pension income to various education costs of pensioners' grandchildren, is incalculable. Notwithstanding this evidence of productive uses of transfer income, it might seem rather disappointing that participants spend so much of their transfer income on 'non-essential' consumption commodities: clothes, kitchenware and 'luxury goods' such as radios. (Note also that 'illicit' spending on, *inter alia*, drinking and women were not even enumerated in our surveys, due to the sensitivity of these behaviours.) However, this would be an unfair judgement. Decent clothes, kitchen utensils and household furniture are important basic needs, and a radio is hardly a luxury in an isolated community with little connection to the wider world. It would be elitist and ethnocentric to condemn the poor for failing to spend all their meagre incomes in an economically 'optimal' way. Spending patterns of transfer recipients were also substantially influenced by commodities available - retailers who congregate around paypoints on pay-days in all three case study programmes tend to sell food and groceries, clothes and kitchen utensils, and these items dominate in recorded spending of transfer income.

Higher transfers result in higher investment and higher savings, as does greater prior wealth. The 'poorest of the poor' have a lower propensity to invest or save incremental income than the less poor or non-poor, because their livelihoods are dominated by strategies to meet immediate consumption needs. The direct relationship between the value of resources transferred and the propensity to invest or save this incremental income is clear from a simple cross-country comparison:

- in Mozambique, where GAPVU was equivalent to £16 per annum, only 10% of respondents invested, and 5% saved, out of this income;
- in Zambia, where total cash-for-work earnings averaged £37 per participant, 28% invested and 14% saved some of their earnings;
- in Namibia, social pensions were worth £192 per pensioner - double in couple households - and 53% invested while 47% saved some of this cash.

Informal redistribution of the formal redistribution programme results in significant numbers of secondary beneficiaries being reached – confirming one of the research hypotheses (see Table 7.5 below).

Table 7.5. ***Beneficiaries of spending of transfer income (% of spending)***

Beneficiaries	Namibia (all pensioners)	Zambia (male participants	Zambia (female participants)
Whole household	43.3%	20.9%	14.1%
Participant (self)	27.9%	31.6%	22.5%
Spouse	2.4%	7.4%	6.2%
Children	7.1%	13.8%	11.0%
Extended family	18.8%	7.1%	16.1%
Non-relatives	0.2%	19.4%	30.2%

Most of the 'extended family' spending (13.5%) in Namibia is on grandsons (7.3%) and granddaughters (6.2%), and goes towards school-related expenses and clothing.

- ***Local trade***

Cash transfers generate significant income multipliers - every Mozambican metical, Namibian dollar or Zambian kwacha spent by one person is a unit of income earned by someone else. This fact alone creates a strong case for transferring cash rather than food to the poor, provided market conditions allow. Cash-for-work earnings, GAPVU and social pensions all provided a major stimulus to trade. Street traders congregated at social pension paypoints and outside GAPVU offices on pay-days, and retailers set up businesses alongside the road projects in Zambia. In Kalabo District three permanent shops and two temporary roadside stalls opened, selling food and groceries, secondhand clothes and cooked snacks. Shop-owners said that their turnover doubled on pay-days. Savings from cash-for-work income provided capital for new business ventures - two of the three new shops in Kalabo were owned by people who worked on the road project. However, the long-term sustainability of this economic stimulation was limited, with most of these new enterprises closing down soon after the road projects stopped in 1997.

In Namibia, by contrast, the delivery of social pension income over several decades to the most isolated rural communities has provided a permanent stimulus to local trade, with many grocery stores being established even in the smallest villages that would not survive without the business that social pensioners bring every month. Social pensioners accounted for between one-third and two-thirds of turnover at retail stores in our southern Namibia study community. More than half these pensioners were granted credit facilities at these stores because of their guaranteed monthly transfer income.

