CTPD'S MONDAY OPINION

This is a weekly column aimed at sharing CTPD's perspective and steering public debate on various issues pertaining to Trade & Investments Law, Public Finance Managment, Extractives and Human Development.

TODAYS TOPIC

Enhancing the efficacy of Social Protection amidst economic reforms.

Mr. Wakumelo Mataa
Researcher | Public Finance

IN recent years, Zambia has grappled with diverse challenges, spanning from economic and political to social. The state of the economy which slid into a COVID-19 and public debt driven recession in 2020 has been topical in policy conversations. The aftermath of the 2021 general elections, triggered a semblance of a trough in Zambia's economic fortunes, something that many have come to refer to as 'the New Dawn'. Since then, several policy interventions to stir an economic rebound have been announced and/or effected.

Over the years, one of Zambia's biggest social challenges has been failure to translate economic growth into improved living standards for the majority as evidenced in the sustained deviation of growth numbers from poverty rates overtime. In this week's Monday Opinion, I will rely on a study conducted by the Centre for Trade Policy and Development (CTPD) with support from Save the Children in 2020, to spotlight some apparent bottlenecks in the efficacy of Social Cash Transfer (SCT) which is one of the programs that Government implements in the quest to alleviate poverty and inequality.

As alluded to, the importance of social protection programs in policy reforms to rebuild the economy cannot be overemphasized. A believer in this school of thought would therefore be thrilled by Minister of Community Development and Social Services, Hon. Doreen Mwamba's recent announcement on 14th January 2022 that "all social cash transfer committees across the country have been dissolved so as to start afresh and engage civic leaders in the selection process of the committees".

The need to 'start afresh' in the implementation of social cash transfer identified by the Minister is in tandem with key findings of the CTPD study which relied on Kitwe and Lufwanyama districts of the Copperbelt province to assess the performance of social cash transfer and the World Bank funded Girls Education and Women Empowerment and Livelihood (GEWEL) programs. For this week and the next Monday Opinions, I will share some of the key findings observed in our study for possible consideration among the reforms being undertaken by the Ministry.

The social cash transfer programme which began in 2003 currently reaches about 887,759 households and envisages to cover about 1.1 million households in 2022 translating to 5.5 million people. This will certainly require more effort to enhance efficiency. On a macro level, one of the biggest handicaps to effective implementation of social cash transfer over the years emanated from lack of budget credibility. This speaks to differences between the numbers that we see in the National Budget and actual disbursements, translating into low budget execution rates. Between 2014 and 2019, the UNICEF (2019) observed that social cash transfer had a five-year average budget execution rate of 60%, relatively lower than execution rates for other budget lines such as Road infrastructure which was in excess of 100%.

The low budget execution rates at national level are often transmitted to the districts. For instance, a descriptive analysis of social cash transfer in Kitwe revealed a 29% decline in actual disbursements to K3, 856,904 in 2019 from K5, 448,115 in 2018, falling short of planned targets by 58% and 71%, respectively. The picture was not different in Lufwanyama where actual disbursements fell short of budget targets by about 30% and 70% over the same period (Kamara and Wakumelo, 2021).

One of the key drivers of low budget execution rates has been lack of adequate funding and a solution here is to lobby for more funding for the program. However, beyond inadequate funding, our national budgets over the years have been characterized by a tale of contradictions between financial commitments and actual policy interventions. A deliberate and strong realignment of priorities within the existing expenditure framework, coupled with a transparent transmission mechanism can raise these budget execution rates and yield more support for the program, even before we consider lobbying for increased funding. Undoubtedly, this should be a good starting point for the 'New Dawn' administration.

During her 14th January 2022 press release, the Minister of Community Development and Social Services re-affirmed that the Ministry was piloting the enhanced Zambia Integrated Social Protection System (ZISPIS), which seeks to allow beneficiaries receive their social cash transfer grants from mobile money operators or banks at their own time of convenience. However, our study established that old-aged beneficiaries had challenges adapting to the electronic method of funds disbursements on account of technical challenges, lack of access to mobile phones and in some cases, their younger relatives went on to withdraw the monies without the actual beneficiary's knowledge.

Therefore, our study proposed a mixed approach combining the Pay-Point Managers (PPM) method of funds disbursements and the electronic method, as opposed to a complete shift. This will be key particularly for the very old-aged beneficiaries. This is it for this week. Join me again next week as we extend the discussion to the World Bank funded GEWEL program.

About author

Wakumelo Mataa is a Researcher for Public Finance at the Centre for Trade Policy and Development. He holds a Master's Degree in Economics from the University of Zambia and he is currently pursuing a Master of Science in Financial Economics from the University of Edinburgh in the UK.

EXECUTIVE DIRECTOR
P.O. Box 50882, Lusaka, Zambia
Plot 123, Kudu Road, Kabulonga
Tel: +260 211 264409
Email: info@ctpd.org.zm
or nyimbilimwaka@yahoo.com

Centre for Trade Policy & Development

www.ctpd.org.zm +260975876038

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