

Social Cash Transfers –

Experiences of German Technical Cooperation

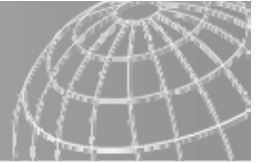
Barbara Rohregger

GTZ Sector Initiative Systems of Social Protection

**Seminar on Programs of Conditioned
Transfers: The Experience of Several
Countries,**

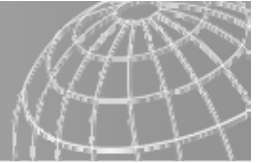
Brasília, Brazil, 20th-21st of November





What is Social Protection?

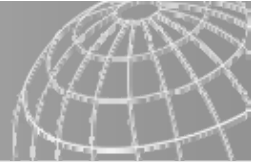
- Households and individuals face various risks that can force them into poverty (illness, accident, death, unemployment, old age, maternity, etc.)
- Insufficient social protection can have a disastrous effect and impoverish people - or drive them deeper into poverty.
- Social security aims at protecting households and individuals against social risks and shocks to their livelihoods.



Our approach is....

To support countries and build capacity

- To implement risk pooling mechanisms and provide access to health care and basic social services
- To work towards universal coverage in social protection
- To establish pro-poor and inclusive comprehensive social protection systems

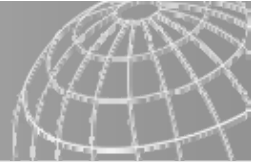


Priority Areas of Work

- 1. Social Protection in Health**
- 2. Basic Social Protection**
- 3. Microinsurance**
- 4. Monitoring for Development/PSIA**

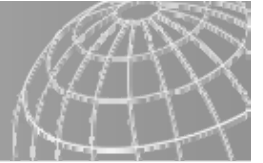
Cross-Cutting Issue:

Vulnerable Groups: Persons with Disabilities



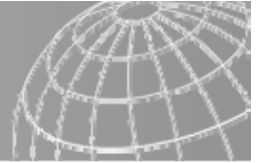
Basic Social Protection

- Aims at those groups of the population who, for reasons beyond their control, are not able to provide for themselves
- Residual protection of the poorest households



Country experiences of GTZ

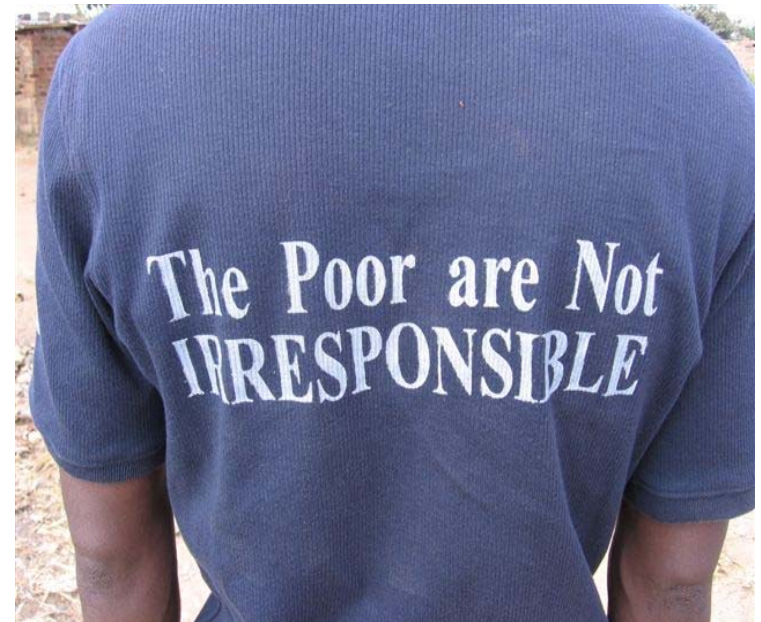
- TA on Social Protection operational in some 50 projects in 30 countries worldwide; focus Africa and Asia
- TA on Basic Social Protection in Zambia, Indonesia, Vietnam, Cambodia, El Salvador, Paraguay; Supra-regional with ECLAC
 - Development of targeting, monitoring and evaluation tools
 - Assistance with design of projects, training and capacity development
 - support with the design of overall social policy programs
 - Knowledge transfer on a regional and international level between countries
 - Facilitation of trilateral cooperation in social protection