- ***Informal transfers***

There was some evidence that the receipt of formal income transfers had resulted in a reduction of informal transfers to programme participants - a 'crowding out' effect. Where the transfer was relatively substantial, previous net recipients of informal transfers now became net donors. In the majority of cases, though, programme participants continued both to give and receive gifts and assistance among their social networks, reflecting the fact that such transactions serve important social as well as economic functions. Besides, the displacement of some informal transfers with formal transfers amounted in most cases to a reduced burden of support to the absolutely poor by the moderately poor, so this remains a positive poverty-reducing effect. Most informal transfers in Africa occur 'horizontally' - among the poor themselves - rather than 'vertically' - from rich to poor, following norms of reciprocity and mutual insurance rather than inequality-reducing redistribution.

In Mozambique, one in three GAPVU beneficiaries who had received informal assistance before registering with GAPVU subsequently lost some of this support (*"Why should I help you now that you are getting assistance from the government?"*), but the majority continued to enjoy the same level of support as before, mostly in the form of small food gifts from relatives which added approximately 6% to average household income. The few GAPVU participants (one in ten) who had themselves been providing support to others used their transfer income to increase the level of that support, suggesting that informal redistribution of the formal transfer had significant 'second round' impacts in terms of reaching other poor households. Similarly, the regularity and reliability of social pension income in Namibia makes it an important source of informal support at times of crisis, notably in drought years, when calls on pensioners from relatives and friends for assistance with food purchases intensify.

Zambia's cash-for-work programme significantly altered patterns of reciprocity and dependence among participants and their social networks. Before the road projects started, more participants had been giving (35%) than receiving (25%) assistance, which provides further evidence of poor targeting - participants may have been poor, but they were by definition able-bodied economically active adults. Receipt of cash-for-work income enabled many more participants to begin providing support to others (42%) - especially in the high-paying districts of Kalabo (59%) and Mongu (53%), but less so in Lukulu (12%). As in Mozambique, one in three prior recipients of informal assistance lost that support as a consequence of being employed on the road. Conversely, prior donors substantially increased the volume of assistance they provided to others, at least for the duration of the cash-for-work programme. Termination of the programme was associated with an immediate contraction in all economic activity in the three districts, including the level of informal transfers - three out of four donors either cut back on their provision of informal transfers or stopped assisting others altogether.

- ***Social relations***

Seemingly minor aspects of programme design can have major implications for social and economic outcomes. Within the Zambian cash-for-work programme, the introduction of job rotation in Lukulu District maximised participation of communities alongside the road maintenance sites and fostered a sense of ownership of the physical assets that were created or improved by the project. Conversely, the failure to practice job rotation in Kalabo and Mongu districts generated resentment and stratification between participating and excluded households. Many participants deliberately exploited their neighbours by a form of job-sharing which required the neighbour to do all the work for half the pay. This experience contrasts with findings from Mozambique and Namibia, where the social impacts of their respective safety net programmes are neutral or positive. According to one GAPVU beneficiary in Nampula: *"Because the money is so small there is no need for conflict."* In Namibia, social pensioners acquire an economic status and value that elderly relatives in poor African communities typically do not have - elderly Namibians are not dependants, but important income providers.

Finally, the positive impact of all forms of transfer income on informal transfers has been discussed above, but it is worth emphasising that these three safety net programmes all removed some of the burden of responsibility for dependant relatives and impoverished neighbours from families and communities that are often themselves financially stressed. The social pension, in particular, sustains entire extended families throughout Namibia and reinforces the social role of grandparents in caring for young children.

❑ *Gender impacts*

All three case study safety net programmes were gender-neutral in their allocation of benefits: GAPVU was paid to male and female 'destitutes' in urban Mozambique (some categories, such as malnourished mothers, being female by definition); social pensions are paid to every man and woman over 60 years of age in Namibia; and gender quotas (50:50 employment of men and women) were introduced on Zambia's cash-for-work programme. The impacts of these programmes were not always gender-neutral, though.

