

# Social Cash Transfers in Zambia: What Is Their Impact?

by Gelson Tembo, University of Zambia and Nicholas Freeland, MASDAR International Consultants, United Kingdom

**Social cash transfers (SCTs)** have become increasingly popular in Sub-Saharan Africa, because growth-centred development policies have failed to reduce poverty. SCTs support the consumption of the poorest, and allow them to invest in human and other forms of capital that reduce the intergenerational transmission of poverty.

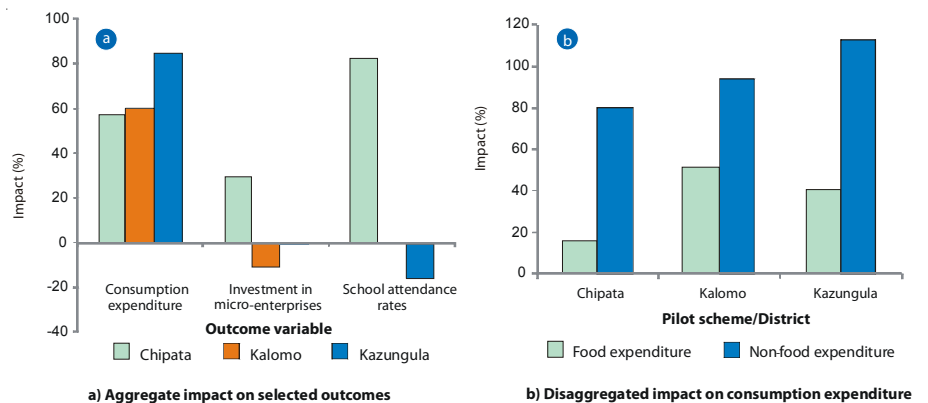
In Zambia, pilot SCT schemes aim to reduce extreme poverty among the most labour-constrained of the ultra-poor, representing some 10 per cent of the population. This One Pager reports the relative impact of three spatially separated pilot SCT schemes with variations in design: Chipata (urban), Kalomo (periurban to rural) and Kazungula (rural, remote). Target households are characterised by high dependency ratios and high incidences of household heads who are elderly, orphaned, female or widowed. The Kazungula scheme has the poorest target group: household income is about a third of that in Chipata, and children have only half the daily number of meals taken by their counterparts in Chipata and Kalomo.

Impact was estimated using propensity score weighting (see Hirano, Imbens and Ridder, 2003). Principal components analysis was used to estimate an asset wealth index, which allowed disaggregation of the SCT impact estimates by wealth status. The results show that the SCTs do have positive and significant effects on consumption expenditure (for complete results see Tembo and Freeland, 2008).

The impact of SCTs on selected outcomes and disaggregated consumption effects are presented as percentages of the levels the outcome variables would have been if the beneficiaries had not participated in the schemes. In Kazungula, the poorest district, the impact on consumption is one and a half times as much as in other districts (Figure a). The SCTs are especially effective at raising non-food consumption. Impact on food expenditure is significant only in the two rural districts (Figure b).

Though not a primary objective of the analysis, there is also evidence of investment effects. The types of investment effects differ depending on where the scheme is located and the available opportunities. All things being equal, in Chipata, the urban pilot, beneficiary households are 30 per cent more likely to invest in microenterprises than they would if they did not participate in the scheme. Such effects are absent in the two rural pilots of

**Propensity Score Weighting Estimates of Impact on Selected Outcomes**



Kalomo and Kazungula. Instead, beneficiary households in these districts own three times more small livestock than they would if they had not been beneficiaries of SCTs (not included in the figure).

School attendance rates have improved in the urban scheme (Chipata), the only one of the three to have an educational premium and a "soft" condition of school attendance attached to it. There is no evidence of impact on enrolment rates in any of the three schemes.

Impact is not homogeneous across household wealth categories. The relatively less poor are able to accumulate assets when they participate in the SCT programme, but the same cannot be said of the asset poor. Such threshold effects seem to suggest that poorer households may require higher transfer levels than their less poor counterparts. In the rural, remote scheme of Kazungula, similar threshold effects are evident with respect to school attendance.

In conclusion, SCTs are effective tools of basic social protection. As with most things, however, a "one-size-fits-all" approach is inappropriate. Expectations about impact need to be moulded by programme design and initial conditions, and vice versa.

**References:**

Hirano, K., G. W. Imbens and G. Ridder (2003). "Efficient Estimation of Average Treatment Effects Using the Estimated Propensity Score", *Research Paper C02-13*, USC Center for Law, Economics and Organization. University of Southern California Law School. Los Angeles.  
 Tembo, G. and N. Freeland (2008). "Impact of Social Cash Transfers on Household Welfare, Investment and Education". Palm Associates Limited/MASDAR International Consultants, submitted to the Ministry of Community Development and Social Services/UK Department for International Development. Lusaka, Zambia.

