



**University of Cape Town**

**The Nelson Mandela School of Public Governance**

**“HOW HAVE SOCIAL GRANTS IN ZAMBIA BEEN PAID AND WHAT LESSONS CAN BE  
LEARNT FROM THIS?”**

**By:**

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**Dissertation submitted in partial fulfilment of the award of the Master of Philosophy in  
Development Policy and Practice**

**Supervised by Professor Jeremy Seekings**

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## LIST OF ACRONYMS

ACC	Area Coordinating Committee
AG	Auditor General
AIDS	Acquired Immune Deficiency Syndrome
AIR	American Research Institute
ATM	Automated Teller Machine
BFA	Bankable Frontier Association
BOZ	Bank of Zambia
CBD	Central Business District
CCT	Conditional Cash Transfers
CG	Child Grant
CID	Coffey International Development
CP	Cooperating Partner
CPS	Cash Paymaster Services
CSO	Central Statistical Office/ Civil Society Organisation
CSPR	Civil Society for Poverty Reduction
CW	Concern Worldwide
CWAC	Community Welfare Assistance Committee
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK)
DPPM	Deputy Pay Point Manager
DSA	Daily Subsistence Allowance
DSW	Department of Social Welfare/ Director of Social Welfare
DSW-HQ	Department of Social Welfare Headquarters
DSWO	District Social Welfare Officer
DWAC	District Welfare Assistance Committee

ESCT	Emergency Social Cash Transfers
FMR	Financial Management Reporting
FNDP	Fifth National Development Plan
FRA	Fiduciary Risk Assessment
GAPVU	Gabinete de Apoio à População Vulnerável (Mozambique Social Cash Transfers)
GRZ	Government of the Republic of Zambia
GTZ	Gesellschaft für Technische Zusammenarbeit (German Technical assistance to Zambia)
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
HQ	Headquarters
ICT	Information Communication Technology
IFMIS	Integrated Finance Management Information System
ILO	International Labour Organisation
IM	Inclusive Model
IMS	Information Management System
IPRSE	Institute for Policy Research and Social Empowerment
ISPA	Internet Service Providers Association
JAR	Joint Annual Review
KOOR	Katolieke Ontwikkeling Oranjerivier
LBP	Land Bank of the Philippines
LCMS	Living Conditions Monitoring Survey
LMIC	Lower Middle-Income Countries
MCDSS- HQ	Ministry of Community Development and Social Services- Headquarters
MCDSS	Ministry of Community Development and Social Services
MCTG	Multiple Category Transfer Grant
MIS	Management Information System
MMD	Movement for Multi- Party Democracy
MNO	Mobile Network Operators
MO	Manual of Operations

MTT	Ministerial Task Team
NDP	National Development Plan
NGO	Non- Governmental Organisation
NHS	National Household Survey
NRC	National Registration Card
NREGA	National Rural Employment Guarantee Act
NSPB	National Social Protection Bill
NSPP	National Social Protection Policy
OVC	Orphans and Vulnerable Children
PF	Patriotic Front
PFM	Public Finance Management
PIN	Personal Identification Number
PMT	Proxy Means Test
POS	Point of Sale
PPM	Pay Point Manager
PRSP	Poverty Reduction Strategy Paper
PSP	Payment Service Provider
PSPF	Public Service Pension Fund
PSWO	Provincial Social Welfare Officer
PWAS	Public Welfare Assistance Scheme
SAG-SP	Sector Advisory Group for Social Protection
SASSA	South Africa Social Security Agency
SCT	Social Cash Transfer
SMS	Short Message Service
SNDP	Sixth National Development Plan
SP	Social Protection
SPP	Social Protection Programme
TASAF	Tanzania Social Action Fund
TOT	Trainer of Trainers
TWG-SA	Technical Working Group for Social Assistance
UDHR	Universal Declaration of Human Rights

UK	United Kingdom
UN	United Nations
UNICEF	United Nations Children Fund
UNJSP	United Nations Joint Social Protection Programme
UPS	Universal Pension Scheme
USSD	Unstructured Supplementary Services Data
WFP	World Food Programme
ZAMPOST	Zambia Postal Services
ZANACO	Zambia National Commercial Bank
ZIPAR	Zambia Institute for Policy Analysis and Research
ZMW	Zambian Currency
ZPPA	Zambia Public Procurement Authority

## ABSTRACT

From the use of manual payment systems in the delivery of social cash transfers, most developing nations nowadays are resorting to electronic payment solutions to improve the timeliness and effective delivery of the social grants amidst programme scale ups. Like most countries in Sub-Saharan Africa, Zambia recently introduced an electronic delivery system through a commercial bank (ZANACO) and within two years, the Zambia Postal Services Corporation (ZAMPOST) was also engaged as an alternative payment solution for the Social Cash Transfer programme. Zambia's manual system was designed in such a way that it used teachers or other local civil servants to make cash payments as 'Pay Point Managers' (PPMs). The system also uses Community Welfare Assistance Committees (CWACs) to help in the identification of eligible beneficiaries and to monitor payments. This manual payment system was assessed to have administrative and operational weaknesses including corruption and insecurity (because of the physical movement of cash from the bank to the pay points), prompting the introduction of electronic payment solutions. The e-payment system was introduced through ZANACO which is partly owned by the Government and partly private. Apart from Lusaka, this channel was slow in scaling up its services to other areas prescribed in the contract with the responsible Ministry, the Ministry of Community Development and Social Services (MCDSS), and was not very convenient for people with disabilities especially the blind and older persons not used to Automated Teller Machines (ATMs) and pre-paid cards. ZAMPOST was subsequently engaged to cover two provinces with the aim of accelerating e-payment services and improving service delivery of the programme. Instead of developing such a system, however, the Post Office opted to operate just like the manual system, but instead of using PPMs, it opted to use its own employees to physically carry cash to pay points and make payments. This system posed several challenges including poor record keeping leading to payment of ineligible beneficiaries and failure to produce reports. Audit reports revealed grave irregularities with this payment method

and many stakeholders, including donors were concerned about the poor performance of ZAMPOST.

As a contribution to scholarship in the improvement of delivery systems in social protection, this dissertation therefore, highlights the advantages and disadvantages of using the manual as well as the electronic delivery systems in the delivery of social grants. Through the analysis of the manual payment system, e-payment system and the use of the Post Office in Zambia, I investigate how delivery systems are identified, designed and how they function. How they impact on beneficiaries as well as their implication on Government policies. I argue for participatory identification and designing of delivery systems of social grants. In addition, I argue that social grants delivery systems are largely influenced by global trends, whereby some countries adopt what others are using without necessarily considering local implications and capacity to sustain; for instance, mimicking electronic systems used in economically sound countries in the quest to improve efficiency and effectiveness in the delivery of social grants. This study sheds light on how Zambia's social grants have been delivered vis-à-vis structural fundamentals, design and stakeholder engagement.

## CHAPTER ONE

### 1.0 INTRODUCTION

Social Cash Transfers (SCTs) are a major social protection intervention for fighting poverty in most developing countries nowadays. According to Catubig *et al.* (2015), providing resources to the most vulnerable groups in society, promotes inclusive growth. SCTs are regular non-contributory payments of money provided by governments or non-governmental organizations (NGOs) to individuals and households (Samson, 2009, cited by Oberländer and Brossman, 2014). These payments are either conditional or unconditional and are usually targeted at households or persons fulfilling specific criteria such as income poverty or malnutrition (Oberländer and Brossman, 2014).

Empirical evidence from evaluations of such programmes in developing countries has revealed that SCTs can help reduce hunger, poverty, educational deprivation and improve the health of poor families as well as promote gender equality and contribute to people empowerment (Catubig *et al.*, 2015). By 2010, it was estimated that over 750 million people would be benefiting from SCTs in the developing world (Arnold *et al.*, 2011).

Zambia is among the countries that are implementing SCTs to reduce extreme poverty among its people. With an estimated population of 15.5 million people (3 million households), 40.8 percent are extremely poor (*unable to meet the cost of the basic food basket*), (LCMS, 2015). The incidence of extreme poverty in rural areas is at 60.8 percent. This is 5 times that of urban areas which is at 12.8 percent. On the other hand, the moderately poor are estimated at 15.8 percent in rural areas and 10.6 percent in urban areas respectively (LCMS, 2015). This is despite Zambia being reclassified as a lower middle-income country in 2011 (World Bank, 2011).

The poorest province in Zambia is Western Province at 73 percent, followed by Luapula and North-Western Provinces at 68 percent each. Lusaka is the least poor at 11 percent (LCMS, 2015).

Most rural dwellers depend on agriculture, although access to social amenities is a huge challenge (World Bank, 2017). According to Poulinquen (2000), there is a correlation between access to basic infrastructure and poverty; without affordable transport services in rural areas, people will continue to be isolated and wallow in abject poverty. Most of Zambia's rural transport infrastructure is in a deplorable state, which makes it difficult for the inhabitants to do business and improve their welfare through agriculture. In the rainy season for instance, most access roads and water channels become impassable thereby making rural areas inaccessible and livelihood more unbearable especially for the extreme poor (Foster and Dominguez, 2010).

Booth *et al* (2000) contend that well-designed transport policies have the potential to uplift the living standards of the poor and contribute to poverty-reduction. In agreeing with this view, however, this researcher is of the view that the poor should also be capacitated to use the transport infrastructure productively. One way in which this can be done is by providing social grants for the poor (MCDSS, 2017). It is for this reason, therefore, that the Government of the Republic of Zambia (GRZ) prioritized Social Protection Programmes (SPP), with the Social Cash Transfer Scheme (SCT), being its flagship programme (MCDSS, 2018).

At the inception of the SCT programme, beneficiaries in the pilot district were asked to open accounts with the Finance Bank which was the only commercial bank in Kalomo at the time. All the beneficiaries were to receive their grants through the bank. In 2007, however, it was realized that beneficiaries living beyond 15 kilometers from the bank were having challenges to receive their grants due to distance. As a result, the Bank was relinquished, and pay-point officers were introduced (Garcia and Moore, 2012).