Transferring resources to women is intended to empower them, but can lead to sub-optimal or even perverse outcomes, such as the appropriation of women's incomes by men, or abrogation by men of their responsibilities for household provisioning. It is vital to understand the sociocultural context when projects are designed and implemented. The introduction of gender quotas on Zambia's public works programme provides a case in point. Current conventional wisdom asserts that gender quotas should be introduced on public works projects to ensure that women benefit directly from employment creation. However, the work requirement imposes heavier time and effort costs on poor women - who are typically already overworked - than on poor men - who are more likely to be underemployed. In the Zambian case study, excessively labour-intensive work norms compelled women to hire men with ox-carts to help complete their tasks, in exchange for half their income. Women cash-for-work participants also lost control over much of their earnings, because wives had to 'show' their income to their husband and take his 'advice' on how best to spend it. Several others were prevented from working on the road at all by their husband or father, thus denying them the opportunity to accumulate independent cash income. The cash-for-work programme was also held responsible for intensified domestic strife and several incidents of marital breakdown, either because of conflicts over the use of cash-for-work earnings or because of extra-marital relationships at roadside work camps.

Transfer income made a larger contribution to total income in female-headed than male-headed households - the figures for GAPVU were 31% and 18% respectively - because female incomes are substantially lower than male incomes in all three study countries. In Mozambique and Namibia, decisions over the use of GAPVU or social pension income were often taken jointly in couple-headed households. In southern Namibia, women and men independently questioned whether both sexes should receive an equivalent pension payment, given the 'cultural norm' that husbands provide cash for food and groceries to their wives. Many female pensioners resolved the 'confusion' that they felt by voluntarily handing over their social pension to their husbands.

Spending patterns were not markedly differentiated by programme participants' sex. There was some suggestion that the distribution of transfer benefits within households accrued more to female relatives when participants were female, and *vice versa* - for instance, (grand)fathers spent more on (grand)sons, and (grand)mothers spent more on (grand)daughters - but the statistical significance of these findings is too low to provide convincing evidence of intrahousehold gender bias. Women spent a marginally higher proportion of transfer income on goods and services for the 'whole household', while men spent slightly more on themselves.

In all three countries, local norms dictate which assets can be owned by men and which by women. In southern Namibia, for instance: *"What is inside the house belongs to the wife and whatever is outside the house belongs to the husband."* This statement implies that men control all livestock and farm implements, while women control the household furniture and kitchen utensils, but even this exaggerates the assets that are customarily owned by women. In our surveys, the acquisition of assets with transfer income was highly gendered, with men more likely to buy livestock, radios and other consumer goods, and women restricted to low-value kitchen utensils and poultry. As one Zambian woman rhetorically asked: *"What can you buy when you are in your husband's home?"*

These findings present difficulties for interventions that seek to empower women economically. If women are not permitted or encouraged to own livestock - other than poultry - or key productive assets (such as ploughs or land), then cash transferred to women will not lead to independent wealth accumulation by those women. Even when women are permitted to own assets in their own right, they may lack incentives to acquire assets in contexts where they know that these assets will revert to their husbands on separation, or to their husband's family on his death. In such cases the bulk of cash transfers to women will invariably be used for domestic reproduction rather than productive investment or wealth accumulation, reinforcing the predicted behaviour that women have a higher propensity to spend resources under their control on feeding their children than are men.

Conclusions

Ten years after the 1990 World Development Report advocated transfers and safety nets as the third prong of the 'new poverty agenda', policy-makers and academics remain unconvinced. Social safety nets are regarded by neoliberal critics as fiscally unaffordable compensatory mechanisms that make no effective contribution to sustainable poverty reduction, and by left-wing critics as token handouts to make harsh neoliberal reforms politically palatable, or to avoid taking real actions to redress the structural causes of poverty and vulnerability. According to the World Bank itself (World Bank 1994:163):

> "It is likely that narrowly targeted interventions to reach specific groups of the poor will play only a small role in the poverty reduction strategies of most African countries. With close to half the population below the poverty line, spread across vast rural areas, and eating the same staple foods as better-off households, targeting the poor through food subsidies or food-for-work programs is an institutionally demanding way of transferring income to a vast number of people. It is also likely to result in large income leakages."

A similar ambivalence is apparent in a recent assessment of cash-based safety nets (GAPVU) and alternative anti-poverty strategies in Mozambique (Low *et al.* 1998:25):

> "Especially in countries like Mozambique where poverty is widespread and a government's financial resources are limited, mechanisms other than safety nets must be found to lift the majority out of poverty. Large social assistance programs, such as direct transfers or social security, simply do not seem fiscally or politically sustainable in resource-poor countries. But a cash-transfer program has its place. ... Although cash transfers require significant administrative capacity and a relatively advanced information base to identify and reach the target population, they are among the best ways to provide assistance to those people who cannot work, have no other sources of financial support, and live in areas where the institution's capacity and infrastructure to deliver cash-transfers effectively are adequate."