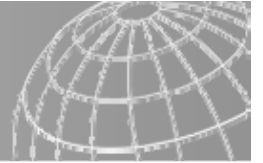


Zambia

Universal SCT

- Due to the HIV/AIDS pandemic, a growing number of HH have no adult breadwinners. About 10 % of HH in Zambia have no self-help potential.
- These extremely poor and incapacitated HH cannot be reached by labor (e.g. FSP) or micro credit programs.
- These HH need regular & continuous social assistance to survive and invest in the future of their children.





Mechanisms of the Scheme

■ Targeting

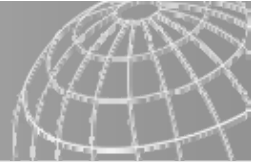
- Targeting criteria: 1) **destitute** 2) **incapacitated**
- Cut-off point: 10% of all households in Zambia
- Targeting method: **community based targeting** through government structures with checks and balances

■ Payment

- Headquarters transfers money directly to the district
- Money is distributed through pay points, which are either schools or health centers
- Money is paid out bimonthly

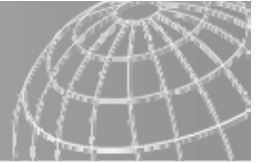
■ Monitoring

- Carried out by the different levels of the Public Welfare Assistance Scheme



Major Impacts

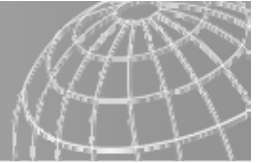
- **Satiation levels:** HH who still felt hungry after a meal went down from 56.6% to 35.2%
- **Quality of food intake:** diet is more varied
- **Quantity of food intake:** HH living on 1 meal a day reduced from 19% to 13% – scheme as stabilizer during drought?
- **Prevalence of sickness** reduced for all age groups, in particular for the most aged: Percentage of partially sighted among HH members went down from 7.2 to 3.3%
- **Increase in consumption and investment:** More households both consumed and invested more. The number of beneficiary households making investments quadrupled from roughly 14% to 50% and the average amount invested doubled.
- **Increase in assets:** 7 times as many households owned goats and the ownership for chickens increased by 15%.



El Salvador

Conditional Cash Transfer Scheme

- Despite considerable economic growth rates since the end of the civil war in 1992 and a reduction in the overall poverty rate, income disparity remained dramatic
- „Oportunidades“: as a national strategy for social development implement by president Saca in 2004 that *„aims at developing the capacities and opportunities that a person needs in order to get socially and economically included“*
- Focus on human capital development: Twinning goal of short-term poverty reduction and long-term objective of breaking the intergenerational transmission of poverty



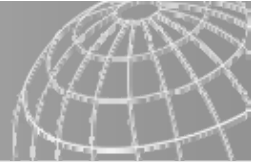
Red Solidaria

Red Solidaria is the core-component of 'Oportunidades'

Three pillars:

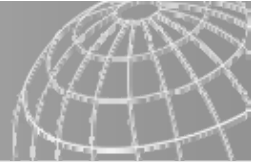
- The social cash transfer
- Improving the access to basic social services
- Sustainability Component

Through the integration of beneficiaries in other social policy and productivity programs, such as employment generating programs, micro-credits schemes, etc. the sustainability of SCTs shall be guaranteed.



Mechanisms of the Scheme

- **Target Group:**
extremely poor households with pregnant mothers and/or children under 5; children that did not yet finish primary school; Women as the main beneficiaries; for now the 32 poorest municipalities are in the scheme, covering around 24 000 families.
- **Targeting method:** poverty mapping and household targeting within the municipalities
- **Payment:** every two months: health and education transfer (15US\$ each or family cap of US\$ 20)
- **Monitoring:** health centers, schools and local NGOs monitoring families



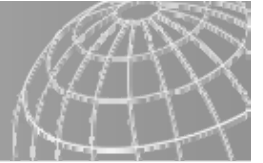
Conditionalities or Co-responsibilities

Beneficiary Family

- School enrolment of children
- Regular health check-ups by women and children; immunization
- Participation in trainings on health, education, nutrition, gender equity, etc.
- Using transfers for food and nutrition