The scheme remained with the pay point officers later to be known as Pay Point Managers (PPMs), until 2016 when the Ministry introduced alternative payment solutions following the scale up of the programme and the Fiduciary Risk Assessment (FRA) reports (MCDSS, 2018).

There however, seem to be insufficient or no research on the performance of the delivery mechanisms of social cash transfers in Zambia. This study, therefore, explores the quality, cost effectiveness, client engagement and sustainability of the delivery systems in the programme. Lodorfos *et al* (2015), citing Grönroos and Ravald, (2011) admit that delivering services of high quality, is an important pursuit for service providers that seek to create and provide value to their clients. In order to provide high quality service and create value for customer service, organisations should plan the delivery of their services effectively (Lodorfos *et al*, 2015).

It is against this background that this study explored how the social cash transfers have been paid in Zambia and what lessons have been generated.

## **1.1 Background**

The Government of Zambia, in its Fifth National Development Plan (FNDP), (2006 to 2010), prioritised Social Protection as one of its major innovations in supporting economic growth, poverty reduction and promotion of equity and human rights (CID, 2008). According to CID (2008), the FNDP identified programmes such as the Public Welfare Assistance Scheme (PWAS) and Social Cash Transfers (SCTs) as innovations with enormous potential to reduce extreme poverty in ‘incapacitated’ households, i.e. households headed by the elderly, severely disabled, too young or too sick to cope with economically challenging situations (MCDSS, 2014).

While the FNDP was engendered by the Movement for Multi-Party Democracy (MMD) Government, it was not until 2013, i.e., two years after the Patriotic Front (PF) Government had taken over power (in 2011) that the then Finance Minister Alexander Chikwanda (2011 to 2016), announced in Parliament that Government would in 2014 increase funding to the SCT programme by over 700 percent to make significant impact on the reduction of extreme poverty in the country. This dramatic shift was contrary to Ng’andu Magande’s position on the SCT scheme (Finance Minister 2003 to 2008 under

the MMD Government), who totally opposed social cash transfers, alleging that such innovations were only there to promote laziness and dependency culture among the poor (Kabandula and Seekings, 2014).

On the contrary, Chikwanda however, willingly aligned the social protection budget and cash transfers, to the PF Party Election Manifesto of 2011, which, ascribed to international obligations on social protection such as the Universal Declaration of Human Rights (UDHR) and other similar instruments. The PF Manifesto emphasised guaranteed citizens' access to social protection, especially to those who faced challenges in meeting basic needs (PF Manifesto, 2011-2016). This resulted in the prioritisation of the development of a comprehensive National Social Protection Policy (NSPP) by Government though spearheaded by Cooperating Partners (CPs) such as the United Nations Children Fund (UNICEF) and others. Further, the PF pledged to establish a high-level unit to oversee the implementation of the NSPP under the Cabinet Office (PF Manifesto, 2011-2016). By February 2019 though, this had not been achieved. To demonstrate its commitment, however, the Government (under President Michael Sata), launched the NSPP in 2014. Nonetheless, after the demise of President Sata, his successor; President Edgar Chagwa Lungu continued with the same vision on social protection, that by February 2019, Lungu's Government made steady progress on the country's first ever National Social Protection Bill (NSPB), to provide a comprehensive and integrated institutional framework on social protection in Zambia (ILO, 2017). According to ILO (2017), if this was to be accomplished, it would be a milestone that would distinguish the PF from the MMD, in regard to social protection. While these strides would demonstrate the Government's commitment to social protection, one would still argue that when you consider the time it has taken to establish the NSPP Coordinating Unit at Cabinet Office as proclaimed in the PF Party Manifesto, the Government has failed to meet its obligation. The only notable achievement about legislation in this regard is the enactment of the Health Insurance Act, while the Old-Age Pensions and the Social Protection Bill still linger in the pipeline.

It is, however, worth noting that the PF, through its Election Manifesto of 2011, had observed that existing pilot projects including SCT were nearly 100 percent funded by donors. The party was, therefore, cautious about the need to reverse this situation to avoid reverting to previous status quo if the money was to run out, as such; would be a tragedy. PF, therefore, intended to proceed cautiously and encourage partners to do likewise to avoid reversing or scaling-down an initiative once it was up and running (PF Manifesto, 2011-2016, p.21).

As the Social Protection Bill remained in the pipeline, it was not clear how programmes such as SCTs would be sustained amidst several other competing priorities. What was apparent, however, was that emphasis had already been made on the scaling up of the programme through budgetary allocations, though not necessarily stressing delivery mechanisms as seen from this funding pattern: ZMW41.6 million in 2011 to ZMW 43.9 million in 2012, to ZMW 89.7 million in 2013 and to ZMW 196.2 million in 2014, an increase of 45.4 percent within a short space of time (MCDSS, 2014).

In 2016, the PF reaffirmed its commitment to SCT by pledging another increase to the programme's budgetary allocation (PF Manifesto 2016-2021, p. 39).

According to Siachiwena (2016), by the end of 2014, the PF Government had 83,000 more SCT beneficiary households than were targeted by the MMD Government in the Sixth National Development Plan (SNDP). The expansion of cash transfers continued in 2015 resulting in 107,000 more beneficiary households than were projected by the previous government for the same period. It appears successive governments were reluctant to expand the cash transfer programmes that were initiated on pilot basis by donors (Seekings, 2016).

According to Seekings (2016), the MMD Government in particular, resisted cash transfers on grounds of unaffordability, but the change of government in 2011 saw a mission drift toward policy reforms, although, limited reforms

were achieved due to financial limitations on national treasuries and the hostility on what was perceived to be *'handouts.'*

While the rollout of the programme could also be attributed to the evidence of success from various evaluation reports especially those done by partners such as UNICEF, GTZ and the American Research Institute between 2007 and 2012 (MCDSS, 2018). Nkhoma (2018) however, observes that sometimes such evidence can be manipulated to propagate the interests of those driving the agenda, especially politicians. It is however, worth noting that before the launch of the NSPP, the estimated costs for the SCT programme ranged from only \$11 to \$42 million, representing 0.5 percent of GRZ National budget (CID, 2008). When the NSPP was launched, the budgetary allocation went up rapidly as seen in **Table 1** and **Figure 1** below. The rise in budgetary allocation to SCT also led to the increase in the number of beneficiary households and rollout to more districts. This also meant establishing new pay points, new Community Welfare Assistance Committees (CWACs) and appointment of new Pay Point Managers (PPMs) thereby increasing administration cost of the programme (MCDSS, 2016).

The total budget allocation to social protection increased by 133 percent from 2011 to 2016, although as a share of the national budget, the sector's share declined by 0.3 percent from 2.7 percent in 2015 to 2.4 percent in 2016 (UNICEF, 2016). On the other hand, SCT allocation increased by 67 percent between 2015 and 2016; more than seven times over six years, although the direct donor contribution to the programme declined from 76 percent in 2013 to 17 percent in 2015 and 2016. Indirect support, however, increased as the programme rolled out to new districts in the country. Some of the indirect support went towards technical assistance and procurement of equipment and assets such as Mobile Technology (M-Tech) enumeration gadgets (mobile phones and computers), vehicles and bicycles for all the districts (MCDSS, 2018). DFID and UNICEF provided funding for procurement of such goods, but their expenditure is not reported to, or recorded by GRZ, though ownership of the assets is transferred to MCDSS (FRA, 2016). This arrangement is in line with the original memorandum of understanding (MOU), between GRZ and

the donors that eventually the programme should be wholly owned by the Government (MCDSS, 2012). This demonstrated the PF government's commitment to the cause that was once side-lined by the MMD (UNICEF Zambia, 2016).

As at 2018, the Government was contributing about 75 percent of the total SCT budget, although the overall Social Protection (SP) budget had declined nominally by 15 percent from K2.7 billion in 2017 to K2.3 billion in 2018. This decline was as a result of the reduction in the allocation to the Public Service Pension Fund (PSPF) which was reduced by 33 percent, despite remaining dominant in the entire SP budget at 46 percent at the time (UNICEF and ZIPAR, 2017). This development contradicted the commitment made by Government in the SNDP which prioritised poverty reduction through increased budgetary allocations to social protection (UNICEF and ZIPAR, 2017).

While there was a marginal reduction in budgetary allocation to the sector, the SCT budget on the other hand, had increased by 31 percent. This increase translated into 110, 000 additional beneficiaries or 19 percent increase in coverage. The increase in caseload was reiterated by the then Minister of Finance Mr. Felix Mutati (2016-2018), who announced to Parliament that Government was in 2018 going to increase the number of SCT beneficiary households from 590,000 in 2017 to 700, 000 and that the payment system, would fully migrate to the electronic system (Ministry of Finance, 2017). It has however been argued that, while the electronic delivery system would add value to the SCT scheme, the limited internet connectivity in most rural areas of Zambia, would make it difficult to implement such a system (UNICEF and ZIPAR, 2017). **Table 1** below shows the Social Cash Transfer scale up from 2003 to 2018.