Case and Deaton (1996), in an evaluation of social pensions in South Africa, interrogate the "conventional prejudices against cash transfers" as anti-poverty measures, namely that cash transfers are not viable, are difficult to administer, do not reach their target groups, and are not politically sustainable. Against these acknowledged problems, the authors point to the following advantages of cash transfers: that they can be effectively targeted (unlike, say, food price subsidies), that they allow recipients freedom of choice in spending decisions, and that the distortionary effects on labour and commodity markets are likely to be lower than with in-kind transfers such as food aid.

This report endorses Case and Deaton's arguments, and supports Low *et al.*'s cautiously positive ambivalence. Targeted interventions inevitably exclude large numbers of poor people and require costly administrative mechanisms to minimise inclusion errors and leakages. On the other hand, cash (or in-kind) transfers can have an enormous impact on the livelihoods of the poor, and on the local economies in which they are situated. Several prerequisities are needed for a successful safety net intervention, however, including:

- ***adequately functioning markets:*** to enable programme participants to convert cash transfers into essential commodities with no inflationary consequences;
- ***fiscal and political sustainability:*** a significant level of inequality within the country to finance redistributive transfers (as in Namibia), and a government or donor whose commitment to the programme extends beyond the project cycle (unlike in Zambia);
- ***investment in monitoring systems:*** to minimise targeting errors and opportunities for diversion of programme funds to corrupt administrators or ineligible claimants.

In terms of maximising the impacts of safety net programmes, I would conclude with four observations.

- ***Tiny transfers equal tiny impacts, but moderate transfers can have major impacts.*** The poor use incremental income to satisfy basic (and 'non-essential') consumption needs first, then investment in 'human capital' (education and health) and in 'social capital' (supporting others), and finally investment in directly productive (income-generating) activities and assets. Income transfers will impact on productive investment only if they are large enough to cover consumption needs (as in Namibia and Kalabo District, Zambia, but less so in Mozambique or Lukulu District, Zambia).

- ***Consumption-smoothing interventions can have mean-shifting outcomes.*** As one cash-for-work enthusiast in western Zambia told us: *"Cash is like oil: it gets stuck things moving."* For the ultra-poor, small amounts of cash can make an enormous difference. Mozambican women make their tiny GAPVU income go further by trading with it for increased profits. In sufficient volumes, transfer income can stimulate local trade (as in rural Namibia and western Zambia), creating income multipliers, bringing down commodity prices and raising the purchasing power of all local residents.

- ***Cash injections without structural transformation equals unsustainable outcomes.*** The poor are poor because they lack assets and incomes – but this is a description of a symptom, not a theory of causation. Weak institutions and bad policies cause poverty – dysfunctional markets, radical liberalisation measures that undermine access to agricultural inputs or introduce charges for basic services. Cash can alleviate these constraints, but sustainable, broad-based poverty reduction requires strengthening markets and guaranteeing access to productive inputs and essential services ('productivity-enhancing safety nets'), rather than narrowly targeted income transfers. What the working poor really need is trampolines, not safety nets.

- ***The importance of understanding the sociocultural context cannot be over-emphasised.*** A safety net programme is more than a transfer of resources from the state or a donor to needy beneficiaries; it is a relationship of power that impacts, often in significant and unforeseen ways, on the society in which it operates. Interventions that seek to do more than transfer resources to targeted poor or 'vulnerable groups' - such as attempting to empower women - will produce sub-optimal or even perverse outcomes if they are not sensitive to the real needs and livelihood constraints of their intended beneficiaries. There is no substitute for effective participation of the poor in designing and implementing safety nets programmes if the positive intended impacts are to be achieved, and the unintended negative consequences are to be minimised.

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Chapter 7. CONCLUSION

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ANNEX 1.