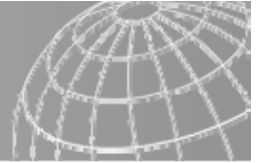
State

- Provision of educational infrastructure
- Provision of health infrastructure via public or private health institutions
- Provide opportunities for lifelong learning
- Provide transfers



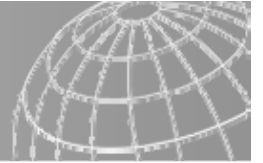
Major Impacts

- School enrolment rate in the beneficiary communities increased by 23%
- Increase in the utilization of preventive health care measures with children < 5 by 47% (early childhood development)
- Increase in pre-natal check-ups by 42%



Experiences....

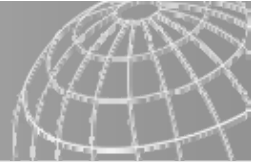
- SCTs reduce extreme poverty effectively
- SCTs are enabling people to access basic social services
- SCTs increase in health and educational standards, especially children under five
- They have a positive impact on nutritional standards
- They also allow for more savings and investments and increase productivity and self-help capacity
- Empowerment of beneficiaries:
 - Within household: The role of women is strengthened
 - Access to the state (citizenship): People are able to participate in their own development while at the same time they are guaranteed a right to social protection and may access the state for support;



... and Challenges:

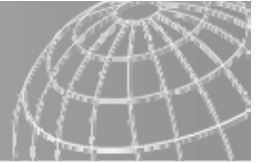
1) Political challenges

- Political leadership essential: both policy level and technical level
- Danger of politicization and elite capture
- Need for transparency and accountability (political neutrality; monitoring and evaluation)
- Need for a clear vision: Clear objective where program will go (human capital development vs. short-term assistance; scaling-up vs. pilot; conditionalities, etc.)



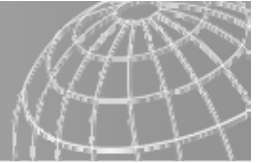
2) Financial Challenges:

- Question of financial ownership
- Question of sustainable resource flows: type of programs; scaling-up processes (tax reform, fiscal space)
- International financing options: Long-term perspective vs. Short-term loans; ownership
- Financing TA or transfers



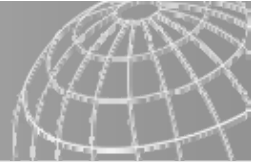
3) Supply Side Challenges:

- SCT encourage access to health and education facilities
- Guarantee adequate health and education services:
Quality management!
- Financing supply side infrastructure
- Training and Capacity Development on supply side:
teachers, doctors, etc.



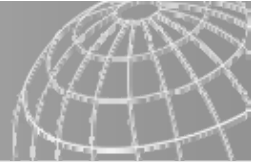
4) Administrative Capacities

- Lack of administrative capacities/structures in social protection, esp. where programs are new
- Lack of know-how and skills
- Lack of coordination between different line ministries and local/central structures (horizontal coordination)
- Lack of local structures with specific know-how (vertical coordination): contracting out only transitional option



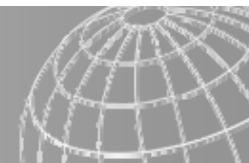
Articulation

- Lack of coordination between SCT-programs and their integration in other social policy and employment measures: employment programs, micro-credit schemes, etc.
- Lack of a comprehensive approach on SCT-programs and other basic social protection programs in most countries: social pension schemes, social assistance schemes for people with disabilities; street children (<-> Impact)



Conclusions

- Social Cash Transfers are an important tool within social protection schemes and have an important poverty impact
- SCTs one tool within a comprehensive pro-poor social protection strategy: Systemic perspective
- There is no blue-print on SCT-programs: social, economic, political and financial context is very important
- Technical support is essential in creating sustainable schemes
 - Design Questions
 - Contextual Questions (questions of good governance, institutional environment, fiscal space, etc.)
- Continuous technical support as an important aspect in the implementation and scaling-up of programs



Thank you! ¡muchas gracias!

www.gtz.de/social-protection

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