*Table 1 Social Cash transfer scale up by beneficiary households (2003-2018)*

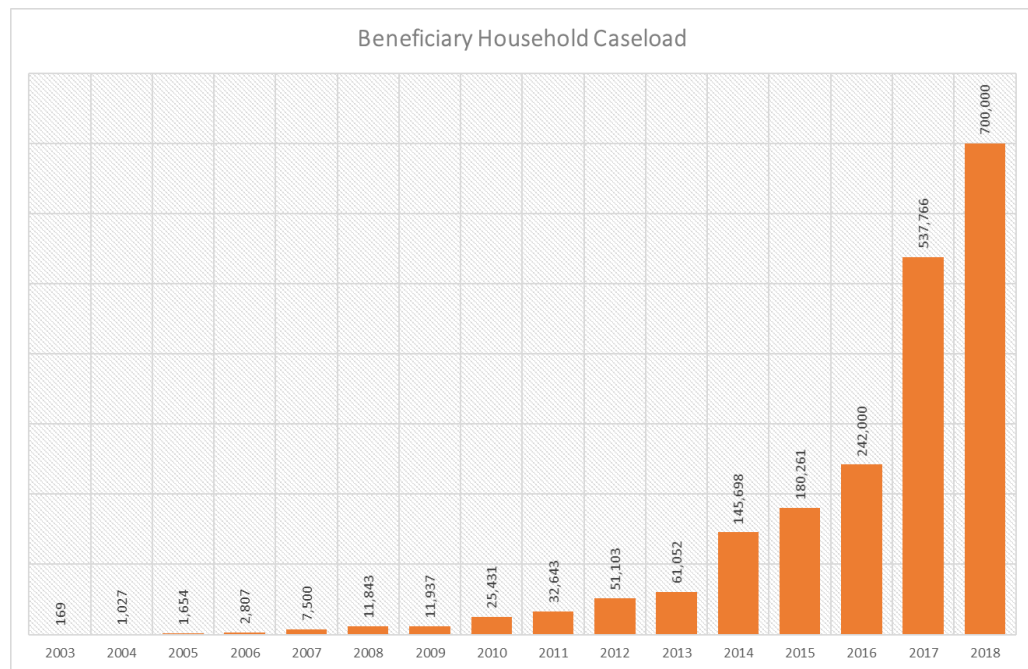
Year	Number of districts	Beneficiary Household Caseload	Budget allocation	
			(ZMW)	(US\$)
2003	1	169	500,000	50,000
2004	1	1,027	700,000	70,000
2005	2	1,654	725,045	72,504
2006	3	2,807	1,200,000	120,000
2007	5	7,500	1,500,000	150,000
2008	5	11,843	13,000,000	1,300,000
2009	5	11,937	13,000,000	1,300,000
2010	8	25,431	13,700,000	1,370,000
2011	10	32,643	41,600,000	4,160,000
2012	11	51,103	43,900,000	4,390,000
2013	13	61,052	89,700,000	8,970,000
2014	50	145,698	196,200,000	19,620,000
2015	50	180,261	180,600,000	18,060,000
2016	78	242,000	302,000,000	30,200,000
2017	109	537,766	737,000,000	73,700,000
2018	109	700,000	721,000,000	72,100,000

Source: MCDSS (2018) Department of Social Welfare.

\*In 2018, some funds allocated in the budget were not released, therefore, Beneficiary transfers were more than 8 months (four cycles) behind, by December 2018. Less than 70 percent of the total budget was released by 31<sup>st</sup> December 2018 (MCDSS, 2018).

Figure 1: Household Beneficiary caseload progression from 2003 to 2018.

Source: MCDSS (2018) Department of Social Welfare



**Figure 1** shows the rollout progression of the SCT programme by household case load from 2003 to 2018 at national scale.

The positive impact of the SCT on poverty reduction has made the programme to be on high demand from both the beneficiaries and politicians, hence its rapid scale up by Government (MCDSS, 2017). In line with this observation, Pruce and Hickey (2017), also admit that it would be in fact politically dangerous to remove cash transfers from communities that have become used to receiving them. This Author however does not completely agree with this view considering the long delays in the releases of SCT funds by the treasury especially in 2018 where beneficiaries have not been paid their grants for months, one would wonder how they are surviving. It, therefore, remains unclear whether the Government will pay all the unpaid arrears to beneficiaries or not as the 2019 budget does not seem to suggest so.

Nonetheless, former Minister of Community Development and Social Services Emerine Kabanshi (2013-2018), was once quoted saying:

*“This programme has become so popular among the poor, because it is changing lives. Even those who once were sceptical about it and thought that the money came from Satanists are now demanding to be included on the programme. Social Cash Transfers are not satanic; this is Government money meant to help the poor,” (MCDSS, 2017).*

According to Concern worldwide (CW), (2017), the failure to reach most of the targeted beneficiaries in its Emergency SCT programme was attributed to the communities' erroneous, but strong perception that ‘free money’ was associated with ‘Satanism’. This seemed to be common among the rural poor, for instance, in the ‘Realigning Agriculture to Improve Nutrition (RAIN)’ project, CW (2017) revealed that the community associated the selection of pregnant women with Satanism, as a result they shunned the project.

Anyhow, while it is usually more exciting to rapidly and vigorously rollout “Earth moving” programmes such as the SCT scheme, as they are sometimes referred to; this researcher is, however, of the view that it is even more important to pay attention to the anticipated challenges surrounding delivery mechanisms as the programme involves money. In a broader view, CID (2008) also admits that cash transfers often have inherent fiduciary risks, made up of high volumes of low value payments to be balanced with costs of implementation and achievement of objectives.

By 2018, the SCT had rolled out to all the 109 districts in the country, yet delivery mechanisms were predominantly manual (MCDSS, 2018). CID (2008) however, contend that the longer-term programme for scaling up SCT nationally requires considerable planning and development. This planning cannot be effective if it does not consider quality assurance and control of the delivery mechanisms.

Walusungu Simukoko, a Social Welfare Officer at MCDSS had this to say:

*“Social Cash transfers depend on how effective the payment systems are. If the systems are good, the programme succeeds, but if they are weak,*

*the programme also fails. It is therefore important that appropriate delivery mechanisms are in place to avoid failure.”*

## **1.2 Problem Statement**

Since 2007, social cash transfers in Zambia have been administered manually through Pay Point Managers (PPMs), *[In chapter three we discuss details of how PPMs work]*. In 2016, however, Cooperating Partners (DFID, UNICEF, IRISH AID, ILO, Swedish Embassy and Finland) in collaboration with the Ministry of Community Development and Social Services (MCDSS) conducted a Fiduciary Risk Assessment (FRA) of the SCT programme and established that, the use of PPMs had some degree of corruption risk at petty level; there was potential for collusion between DSWOs, PPMs, CWAC members and beneficiaries or indeed their combination. There was anecdotal evidence to suggest that such corruption took place with intimated instances of PPMs and CWAC members colluding to divert funds from beneficiaries. CWAC members and other persons colluding to misrepresent their status and fraudulently obtain benefits, undue influence exerted by headmen on CWACs in the targeting and selection process. These claims were however unsubstantiated although the report maintained that these activities were possible and substantial. The overall corruption risk was however, rated moderate (CID, 2008).

As if to sanction some of the foregoing allegations; on 4<sup>th</sup> February 2018, the Zambia Daily Mail carried an article entitled: **“Chicken or No Cash.”** In this article chief Mabumba of the Ushi people of Mansa (Luapula Province) was quoted as having said:

*“My chieftom has received reports of some officers demanding a chicken and money from the aged and vulnerable people for them to be put on the social cash transfer programme.”* (Daily Mail, 2018).

To some extent this may seem to confirm the FRA claims that, while the programme design had good in-built controls, the overall arrangements for recording and monitoring were weak and inadequate for a programme whose

budget was nearly 70 percent of the Ministry's total budget in 2016 (FRA, 2016).

Incidentally at that time, the Ministry recorded the expenditure on the programme as a single budget line in its Integrated Financial Management Information System (IFMIS), and the programme used excel rather than an accounting package for recording the detailed expenditure. There was also inadequate involvement of professional finance staff at MCDSS and the scale-up was taking place when alternative payment models such the use of a commercial bank (ZANACO), were just being piloted, hence creating the risk that the pilots would not be adequately designed, monitored and managed (FRA, 2016).

In 2016, Zambia also had national elections, at the same time there was a rapid scale up of the programme, the transition to dependence on GRZ funding, inconsistencies in the release of funding and the weaknesses in the financial oversight and monitoring, created a high fiduciary risk environment for the programme (FRA, 2016).

According to FRA (2016), the overall fiduciary risk of the programme was rated high, while corruption risk was only considerable. On the other hand, Government's commitment and credibility of Public Finance Management (PFM) reforms in the Ministry, aimed at strengthening financial accountability and tackling corruption were partially credible and the trajectory was that of increasing risk.

As regards SCT however, earlier the FRA (2012), rated the overall corruption risk to be moderate because opportunities on the grant and administrative corruption in the programme were relatively low (FRA, 2016). Nevertheless, the risk of corruption had, however, risen since 2012 due to the significant scale up of the programme as well as the feast and famine in receipt of funds and the programme's feeble financial monitoring and reporting systems (FRA, 2016).

Some of the administrative challenges included lack of real time tracking system for payments to beneficiaries due to undeveloped Information Communication Technology (ICT) and poor infrastructure especially in rural towns. There have also been sporadic reports of deliberate delays in payments caused by some PPMs. In a district called Luvushmanda, in North-Western Province for instance, it once took three months before a PPM was discovered having used the beneficiaries' money on his personal expenses instead of paying them. The culprit was removed from the programme and made to pay back. This is criminal! As per the programme guidelines, his deputy replaced him (MCDSS, 2018). In another incidence another PPM in Kitwe, claimed that he had been attacked and robbed off all the beneficiaries' money by thugs. This case was reported to the Police; and he too, was dismissed from the programme. The other challenge was that expenditure returns were only submitted to DSWOs after receiving the next allocation of grants, "*to cut down on allowances*" for PPMs each time they travelled out of their duty stations on SCT activities as per the programme design. As at December 2018, the programme had 5,143 PPMs managing 13, 000 pay points countrywide (Some PPMs were responsible for more than one pay point). **Table 2** below shows the distribution of PPMs by Province.

*Table 2: Pay Point Managers distribution by province*

<b>PROVINCE</b>	<b>Number of PPMs</b>
Central	468
Copperbelt	219
Eastern	667
Luapula	590
Lusaka	191
Muchinga	429
North Western	407
Northern	639
Southern	767
Western	766
<b>TOTAL:</b>	<b>5,143</b>

**Source: MCDSS (2018)**

Delayed funding by the treasury in between cycles, may also have negative implications on the programme including misappropriation of funds by unscrupulous PPMs who may end up using the funds in their custody before retirement as they can only retire such funds when next funding is released. As of December 2018, for instance, in five provinces namely: Luapula, Lusaka, Eastern, Southern and Western Province the most recent funds received were for March/April 2018. Funds for the remaining eight (8) months were still outstanding in the other five provinces namely of Northern, Muchinga, Copperbelt, Central and North-Western provinces (MCDSS, 2018). This delay worried the beneficiaries and other stakeholders including civil society and donors.