METHODOLOGY

Methodology Matrix

Project Level
- ❑ Semi-structured interviews

Society Level
- ❑ 'Rapid Sociocultural Assessment'

Local Economy
- ❑ Price monitoring:
  1. Food and groceries
  2. Livestock
  3. Consumer goods

Community Level
- ❑ Rapid Rural Appraisal:
  1. Village mapping exercise
  2. Participation matrix
  3. Impact tree diagrams

Individual Level
- ❑ Household surveys:
  1. Participant questionnaire
  2. Non-participant questionnaire

METHODOLOGY MATRIX

Level of Analysis	Information required	Methodology
Project	History of project, objectives, targeting, financing, future	Semi-structured interviews - key informants (project staff)
Society	“Rapid Sociocultural Assessment”	Key informants and direct observation
	Gendered ownership of assets, control of income, domestic responsibilities	Focus group discussions
Local Economy	Local costs of purchasing a basket of basic commodities	Price monitoring in village stores and local markets
	Current prices of livestock and consumer goods	Price monitoring in village stores and local markets
Community	Participation & non-participation, eligibility & exclusion criteria	Village mapping exercise
	Community involvement in project planning and implementation	Participation matrix
	Project impacts at community level	Impact trees
Participants	Use of transfer resources; incomes; secondary beneficiaries; opportunity costs; mode of payment preference	Questionnaire survey (1) Individual case studies
Non-participating households	Reasons for non-participation; consequences of exclusion	Questionnaire survey (2)
Indirect beneficiaries	Income earned indirectly, through spending by project beneficiaries	Traders survey

PROJECT LEVEL *[Semi-structured interviews with project officials]*

Interviewee information

0. Name, position and involvement with project.

Timing and duration

1. Where, when and by whom was the project conceptualised?
2. When was it implemented?
3. When was it terminated, or when will it be terminated?
4. Does the project stand alone, or is it one part of a larger programme?

Objectives

5. Why was the project initiated?
6. What was the project's overall goal?
7. What were the specific objectives of the project?
8. Have these ever been changed or modified? If so, how and why?

Participation

9. Where or how did the impetus for the project arise?
10. To what extent were the communities involved in various stages of the project cycle?
    - Conceptualising the project
    - Designing the project
    - Selecting the participants
    - Negotiating payment rates and work targets
    - Implementing the project
    - Managing the project
    - Modifying the project
    - Monitoring and evaluating the project
    - Terminating the project

    If the beneficiaries were not involved, why not?

Targeting

11. What are the targeting criteria for identifying participants?
12. How were these criteria decided and by whom?
13. Have the criteria ever been changed at all?
14. Have there been any problems with respect to the targeting criteria (e.g. not reaching the target group; leakages to non-targeted population; resentment from non-participants?)
15. If there have been problems, how were they addressed? How could targeting be improved?

Resource transfer

16. What is the resource that is transferred to beneficiaries (food, cash, inputs, credit)?
17. Why and how was this choice made?
18. Are there any problems associated with delivering this form of transfer?
19. What is the actual amount and frequency of the resource transfer?
20. How was this decision reached?
21. Has the amount or frequency of the transfer ever changed and why?

Funding

22. How is the programme financed?
23. Is the funding period finite or indefinite?
24. How much is allocated or spent per annum or in each project phase?

Impacts

25. To what extent has the project achieved its overall goal and its specific objectives?
26. In your view, what has been the impact of the project in terms of the following:
    - local economy and trade
    - agriculture
    - food security
    - health and nutrition
    - education
    - savings and investments
    - income generation
    - asset accumulation
    - poverty alleviation
    - social impacts
    - gender relations
    - time and labour allocation
27. Have there been any other positive or negative impacts of the project?

Conclusion

28. Is there anything you would change about the project if you were designing it now (e.g. different target group, different type or amount of transfer, different type of project)?
29. Is there anything else you would like to mention about the project?