It was, however established during this research that in fact, the Ministry of Finance had released insufficient funds to MCDSS to cater for all the 10 Provinces at once for this period, hence the backlog. The picture on the ground looked even more complicated though.

The other area of concern was poor record management system in some pay points and districts offices as observed in the Auditor General's Report (2017), that there was poor record management at district and pay point levels as in some instances beneficiary details on payment schedules were altered by

PPMs. Some funds for CWACs were acquitted for by PPMs without the authority of the intended recipients. It was unclear whether the rightful beneficiaries received the money or not. As such, some PPMs were queried for failure to retire programme funds (AG Report, 2017).

Similarly, as at 31<sup>st</sup> August 2018, retirement of funds amounting ZMW 24,120 (US\$ 2,412) for the year 2017 for Chibombo District beneficiaries, were not availed for audit (AG Report, 2017). While such observations may be sporadic, there are chances that the picture may worsen if vigorous assessments were to be conducted in all the 13,000 pay points countrywide. Such range of risks and recommendations by various assessors' reports compelled the Ministry to consider alternative payment modalities as former Minister of Community Development and Social Services Emerine Kabanshi puts it:

*“In order to enhance safety, reliability, reduce fiduciary risk and improve accessibility to beneficiaries, the Ministry is considering an option of a mobile cash payment system for the programme.”* (Zambia Daily Mail, 2016)

Kabanshi's words were echoed by the then Eastern Province Permanent Secretary Mr. Chanda Kasolo in a speech read on his behalf by the then, Assistant Secretary Mr. Royd Tembo in February 2017 at the Orientation Workshop of DWAC members in Chipata. Mr. Kasolo had said that the Government was in the process of introducing an electronic payment system including the use of Automated Teller Machines (ATMs) through the Banks and Post Office to the SCT programme in order to secure the payments and make them timely and reduce the risks involved in physically carrying money by PPMs (Lusakatimes.com).

Arising from the foregoing, in 2016 the Ministry (MCDSS) contracted ZANACO (a commercial bank) to make SCT payments in Lusaka, Central and Eastern Provinces. A year later (in 2017), the Zambia Postal Services Corporation (ZAMPOST) was also engaged to make payments in Luapula and Western Provinces on Pilot basis.

According to Chaunga (2018), however, MCDSS engaged ZAMPOST in order to reduce administrative cost of the programme as ZAMPOST had pegged its commission at 8 percent only compared with ZANACO which was at 13 percent (MCDSS, 2018).

On the other hand, the Manual Payment System according to the Manual of Operations (2006), uses 10 percent of its allocation on administration although this is difficult to verify as this researcher established that different districts gave different percentages, but ranging from 10 to 20 percent administrative costs especially at district levels. The Ministry neither had a concrete record nor, an effective tracking system of admin funds and the records were not very well kept regarding such funds at various levels (MCDSS, 2018).

Since the engagement of ZAMPOST, however, several issues emerged. In its Trimester Report (2018), for instance, the Department of Social Welfare (DSW), disclosed that ZAMPOST was over delaying making payments to the beneficiaries and there was no clear reason for that. By June 2018 ZAMPOST had not paid the July/August and September/October 2017 transfers totalling ZMW 1,088,640 (US\$ 108,864), despite the Ministry having released the funds to the institution earlier (MCDSS, 2018). This meant that 4,147 beneficiaries were deprived of a livelihood for close to eight (8) months or four bi-monthly cycles (Auditor General's Report, 2017, p. 76). Such delays defeated the purpose of ensuring efficiency and cost effectiveness in a delivery system. Officers on the ground, including some beneficiaries indicated that PPMs were better than ZAMPOST.

In other words, one would argue that, while established institutions such as the Post Office may seem to have the capacity to deliver quality services, it is only proper and necessary to conduct a due diligence before hiring them and regular monitoring is crucial. In similar lines, Arndt *et al* (2016) observes that, while there is a large and growing literature on the benefits of social protection programmes, there was need to invest more in the improvement of the delivery systems. The evidence from Zambia supports this position.

## 1.3 Research focus and Questions

### 1.3.1 Research Focus

The study focuses on the actual payment systems of the Social Cash Transfer programme from 2003 to 2018; what changed and How? My initial idea was to also examine “Why there was change” this was however complicated due to the investigations that were instituted into the payment modalities following the poor performance of ZAMPOST as would be seen later in this research. As at 2018, the Ministry had three delivery channels: The Manual (i.e. PPM), Electronic (*Use of ATM visa cards*) through ZANACO and ZAMPOST. These channels were used in different locations of the country. Sometimes two methods were used parallel to each other in a district, though not targeting the same beneficiaries. Each System had its own caseload. **Table 3** below shows the caseloads of household beneficiaries per delivery channel as at 2018.

*Table 3: Summary of Zambia’s SCT Delivery Channels*

PAYMENT CHANNEL	METHOD OF PAYMENT	CASELOAD	CONTACT POINT	CATCHMENT AREA BY PROVINCE	REMARKS
Manual (PPM)	Cash Payment	396,881	Pay point (School/ Clinic)	Southern, Northern, Muchinga, North-Western, Copperbelt	In provinces where no payment service providers were making payments, PPMs were used to deliver the transfers.
ZAMPOST	Cash payment	166,464	Pay Point	Luapula and Western	ZAMPOST was originally contracted to pay in two provinces only.
ZANACO (Use of ATM)	Electronic payment	11,318	Commercial Bank/ Agent	Lusaka, Eastern and Central	ZANACO was contracted to pay in the three provinces, but as at August 2018, it was only partly paying in Lusaka district of Lusaka Province.
<b>TOTAL:</b>		<b>574663</b>			

*Source: MCDSS (2018)*

This study, therefore, attempted to have an in-depth understanding of the genesis of these delivery mechanisms regarding the implementation of the Social Cash Transfer programme; how each of the system was identified, how it worked, its strengths and weaknesses and make appropriate recommendations for policy action toward improvement.

### **1.3.2 Research Question**

How have Social Grants in Zambia been paid and what lessons can be learnt from this?

### **1.3.3 Purpose of the Study**

The aim of this study was to appreciate how Social Grants in Zambia have been paid over the years and identify the lessons learnt for Policy action. The study explored the challenges and their implications, asking whether the systems were successful or not.

In this study, “*success*” implies the extent to which money meant for beneficiaries reaches them at the right time, in full amounts, on regular and predictable basis without any difficulties (MCDSS/GTZ, 2007). Barca *et al*, (2010) also describe “*Success*” in a delivery system simply as ‘ensuring that recipients collect the cash without disrupting their livelihoods or travelling dangerously for long periods.’ However, Oberländer and Brossman (2014) observe that cash delivery mechanisms absorb a high proportion of administrative cost, hence, represent key determinant of cost-effectiveness and efficiency in social grant programmes.

Similarly, Barca *et al*. (2010) admit that in fact, there is comparatively little attention paid to delivery systems as most programmes are only experimenting with a range of approaches. Barca *et al*, (2010), believe that the choice of a payment system affects the cost and the barriers faced by beneficiaries and programme success.

### **1.3.4 Research Objectives**

The Specific Objectives of this study are to:

- i. Establish the modalities through which cash transfers are paid to the beneficiaries;
- ii. Determine the roles played by various stakeholders in the implementation of delivery systems;

- iii. Identify the merits and demerits of each payment modality and
- iv. Provide policy recommendations for improving SCT delivery systems in Zambia.

### **1.3.5 Research Questions**

- i. What are the delivery systems used in the social cash transfer programme in Zambia?
- ii. How were these systems identified?
- iii. What are the strengths, weaknesses, threats and opportunities of each of the payment systems?
- iv. What are the challenges of scaling up the payment systems?
- v. What is the role of Donors in determining the choice of a delivery system?
- vi. What is the role of Civil Society Organisations (CSOs) in the administration of cash transfer delivery systems?

## **1.4 Significance of the Study**

Countries nowadays are striving to find alternatives to channel social grants to beneficiaries effectively. Globally, reports from institutions such as the World Bank, DFID and the Bankable Frontier Association (BFA) are advocating for the evolution, from cash-based pay-out systems to the electronic transfer systems (Torkelson, 2017). Putting it differently, social benefit programmes around the world are susceptible to error and fraud (DFID, 2006). According to DFID (2006), in the UK, it is estimated that around £3.3 billion or about 3% of the total value of benefit payments is lost through customer error, official error and fraud in almost equal measure each year.

Similarly, there are notable programmes in developing countries such as Mozambique, where the GAPVU cash transfer programme to war-displaced urban destitute households, despite being a powerful model in its first five years, collapsed lamentably due to corruption scandals, hence got replaced by the National Institute for Social Action Programme (DFID, 2005). This points to challenges to do with delivery mechanisms.

DFID (2005) contends that SCT programmes need in-depth assessments and analysis of risks to identify safeguards to put in place and prevent corruption as GAPVU completely failed due to inadequate controls in its delivery systems. Linked to this view, Torkelson (2017) suggests that although payment systems are usually designed to suit local context, they must always ensure that benefits reach the intended recipients in correct amounts and on time as stated in the South Africa Social Security Agency's (SASSA) slogan: "*Paying the right social grants to the right person at the right time and place, Njalo!*"

Barca *et al.* (2010), contend that, while cash has the capacity to trigger a wider set of developmental outcomes apart from being easier and cheaper to deliver than aid in kind, studies around delivery methods are still very limited. BFA (2006) also admits that different payment systems have traditionally received less attention than other operational aspects of programmes in the academic literature.

According to BFA (2006), programme implementers are usually in a hurry to disburse, hence having little time to assess alternative options except in terms of relative costs and feasibility. This could be demonstrated by the insistence of GRZ to quickly reach the 700, 000 beneficiary households target even before rolling out the much-acclaimed electronic payment system. Incidentally, there seems to be no distinct budget line for setting up the electronic payment system for the Social Cash Transfer programme in the 2019 budget for the Ministry (MCDSS, 2018).