Documentation

30. Are any project documents available (e.g. project proposal, interim reports, evaluations)?

<u>SOCIETY LEVEL</u> *[Direct observation and discussions with key informants]*

'Rapid Sociocultural Assessment'

Variable	Possible Options (Bi-polar variables)	
Unit of decision-making *	Individual	Group
Allocation of status	Achieved	Ascribed
Kinship structure	Patrilineal	Matrilineal
Family organisation	Nuclear	Extended
Marriage arrangements	Monogamy	Polygamy
Residence pattern	Patrilocal	Uxorilocal
Inheritance pattern	Male line	Female line
Title to assets *	Individual	Group
Tenure arrangements	'Customary'	'Legal' / Commercial

Variable	Range of possible options (Continuous variables)						
Patron-client relationships	Situational	1	2	3	4	5	Continuous
Prestige criteria	Behaviour	1	2	3	4	5	Expenditure
Gender relationships	Complementary	1	2	3	4	5	Subordinated
Inter-generational relationships: • Senior/junior	Egalitarian	1	2	3	4	5	Paternalistic
• Junior/senior	Respectful	1	2	3	4	5	Contemptuous
Occupational structure	Uniform	1	2	3	4	5	Diversified
Technological know-how	Rudimentary	1	2	3	4	5	Sophisticated
Economic differentiation	Extensive	1	2	3	4	5	Non-existent
Organisation of labour	Communitarian	1	2	3	4	5	Market-based
Religious diversity	Tolerance	1	2	3	4	5	Intolerance, conflict
Ethnic composition	Homogeneous	1	2	3	4	5	Heterogeneous
Organisational development	Deep, complex	1	2	3	4	5	Shallow, simple
Transport & communications	Well-developed	1	2	3	4	5	Undeveloped
Institutional infrastructure	Formal	1	2	3	4	5	Informal
Access & availability of services	Good	1	2	3	4	5	Bad/weak
Gender roles	Specialised	1	2	3	4	5	Complementary

Notes on 'Rapid Sociocultural Assessment'

Project impacts, including narrowly defined measures of success (e.g. "the project achieved none, few, some, many or all of its stated goals") depend crucially on the sociocultural setting. How to control for context-specific differences that don't matter, and at the same time identify differences that do matter? USAID's 'Guidelines for Social Soundness Analysis' identify several indicators, including:

- *Sociocultural feasibility:* "The compatibility of the project with the sociocultural environment in which it is to be introduced"
- *Social consequences and Benefit incidence:* "The social impact on distribution of benefits and burdens among different groups, both within the initial project and beyond".[1]

In order to obtain vital contextual information, I developed the very crude attempt to 'audit' the sociocultural setting - a 'Rapid Social Assessment' - that is presented in tabulated form above, which is based on T. Scarlett Epstein's list of cultural variables (as reported in Klitgaard 1995). This information was obtained through observation and from key informants in the fieldwork communities. While the bipolar variables (nuclear/extended family, monogamous/polygamous marriage, and so on) are relatively straightforward 'positive' data, the 'spectrum' variables (e.g. egalitarian ⇔ paternalistic relationships, rudimentary ⇔ sophisticated technology) are subjective and normative. Following this element of the data collection, 'cultural grids' were constructed, not as research outputs *per se*, rather as inputs to analysis of information on project impacts. For example, it emerged that women tend to have greater control over project income in contexts where marriage is polygamous and/or gender relationships are relatively complementary rather than subordinated. Each project's relative success or failure in terms of gender outcomes could then be partly ascribed to the particular sociocultural context into which it was introduced.

1 Quoted in Robert Klitgaard, 1995, 'Including Culture in Evaluation Research', p.7.

<u>LOCAL ECONOMY</u> *[Price monitoring]*

1. What is the local cost of the following basket of basic food and grocery items?

Category	Item	Unit	Current Price	Remarks
Staple food	Maize meal	25 kg		
	Flour (wheat)	1 kg		
	Bread	1 loaf		
Other food	Salt (coarse)	500 g		
	Salt (fine)	500 g		
	Sugar (small)	1 kg		
	Sugar (large)	2 kg		
	Cooking oil	750 ml		
Beverages	Tea leaves	100 g		
	Tea bags	100 g		
	Orange crush	2 litres		
	Milk	500 ml		
Hygiene	Soap (bath)	200 g		
	Soap (washing bar)	500 g		
	Detergent paste	500 g		
	Toilet tissue	1 roll		
	Petroleum jelly	500 ml		
	Razor blade	1		
	Toothpaste	50 g		
Fuel	Paraffin	1 litre		
	Candle	1		
	Matches	1 box		
	Batteries	1 x AA		
Stationery	Pen	1		
	Pencil	1		

2. What is the local average unit cost of the following livestock?

Category	Animal	Mean Price	Price Range	Remarks
Cattle	Bull			
	Cow			
	Calf			
Donkey	Male			
	Female			
Pig	Boar			
	Sow			
Goat	Male			
	Female			
Sheep	Male			
	Female			
Duck	Male			
	Female			
Chicken	Rooster			
	Hen			

3. What is the local average unit cost of the following consumer goods?

Asset Category	Asset	Unit Cost	Remarks
Farm implements	Plough		
	Harrow		
	Sickle		
	Axe		
	Hoe		
Kitchen utensils	Bucket		
	Wash basin		
	Plate		
	Pot		
	Knife		
	Cup		
	Spoon		
Furniture	Lounge suite		
	Chair		
	Stool		
	Table		
	Bed		
	Mattress		
	Sewing machine		
Housing	Iron sheets		
	Window frame		
	Door frame		
Transport	Boat		
	Sledge		
	Bicycle		
	Scotch-cart		
Luxury goods	Radio		
	Cassette player		
	Wrist watch		
	Clock		
	Umbrella		
Clothing	Blanket		
	Shirt		
	Trousers		
	Shorts		
	Shoes		
	Chitenge		
	Jersey		
	Skirt		
	Blouse		
	Dress		
	Children’s clothes		

<u>COMMUNITY LEVEL</u> *[RRA with communities]*

1. Identifying participants & non-participants, discussion of eligibility & exclusion criteria *[Village mapping exercise]*

2. Community involvement in project planning and implementation *[Participation matrix]*

Participation matrix *[tick one cell for each row]*

How was this community involved in the following:	Informed	Consulted	Partners	Delegated	Controlled
Conceptualising the project?					
Designing the project?					
Selecting the participants?					
Negotiating payment rates?					
Implementing the project?					
Managing the project?					
Modifying the project?					
Monitoring and evaluation?					
Terminating the project?					

Source: 'A Guide to Social Analysis for Projects in Developing Countries', ODA, 1995

3. Project impacts on the community *[Impact tree diagrams[2]]*

<u>Individual / Household level</u>	<u>Community level</u>
• Labour time	• Food security
• Leisure time	• Local economy
• Nature of work	• Trade
• Expenditure on food	• Employment
• Quality of diet	• Infrastructure
• Investments	• Relations between households
• Conflict in the household	• Community spirit / self-help
• Decision-making in the household	• Dependence on project

2 Source for participatory impact diagram methodology: Pretty, Guijt, Thompson and Scoones, 1995, 'Participatory Learning and Action', IIED, pp.244-245

ANNEX 2.

KEY INFORMANTS

Mozambique

Mr Eduardo Borges	Director	National Institute of Social Action (INAS - *Instituto Nacional de Acção Social*), Maputo
Mr Juan Carlos	Consultant	National Committee for Social Reinsertion (*Comissão Nacional de Reinserção Social*), Maputo
Mr Rui Xavier Chiposse	*Chefe Adjunto*	National Institute of Social Action (INAS - *Instituto Nacional de Acção Social*), Chimoio
Professor Teresinha da Silva	Director	Department of Research Training in Social Sciences, University of Eduardo Mondlane, Maputo
Mr Gabriel Dava	Social Economist	Poverty Alleviation Unit, Ministry of Planning and Finance, Maputo
Mr Igidio de Sousa	*Chefe de Delegacao*	National Institute of Social Action (INAS - *Instituto Nacional de Acção Social*), Nampula Province
Ms Lourdes Fidalgo	Nutritionist	Ministry of Health, Maputo
Ms Victoria Ginja	Head of Department	Department of Population and Social Development, Ministry of Planning and Finance, Maputo
Mr Joao Guirrengane	Deputy Director	National Institute of Social Action (INAS - *Instituto Nacional de Acção Social*), Maputo
Ms Jan Low	Researcher	International Food Policy Research Institute (IFPRI), Maputo
Ms Iraé Lundin	Social Anthropologist	Higher Institute for International Relations, Centre for Strategic and International Studies, Maputo
Mr Herminio Matandalasse	Executive Secretary	National Committee for Social Reinsertion (*Comissão Nacional de Reinserção Social*), Ministry of Social Action, Maputo
Ms Lucia Mairosse	Civic Education Officer	National Institute of Social Action (INAS - *Instituto Nacional de Acção Social*), Ministry of Social Action, Maputo
Dr Miguel Mausse	National Director	Ministry of Social Action, Maputo
Ms Georgia Shaver	Country Representative	World Food Programme (WFP)
Mr Marcelino Verde	*Chefe Substituto*	National Institute of Social Action (INAS - *Instituto Nacional de Acção Social*), Nampula Province
Ms Manuela Xirimde	Supervisor	National Institute of Social Action (INAS - *Instituto Nacional de Acção Social*), Ministry of Social Action, Maputo