According to DFID (2006), however, fiduciary risks can be mitigated most effectively at the design stage of the programme. The greatest risk of loss from error or fraud arises from the complexity in the eligibility criteria and operations. There is no standard design for cash transfer programmes that will mitigate all risks, but programmes should be designed in a simple way, yet meeting their objectives (DFID, 2006).

In addition, appropriate monitoring and evaluation frameworks will help identify any failure in controls. In similar lines, Peters *et al.* (2008), suggest

that the key ingredients of success in programmes include concerted efforts to reach the target group and community participation. Encouraging local adaptation and careful monitoring of the effects of the programmes on poverty although, Lower-Middle Income Countries (LMICs) rarely involve the poor in the development of policies and in the actual implementation and monitoring of programmes (Peters *et al.*, 2008).

According to Peters *et al.* (2008), some of the indicators of programme success include ensuring that vulnerable populations have a say on how the strategies are developed, implemented, and accounted for in ways that demonstrate improvement in access by target groups. It was along these lines that this study was undertaken.

## **1.5 Methodology**

Fieldwork was conducted in three purposefully selected districts of Zambia namely Lusaka, Rufunsa and Mongu. Data on payment systems were collected through guided interviews with purposively selected key informants in these districts. (*It is worth noting that the name Lusaka in Zambia refers to both the district and the province in which the city of Lusaka is found, for the purpose of this field work, Lusaka refers to the district only*). There are eight (8) districts in Lusaka province namely: Lusaka, Kafue, Chongwe, Rufunsa, Luangwa, Chirundu, Chilanga and Shibuyunji. In this study, only Mongu was chosen from outside of Lusaka province because it is situated in one of the few areas serviced by ZAMPOST, while the others had the manual system or ZANACO. The research involved both primary and secondary qualitative and quantitative data.

### **1.5.1 Primary Data sources**

*Primary Data* was obtained through face to face interviews with key informants who included beneficiaries of the programme and its implementers (*Officials from the Ministry and pay institutions*). This was done in order to have a wider understanding of the delivery systems in line with the views of key stakeholders. The three districts that were selected for the field visits i.e.,

Lusaka, Rufunsa and Mongu, represented different socio- economic perspectives and used different payment systems as follows: in Lusaka, a combination of the Manual and Electronic systems was used, 35 beneficiaries were interviewed; i.e. 20 paid by PPMs and the other 15 paid through the electronic system; in Rufunsa, only the Manual system was in use and 35 beneficiaries were interviewed, while in Mongu, the Post office was responsible for payments, 60 beneficiaries were also interviewed. In addition, ten (10) PPMs were interviewed five (5) in Lusaka and the other five were interviewed in Rufunsa. Five (5) CWAC members were interviewed in each of the three districts and seven (7) Government Officials from MCDSS bringing the total number of respondents interviewed altogether to 162. This provided enough primary data regarding SCT delivery systems in Zambia as at 2018. The choice of the districts was representational and done to the convenience of the researcher. Interview guides were generated by the researcher as at **Appendices 2 to 4** in order to be consistent and systematic during the interviews. **Table 4** below, shows the summary breakdown of respondents by category and district.

Table 4: Summary of respondents.

RESPONDENTS					
District	Beneficiaries	PPMs	CWAC	Officials	Total
Lusaka	35	5	5	5	50
Rufunsa	35	5	5	1	46
Mongu	60	0	5	1	66
<b>Total</b>	<b>130</b>	<b>10</b>	<b>15</b>	<b>7</b>	<b>162</b>

- Note that in Mongu no PPM was interviewed because payments were done by the Postal Services (ZAMPOST) and no PPM was used.

### 1.5.2 Sample Selection

As already alluded to, non-probability purposive sampling was used in order to allow for effective targeting of key informants directly involved in the actual implementation of the programme. Dudovskiy (2017) contends that purposive sampling is applied when the selection of the sample is based on the judgment of the researcher, therefore, researchers can obtain a representative sample by using a sound judgment to save time and money. Bearing the foregoing in

mind, this researcher used purposive sampling to identify respondents from among the beneficiaries of the cash transfers, as well as from among the officials involved in the implementation of the programme.

### **1.5.3 Secondary Data sources**

*Secondary data* was carefully selected from sources linked to social cash transfer delivery systems at MCDSS. These included: policy documents, relevant evaluation reports, journals and newspaper articles, scholarly research papers (*both physical and online*), reports written by institutions such as UNICEF and the World Bank, empirical and theoretical work published in books, conference papers and pieces of legislation on social protection and cash transfers. Some of the core literature sources included: Pedro & Dubois (2018), HelpAge International (2012), Chiwele (2010), Siachiwena (2016), Seekings (2016), MCDSS (2006), MCDSS/GTZ (2007), Oberländer and Brossman, (2014), Barca et al (2010), Chaunga (2018), Revniviykh & Fedotov (2016), Lodorfos et al (2015), Pouliquen (2000), Lusaka Times (2011), Habasonda (2009), Cumyn et al., (2018), Pruce and Hickey (2017), O’Neill (2011), Parker (2014), Lewis & Thornhill (2012), Schubert (2005), Harvey & Bailey (2015), Andrews et al (2017), Adato & Hoddinott (2008), MCDSS (2017), MCDSS (2018), UNICEF (2015), Foster & Dominguez (2010), Furrow et al (1991), Catubig et al (2015), Walton (2016) to mention a few.

### **1.6 Ethical Considerations**

Ethics are a very important aspect in research. Furrow *et al.* (1991) simply describes “Ethics” as avoiding causing harm. Research that involves human subjects or participants raises unique and complex ethical, legal, social and political concerns (Walton, 2016).

According to Walton (2016), ethics are there to protect human participants and ensuring that research is conducted in a manner that serves the interests of individuals, groups and/or society. This involves risk management, protection of confidentiality and informed consent. Bryman and Bell (2007) also affirm that research participants should not be exposed to harm in any way and that respect for the dignity of research participants should always be prioritised.

Additionally, full consent should be sought from participants prior to the study and the protection of their privacy and confidentiality should be guaranteed. Further, anonymity of individuals and organisations participating in the research should also be assured and any deception or exaggeration about the aims and objectives of the study are to be avoided.

Similarly, affiliations in any forms, sources of funding, as well as any possible conflicts of interests are to be declared, while any type of communication in relation to the research should be done with honesty and transparency. No misleading information or misrepresentation of primary data in any way is to be entertained (Bryman and Bell, 2007).

In order to ensure utmost ethical considerations in this study, therefore, this researcher sought permission from relevant authorities including the then Permanent Secretary of the Ministry of Community Development and Social Services Dr. Liya N. Mutale and the then Director of Social Welfare Mr. Kennedy Mumba, permission was granted.

Before commencement of the field activities in the districts, the researcher endeavoured to introduce himself to the DSWOs responsible for the implementation of the SCT programme and explained the purpose and objectives of the study. All respondents interviewed were told to participate voluntarily. It was also made clear that the participants were free to withdraw from the study at any stage if they so wished. Verbal consent was also sought from those that did not mind it including the use of names in the study report. Those who preferred written consent were given the opportunity to complete and sign the consent form; **Appendix 1**, while those who preferred anonymity had their names withheld accordingly and were assured that their names would not appear in the report as requested. No participant was pressured or coerced into this study.

### **1.7 Data Collection and Analysis**

The data was collected through interviews conducted using an interview guide prepared by the researcher, based on the literature review regarding SCT

delivery systems. Different guides were prepared for different cadres of respondents. The analytical framework was also drawn from the works of the Cooperating Partners (CPs) and research institutions that have published literature on SCT and social protection programmes in general. The guide for Government Officials in the Ministry was developed to ascertain the vision of the Social Protection Policy regarding SCT implementation framework. It also considered Policy development, leadership and stakeholder engagement and roles; policy motivations and implementation strategies.

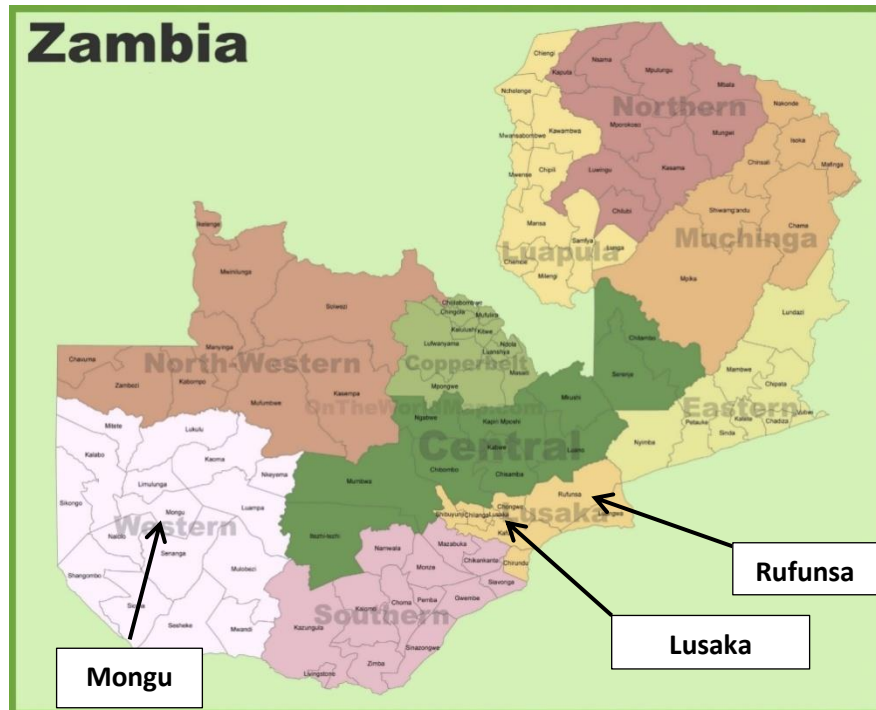
On the other hand, the Beneficiaries' guide focused on the targeting criteria of beneficiaries, transfer values, delivery mechanism, appropriateness and convenience of the delivery system, community participation and grievance mechanism, while the guide for PSPs sought to bring out issues that had either facilitated or constrained effective service delivery in the implementation of the programme. The design of the guide was also informed by available literature on the "*best practices*" in the delivery of Social cash transfers.