Namibia

Mr Doug Abbey	Director	Cash Paymaster Services, Namibia
Ms Batseba Katjiuanjuo	Director	Directorate of Social Services, Ministry of Health and Social Services, Windhoek
Mr Akiser Pomuti	Paymaster	Directorate of Welfare, Owambo Administration
Ms Carolina Swartbooi	Community Monitoring Agent	Department of Social Services, Berseba constituency, Karas Region

Zambia

Mr Jan Cappon	Project Development Advisor	District Development Support Programme, Western Province, Mongu
Mr Willem Colenbrander	Coordinator/Planner	District Development Support Programme, Western Province, Mongu
Mr P. Daka	Permanent Secretary	Office of the Vice-President, Lusaka
Ms Mutinta Hambayi	National Nutritionist	Food Security, Health and Nutrition Information System (FHANIS), Lusaka
Mr Timothy Katiba	Drought Relief Manager	Nalionwa Catholic Mission, Kalabo
Mr Daniel Kawina	Provincial Roads Engineer	Western Province Administration, Mongu
Ms Freda Luhila	Director	Programme Against Malnutrition (PAM), Lusaka
Mr Ramon Madrid	Coordinator	Mongu Nutrition Centre, Mongu
Mr Lutango Mubika	District Marketing Officer	Ministry of Agriculture, Kalabo
Mr S. Mukelabai	Head	District Development Support Programme, Western Province, Mongu
Mr Mwiya Mukungu	District Agricultural Officer	Ministry of Agriculture, Kalabo
Mr T. Muliokela	Permanent Secretary	Western Province, Mongu
Dr A. Sichinga	Permanent Secretary	Ministry of Agriculture, Lusaka
Mr Shadrick Sichone	Chief Regional Planner	Western Province Administration, Mongu
Mr Frank van der Staaij	Senior Policy Staff Member, DGIS/DRU	Netherlands Ministry of Foreign Affairs, The Hague
Mr Frank van Dixhoorn	Senior Specialist, Rural Development	Royal Netherlands Embassy, Lusaka
Father Brian Wallace	Project Manager	Nalionwa Catholic Mission, Kalabo
Mr Dennis Wood	Consultant	Royal Netherlands Embassy, Lusaka
Mr Techeste Zergaber	Country Director	World Food Programme, Lusaka
Hon. Mr Simon Zukas	Former Minister of Works	Government of the Republic of Zambia, Lusaka
Mr Alex Zunduna	Senior Marketing Officer	Agricultural Marketing Information Centre, Lusaka

ANNEX 3.

Conference Paper:

'CONCEPTUALISING ANTI-POVERTY PROGRAMMES AND TARGETING WOMEN IN SUB-SAHARAN AFRICA'

ANNEX 4.

Workshop Report:

'CASH-FOR-WORK IMPACT ASSESSMENT IN WESTERN ZAMBIA'

ANNEX 5.

Journal Article:

'TARGETING TRANSFERS: INNOVATIVE SOLUTIONS TO FAMILIAR PROBLEMS'