The researcher also reviewed the Financing Agreement between GRZ and donors on the Social Cash Transfer programme. As much as possible, data was collected from different sources, or used a combination of interviews and literature review for the purposes of triangulation to enhance the validity of the research findings.

The Data Analysis methods included review of documentary evidence from secondary data in comparison with primary data obtained through the interviews. This enhanced understanding and explanation of the findings of the study.

## 1.8 Description of Study sites

Figure 2: Zambia Districts Map



Source: <http://ontheworldmap.com/zambia/zambia-districts-map.html>

**Lusaka** is the largest town and capital city of Zambia. It has an estimated population of 1.700 million people (CSO, 2010). The middle and upper class of the residents are in formal employment in Government, private sector, Civil Society Organisations, Quasi-government and the Local Authorities. About 70 percent of the residents are the lower class that lives in regularized slums known as improvement areas (UN-Habitat, 2007).

According to UN-Habitat (2007), Lusaka has 35 regularized informal settlements. The Land tenure of these settlements is secured through acquisition of occupancy licenses with tenure of 30 years, renewable. Residents of these areas live in overcrowded conditions and are vulnerable to communicable diseases including tuberculosis. The housing standards are poor due to high poverty levels. These areas also lack essential infrastructure and social services especially water and sanitation. Most people here live by trading, street vending; work as labourers in parastatal and private companies

or work as domestic workers, while those not in any of these jobs, survive by begging or other informal ways. It is this category of people that are targeted by the Social Cash Transfer programme (MCDSS, 2014).

Lusaka is accessible by a network of roads (*gravel and tarmac roads*). Mobile phone network is generally good, and the city has several banks and agents and Post offices. It also has many schools and health facilities that are used as pay points for the social cash transfers programme. This programme was introduced during the national scale up of the SCT programme in 2015/16. Lusaka as at August 2018, had a caseload of 11,318 households' beneficiaries, out of which, only 3,193 or 28 percent were being paid electronically by ZANACO, while the rest were being paid manually by PPMs (MCDSS, 2018).

**Rufunsa** is one of the most recently established districts in Zambia. It was delinked from Chongwe in 2013; two years after the Patriotic Front had assumed power following the 2011 election. Rufunsa has a population estimate of 45, 000 people (CSO, 2015). This district had a total of ten (10) wards, twenty-one (21) Area Coordinating Committees and seventy (70) CWACs. The district has 26 pay points and 27 mobile sites (Rufunsa DSWO, 2019). This town is situated about 160 kilometers east of Lusaka and most of it, is predominantly rural with limited infrastructure. Mobile phone network is restricted with poor signal in most areas especially as you go further away from the main road and the town Centre. There are no banking facilities except the mobile ones and the Post Office. This town, however, has a number of primary and secondary schools and Health centers distributed across it, which serve as pay points for the social cash transfers. Rufunsa has a caseload of 2,607 household beneficiaries of the social cash transfers (MCDSS, 2018). In terms of road network, the district is connected by tarmac from Lusaka (the Great East Road), but most of its feeder roads are earth or gravel ones. Most of the residents here are peasant farmers and vendors. Like Lusaka, the Social Cash Transfer programme was introduced in Rufunsa in 2015 and the delivery method is manual.

**Mongu** is the provincial capital of Western Province. Its population is estimated at 179,600 (CSO, 2015), while its social cash transfer caseload is

5,782 households (MCDSS, 2018). Most of the residents of Mongu are peasant farmers, fishermen and some civil servants. Mongu is 607.5 kilometres west of Lusaka. Most of its outlying areas are in the rural; transportation is mostly by road and canals particularly in the rainy season. Most of the land is plain with sandy loams, which get flooded and impassable in the rainy season. Mobile phone network coverage is fair with relatively good signal, especially at the district Centre. There are also a notable number of banks, post offices and schools distributed across the district that can serve as pay points. As at August 2018, ZAMPOST was making cash transfer payment in Mongu (MCDSS, 2018).

### **1.9 Scope of the Study**

The study involved critically examining the structures, functionality, and the roles played at various levels of disbursing cash transfers using the three payment modalities in place i.e. Manual, Electronic and the Post Office.

### **1.10 Limitations of the study**

At the time of this study, there was no single district in the country that had all the three payment modalities in use at once. The maximum you would get was at least two models. Among the study sites, only Lusaka had both the electronic and the manual system complementing each other. Rufunsa and Mongu had one model each; the Manual and the Post Office respectively. This set up affected data collection as it meant travelling from one district to the other in order to cover all the three models under study. This was amidst time and financial constraints as the research was not a sponsored one. To make matters worse, in the middle of the research, ZAMPOST got entangled in an operational disturbance following allegations of misapplication and maladministration of SCT funds by the institution. This led to the suspension of six top management officials pending investigations (Zambia Reports, 2018). This development was a major setback as it made officials from the institution unwilling to provide any information on the programme. As a result, this researcher mostly relied on available reports and interviews with beneficiaries, CWACs, PPMs and Government Officials involved in the implementation of the programme.

## CHAPTER TWO

### 2.0 LITERATURE REVIEW

#### 2.1 Chapter Overview

Having given the introduction and the background of the study in the previous chapter, this chapter reviews the literature on social grants delivery mechanisms in different parts of the world including Zambia.

#### 2.2 AN OVERVIEW OF SOCIAL CASH TRANSFER DELIVERY MECHANISMS

Social Cash Transfer delivery mechanisms involve the movement of funds from the Ministry responsible for Finance (or Donor account) to the implementing Ministry or Agency. The implementing Ministry disburses the funds to available channels for actual payment to beneficiaries, based on data from its Management Information System (MIS), (Farhat and Lynn, 2018). According to HelpAge International (2018), however, the way social grants are paid can affect the impact of the programme on both the implementer and the recipient. HelpAge International (2018), is also cognisant of the fact that there is no payment mechanism that is perfect. The adoption of a delivery system is therefore, driven by inherent characteristics such as its functionality, coverage, interoperability, open versus closed loop systems, cost and registration and authentication, although globally there seems to be consensus that electronic payments are more promising in delivering cash to vulnerable beneficiaries than manual systems. E-payments have flexibility, speed, reduced costs, reduced leakages and they are more transparent (HelpAge International, 2018).

In the previous chapter, this researcher attempted to define delivery mechanisms in line with Adato and Hoddinott (2008) as well as Barca *et al.* (2016). While Adato and Hoddinott (2008) simply describe Delivery Mechanisms as the means by which cash is delivered, Barca *et al.* (2016) go further to elaborate delivery systems as the “pull” and “push” methods of

delivery. Whereas the “*pull*” method refers to the manual payment system, the “*push*” method refers to the electronic delivery system. Whichever definition one settles for when it comes to social cash transfers, it simply means the channel of moving money from the Bank to the Beneficiary.

### **2.3 Manual Payment System**

This method involves physical transmission of money from the bank to the beneficiaries. Recipients collect their money from specific locations on specific dates only (Barca *et al.*, 2016). In some countries pay points using the Manual System include local authorities, NGOs and Post Offices (Devereux and Vincent, 2010).

In Zambia, it was not until 2016, that alternative methods to the Manual System were introduced. Prior to this, the only known social cash delivery method was the Manual System or rather the “*pull*” system. According to Oberländer and Brossman (2014), one of the advantages of this system is that it does not require massive infrastructure investment despite generating high visibility of the programme as officers are in direct contact with beneficiaries at every disbursement. This allows them to assist whenever they are required to do so, (Statham, 2012, as cited by Oberländer and Brossman, 2014).

Although the Manual System has got these advantages, it also has several weaknesses including the risk of transporting large sums of money from the Bank to remote areas especially when the delivery schedule is widely known (Oberländer and Brossman, 2014). Since cash is physically transported, corruption and fraud can easily occur although there is very scanty information regarding such in Zambia’s SCTs. The manual system also has the disadvantage of making beneficiaries travel to designated pay points on specified days and queuing for several hours thereby incurring opportunity costs as they cannot undertake other productive activities in the meantime (Oberländer and Brossman, 2014). Rather than depending on cash transfers alone, some beneficiaries are also involved in piece works or alternative livelihoods for survival (Wietler, 2007).

Oberländer and Brossman (2014) consider the Manual System to be highly

inconvenient especially to the elderly or sick people who may not be able to collect their transfers on their own and rely on deputies. During the interviews conducted by this researcher in Mongu, it was established that at least 16.7 percent of the respondents used deputies to collect their money from pay points.

The explicit identification of beneficiaries through queuing on pay days can have serious implications on personal safety and lead to stigmatization in communities (Oberländer and Brossman, 2014). According to Barca *et al.*, (2010), this delivery method can neither be easily scaled up nor does it provide the opportunity to promote financial inclusion of beneficiaries. Smith *et al.*, (2011, p.4, cited by Oberländer and Brossman, (2014), also admits that it is these weaknesses that have led many developing agencies to abandon the “pull” system and resorted to the “push” system which “pushes down” delivery to the individual beneficiaries. In this regard, electronic payment methods have become more popular and it is estimated that almost 50 percent of all SCT programmes in the developing World, are now using the electronic delivery mechanisms, the “push” system.

#### **2.4 Electronic Payment System**

Electronic payment (E-payment) systems are gaining grounds nowadays everywhere. Globally, countries have adopted two approaches towards electronic payments, particularly mobile money: the bank led model and the non-bank led model (Farhat and Lynn, 2018). According to Oberländer and Brossman (2014), however, any electronic delivery system has two steps: first, governments or donor organisations electronically transfer cash to the bank, which deposits the money in personalized accounts such as e-money accounts; and secondly, the beneficiaries withdraw the cash from the accounts at a network of pay points.

According to Emmett, 2012, cited by Oberländer and Brossman (2014), there are several electronic delivery methods with different networks of pay points. These include Bank branches or Post Offices; Automated Teller Machines (ATMs), shopkeepers with Point of Sale (POS) devices, or mobile money agents. (*A mobile money agent is a person or business that is contracted to*

*facilitate transactions for users. This involves cash-in and cash-out systems that earn a commission for performing such services on behalf of the contractor*) (Mobile Money Definitions, 2010).

By means of these systems, beneficiaries access their accounts with smart cards, magnetic stripe cards or mobile phones using biometric identifiers or Personal Identification Numbers (PIN) via what is sometimes known as “*branchless banking*” as it does not use conventional Bank branches (Oberländer and Brossman, 2014).

Similarly, Governments contract Banks, smartcard platforms, or mobile network operators (MNO), to provide networks to electronically transfer cash to recipients (Vincent and Cull, 2011).

According to Gelb and Decker (2012), most advanced technological delivery methods are owned by leading enterprises without which governments can hardly switch to electronically delivered social cash transfers (Oberländer and Brossman, 2014).

**Strengths:** Like any other system, Electronic payment systems have got their own strengths and weaknesses. Oberländer and Brossman (2014) observe that electronically transferring money to pay points substantially reduces transaction costs on the programme as it saves transportation costs, security and insurance of cash to remote areas and governments do not have to employ staff for sorting cash and manually filling the envelopes.

Equipment and staff costs for transporting and handing out the envelopes do not arise, which reduces staff vulnerability to ambushes, as they are no longer required to travel with large sums of cash (Devereux & Vincent, 2010). This method also reduces costs due to less exposure to corruption and fraud compared with the manual systems (Oberländer and Brossman, 2014).

It is estimated that about 44 percent of the total funds spent on Social Welfare programmes in India are fraudulently diverted through a manual system (Dutta *et al*, 2010, cited in Gelb & Decker, 2012). For this reason, Gelb & Decker (2012) affirm that electronic delivery methods are less prone to leakage as they create an auditable trail from the government to the final recipient.

Similarly, Devereux and Vincent (2010) add that since the electronic transfer process involves banks, stringent banking regulations apply which demand accurate documentation of all disbursements, thereby making it harder to illegally divert large sums of money. Recipients can only withdraw their money upon successful authentication through unique identifiers. This reduces the risk of fraud.

Electronic payment systems also provide an opportunity to eliminate '*ghost beneficiaries*' from registration lists (Emmett, 2012, cited in Oberländer and Brossman, 2014). This, however, works well if the people responsible for updating the Information Management System (IMS) are dedicated and do it regularly otherwise, the same system can be manipulated to benefit ineligible beneficiaries. According to Revnivkykh and Fedotov (2016), information systems cannot be the ideal and the more complex they are; the more flaws and vulnerabilities of different kinds they have. Whichever the case therefore, what is key is commitment.

In Botswana, South Africa, and India the introduction of biometric identification system reduced the number of beneficiaries by 12-25 %, as nonexistent beneficiaries were cleaned from data files (Gelb and Decker, 2012). Pickens *et al.* (2009) also observes that when payments are made directly to instruments controlled by recipients, such as debit cards or mobile phones, the opportunities for corruption are reduced. In Argentina, the percentage of Jefes participants who claimed that they paid a bribe to local officials to access their benefit dropped from 3.6 percent to 0.3 percent after the Ministry of Social Development switched to an electronic benefits card (Duryea and Schargrotsky, 2007).

According to Pickens *et al.* (2009) this means that an estimated US\$10.7 million gets reaches the intended recipients. (*US\$10.7 million is equal to 15 months of fees that the government pays Banco de la Nacion to deliver Jefes grants*), (Pickens et al., 2009). While moving to electronic delivery cuts costs and leakage for the government, it also lays a foundation for offering recipients a financially inclusive account (Pickens *et al.*, 2009). Further, technology has the potential to reduce beneficiaries' opportunity costs of

collecting transfers as it allows them to cash out their money at convenient pay points, hence reducing travel time and costs (Oberländer and Brossman, 2014). Gelb & Decker (2012) also admit that shortening the distance to cash-out points lowers the barrier to access especially for individuals who are unable to walk long distances or those that have busy work schedules. With electronic delivery methods recipients can decide when they would like to cash out their transfers at a pay point. Such flexibility increases convenience for recipients and avoids long waiting times as the case is with the manual system (Oberländer and Brossman, 2014).

Bold, Porteous & Rotman, 2012, p. 13; CGAP, 2013, p. 2 cited in Oberländer and Brossman (2014), also reinforce the fact that evidence consistently suggests significant reductions in travel and waiting times for beneficiaries through electronic systems. According to Barca *et al.*, (2010) being able to choose when to cash out transfers and at which pay point is not only convenient and less degrading, but also more secure for beneficiaries. In agreement with Barca *et al.*, 2010, Emmett 2012, cited by Oberländer and Brossman (2014) also adds that since travel distances are shortened and recipients can discretely choose when to withdraw their transfers, they are less vulnerable to robbery on their way back home. Electronic delivery methods can, help to bridge the digital divide as it provides beneficiaries an opportunity to learn how to use modern information and communication technologies (ICTs) such as ATMs, electronic benefit cards, or mobile phones (Devereux and Vincent, 2010).

**Weaknesses:** While electronic delivery methods have several advantages as outlined above, they however, have weaknesses. According to Oberländer and Brossman (2014), one prominent weakness of this system is that, it requires high set-up capital for establishing networks of pay points such as contracted shopkeepers who need to be equipped with POS devices and/or enough ATMs to be installed. Each beneficiary requires a smartcard, a magnetic stripe card, or a mobile phone in order to access the account. Despite high set-up costs for fraud-preventing technology, however, electronic delivery methods are not full proof of this vice (Oberländer and Brossman, 2014).

Devereux & Vincent (2010) p. 374 observe that, while, biometric technology can prevent payment of benefits to wrong recipients, it cannot eliminate the risk of fraudulent registration of ineligible individuals. Further, Oberländer and Brossman (2014) contend that even if competition between agents reduces the risk of corruption, it is not easy to assure that agents do not charge additional fees for their cash-out services. Further, since technology is a key feature in the electronic delivery systems, it would be difficult to establish a dense network of pay points in remote areas because shopkeepers need to have access to a decentralised electricity source such as a solar panel for them to be able to charge their POS devices.

According to Statham, 2012, p. 2, cited by Oberländer and Brossman (2014), mobile phone-based solutions require mobile network coverage, which may not be available in remote areas, while the use of agents makes it difficult for government officers to have direct contact with beneficiaries. Governments collaborate with private enterprises in order to benefit from the most-advanced technological solutions for electronic cash delivery to beneficiaries (Catubig *et al*, 2015). An effective payment system, therefore, implies low transaction costs to the program and minimal opportunity costs borne by beneficiaries and inefficiencies in payment mechanisms may diminish the net value obtained by recipients. Lessons can be learned from the Pantawid Pamilyang Pilipino Program (4Ps) of the Philippines, which uses account-linked cards provided by the Land Bank of the Philippines (LBP), which serves as the disbursing institution of the 4Ps (Catubig *et al*, 2015).

Like the SCT scheme of Zambia, the 4Ps experienced a rapid scale up at its inception. As a result, need arose for more effective and efficient payment solutions because of the limited capacity of the LBP to pay recipients in remote areas. Accordingly, the LBP was only kept as a sole conduit for two years and other methods were introduced. Some of the notable challenges surrounding the 4Ps payment mechanism included: (1) inaccuracy; (2) untimeliness; (3) remoteness; and (4) the absence of banking institutions, payments were done on specific days and at a specific venue (Catubig *et al*, 2015).

Recipients in remote areas, travel to specific venues hence incurring transportation costs. The LBP's main thrust is to disburse the cash to beneficiaries in a timely and safe manner, regardless of program guidelines. On the other hand, recipients with cash cards withdrew their payments with some flexibility in terms of timing of payouts from any LBP automated teller machines (ATM), free of charge, or at any Bancnet/Megalink/Expressnet ATM, where the program covers up to Php20 (US\$ 0.41) of the transaction fee (Catubig *et al*, 2015).

Other social cash transfer payment systems include: “*cash-in-envelope*,” voucher-based, pre-paid ATM cash cards, and mobile money transfer products. The most important aspect in the choice of a payment system is the consideration for security risks that the system poses, not only to the beneficiaries, but to the payment staff as well (Catubig *et al*, 2015). In this regard, Electronic systems are considered to have great potential to reduce transaction and security costs for governments and recipients through faster payments and less leakage than manual systems. It is believed that e-payments would improve accessibility and security for beneficiaries especially the older people, people with disabilities and those in remote areas (HelpAge International, 2012). According to Parker (2014) the Government of Brazil saves 5.8 percent of the cost of payments to Bolsa Familia beneficiaries by having 15 percent of payments made electronically through bank accounts or paid out by agents. Parker (2014) also observes that by leveraging existing payment infrastructures, governments can reduce the cost of making payments and in countries whose payment infrastructure distribution is inadequate to make e-payments, the cost to governments may increase in the short-term. According to Parker (2014) the Government of Colombia paid US\$6.24 for account-based payments through agents; from the previous cash payment fee of US\$5.20.

When it comes to the users, studies have shown that beneficiaries welcome the convenience of e-payments despite the accompanying challenges (Parker, 2014). In 2012, South Africa's SASSA, for instance, contracted a private company called Cash Paymaster Services (CPS), to design a standardised National Social Assistance payment and registration system. Those with

accounts were issued with a MasterCard branded debit card which allows them to withdraw funds free of charge at SASSA cash pay-points or participating merchant stores. Funds can also be withdrawn from any ATM where ordinary bank fees apply. Account holders are also able to swipe their cards to make payments at POS terminals and can purchase such goods as airtime and electricity using Unstructured Supplementary Services Data (USSD) functionality on their cell phones as unique identifiers (Financial Inclusion, 2016). This national card-based biometric enrolment and payment system was designed to make social grant payment more secure for both the claimants and the state, but it has its unique challenges including routine exploitation through fraudulent transactions and Banks cannot rigorously govern what happens within the systems (Financial Inclusion, 2016).

According to Vally (2016), the e-payment system turned out to be insecure because it displayed several grant cancellations, extensive unauthorised monetary deductions from claimants' accounts, and unnecessary waiting by beneficiaries. Parker (2014), however, observes that many countries nowadays are in fact, resorting to electronic delivery systems because technology and infrastructure are sufficiently advanced to support more efficient and transparent payment systems, though HelpAge International (2012) does not seem to agree with this view as they believe that there is insufficient data and evaluations to provide a comprehensive cost benefit analysis of e-payment systems in comparison with the manual systems. Without proper data, therefore, it is difficult for anyone to ascertain that a system is the best (HelpAge International, 2012). **Table 5** below compares the cost and the performance in carrying out payments between the manual and the electronic delivery systems.

*Table 5: Comparing costs and performance of e-payment and physical payment systems*

	Physical cash payment	Technology enhanced (electronic payment)	Country
Time taken by beneficiary to collect (hours)	2-4 hours	0.5 hours	(29% of recipients lose income) South Africa, India

<b>Cost per payment cycle (%/US\$)</b>	2-15%/US\$1-4	2-10%/US\$1-2	South Africa, India, Colombia, Democratic Republic of Congo, Malawi
<b>Leakage (%)</b>	4-15%	1-4%	South Africa (8% paid to get grant), India
<b>Time to implement (months)</b>	3-12 months	6 months +	Various
<b>Additional financial services</b>	None	Yes: savings, credit, insurance	“
Additional developmental impact	None	Yes	“

Source: Pickens et al, 2009, cited by HelpAge (2012).

## 2.5 Challenges of scaling up electronic delivery systems

Scaling up an electronic delivery system is not an easy task. HelpAge International (2012) as well as UNICEF and ZIPAR (2017) all admit that e-payment systems require substantial up-front investment. This researcher is also in agreement with the trio as inadequate mobile network infrastructure for instance, was part of the reasons why it had taken long for ZANACO to scale up e-payment services to some parts of Central and Eastern Provinces (MCDSS, 2018). Zambia has very few Banks and Post Offices especially in rural areas where infrastructure is not fully developed, and Mobile technology is limited. Nonetheless, HelpAge International (2012), suggests that Pay points could be bank branches, ATMs and/or a network of branchless bank ‘agents’ – especially local shopkeepers, which if not funded, would use cash flows from their own business activities to pay recipients and get reimbursed by the bank with a commission, credited to their account as funds are released. The agents use mobile phones or point of sale (POS) devices to process the payment, which is linked to the bank via a mobile phone network. The POS provides an electronic record of the transaction through a paper receipt for the beneficiary and the agent. These devices could include biometric identification technology as it is regarded as a business instrument that strengthens security and

improves operational efficiencies through strict identity controls (Financial Inclusion, 2016).

According to HelpAge International (2012), almost half of the 40-plus cash transfer programmes set up since 1999 involve e-payment systems, this includes those in China, Bangladesh, Cambodia, Kenya, Pakistan, India, Peru and Yemen. Some of the largest cash transfer programmes using e-payment systems are: Pakistan's 2009 flood response project which, delivered 1 million prepaid smartcards to recipients in 70 days through a network of 12,000 branchless bank agents, Mexico's Oportunidades conditional cash transfers (CCT), reaching 6 million households using magstripe cards linked to accounts and smartcards. South Africa's Social Security Agency (SASSA) pays 9 million recipients using prepaid smartcards and magstripe cards linked to a bank account, Colombia's Familias en Acción cash transfer reaching 1.8 million recipients via savings accounts that pay interest. Brazil's 2 million Bolsa Familia recipients receiving cash payments via magstripe card in the public Caixa Economica bank. India has 4 million recipients of benefits under the National Rural Employment Guarantee Act (NREGA) paid through branchless banking. All these systems require substantial investment in technology and are complex to establish (Catubig *et al.*, 2015).

## **2.6 Delivery options and existing infrastructure**

All delivery systems require a kind of infrastructure of some sort. According to Catubig *et al.* (2015) some of the things to consider when choosing a delivery system include availability of delivery options such as: banks, postal services, mobile operators and so on. Other considerations include mobile phone network coverage and motivations for service providers such as cost benefit, social mission or image-boosting and suitability for attainment of program objectives; infrastructures, costs, resilience, flexibility and minimization of the risk of fraud and corruption. Corruption and security risks may be reduced if institutions have strong control systems (Catubig *et al.*, 2015).

## **2.7 Delivery via sub-contracted parties (remittance companies)**

In the Philippines, sub-contracted parties accept some responsibility for loss. As such, security risks for agency are reduced as remittance companies have greater access to insecure areas than agencies. One advantage of this arrangement is that recipients may be familiar with the systems and the system is also flexible to beneficiaries when receiving their cash (Catubig *et al.*, 2015).

## **2.8 Delivery by pre-paid cards or mobile systems**

As regards banks, there is possible reduction in corruption and security risks. The workload for the agency staff is also reduced and there is greater flexibility for recipients. Greater flexibility on where cash can be collected from (Mobile Points of Sale, local traders). A mobile phone (individual or communal) can be provided at low cost to those who do not have (Catubig *et al.*, 2015).

## **2.9 What are delivery systems?**

According to Adato and Hoddinott (2008), implementing social protection programmes demands that citizens should be aware of the programme and that beneficiaries should be correctly identified. Administrative and operational systems that deliver regular benefits with effective monitoring and evaluation structures should be in place. Delivery systems are, therefore, the means by which services are realized.

Adato and Hoddinott (2008) however argue that service delivery will always be a challenge in environments that have weak capacity. Barca *et al.* (2016) also seems to admit that payment systems affect the ease, cost and dignity with which recipients engage with programmes. According to Barca *et al.* (2016), therefore, recipients' experience of payment systems is driven by whether the system uses a "pull" or "push" mechanism. The "Pull" mechanism requires recipients to report to a specific location at a specified date and time. The "push" mechanism on the other hand, makes transfers to recipients, usually

electronically, which can be collected at any time; Bankable Frontier association (2006, 2008); (Devereux and Vincent, 2010).

Some of the barriers that payment systems encounter are physical barriers, administrative barriers, financial and ownership (Barca et al., 2016). It is, therefore, apparent that due to development and technological advancement nowadays, there are several channels of delivering cash to vulnerable groups around the world. Some systems are simple and relatively cheap, while others are complex and require substantial investment (Adato and Hoddinott, 2008). The choice of which delivery system to invest in, depends on the capacity of a country as simply copying or mimicking what other countries are using might be unsustainable since countries differ.

Adato and Hoddinott (2008) admit that countries with high levels of poverty and low institutional and financial capacities, should start with simpler interventions and as capacities buildup, more complex interventions can be adopted. In a way, Andrew *et al.* (2017), discourages copying for the sake of it. They call it “*Isomorphic mimicry.*” According to Andrew *et al.* (2017) “*Isomorphic mimicry*” is simply a “technique of successful failure” that perpetuates capability traps in development. It is the tendency of governments to mimic other governments’ successes, replicating processes, systems, and even products of “best practice” examples. Mimicry often conflates form and function and leads to a situation where “*looks like*” substitutes for “*does.*” As a result, governments seem capable after the mimicry, yet they are incapable. According to Andrews *et al.*, (2017), Isomorphic mimicry is endemic in development and it is a major reason why countries do not build real capability even after years of policy and reform engagement; amidst billions of dollars for capacity building work.

A payment system according to BOZ (2016) is a means by which financial transactions are settled through transfer of monetary value, from one party (*the payer*) to another (*the payee*). It comprises the contributors (institutions) and the users (customers/clients), the rules and regulations that guide its operation and the standards and technologies on which the system operates. “*A well-designed and well-functioning payment system contributes to the financial*

*stability and to the effective functionality of the country's economy” (BOZ, 2016).*

In similar lines, the Bank of Sierra Leone (2018) also admits that payment systems are driven by customer demand for convenience, ease of use and access.

While BOZ (2016) may be referring to payment systems in commercial banks and other similar institutions, the principle of ensuring that systems work effectively applies to all payment systems as every consumer appreciates quality services. To this effect, BOZ (2016) underscores the importance of safety, security, reliability and efficiency of a payment system in line with the Bank of Zambia Act of 1996 and the National Payment Systems Act of 2007. The social cash transfer scheme is not exempted from ensuring that the quality of service delivery is good (MCDSS, 2018).

In stressing the importance of delivery systems of the SCT programme, Walusungu Simkoko a Social Welfare Officer at MCDSS puts it this way:

*“Payments are the backbone of the social cash transfer scheme, if payments are effective, the programme succeeds and if they are not, the programme fails.”*

Simukoko’s views cannot be over emphasized as they simply demonstrate how important the quality of service delivery is in programmes that involve actual cash payments.

In Viet Nam, 30 to 70 percent of beneficiaries of social grants pay informal commissions to intermediaries (local or school officials) in order to collect their money, support to households, is therefore, reduced through (unofficial) fees imposed when receiving cash transfers (UNICEF, 2013). While the Vietnamese situation may seem so remote, we have already heard that in Zambia also, some Officials demand for chickens as commissions (Zambia Daily Mail, 2017).

## **2.10 How are the delivery systems identified?**

Identification of appropriate delivery systems in the implementation of social cash transfers is crucial to the success of the programme. Barca *et al*, (2010), reveals that the choice of delivery systems affects recipients. For this reason, it is important to bear in mind the implications of choosing a delivery system over the other in the cash transfer programme. As much as possible, needs assessments or due diligence should be conducted to ascertain the capacity of a system to deliver effectively. There should also be stakeholder buy-in so that appropriate systems can be designed for successful implementation of the programme. Apart from the beneficiaries, donors and civil society organisations (CSOs) are major stakeholders in the delivery Social Cash Transfers (MCDSS, 2018).

## **2.11 Role of Stakeholders**

### **2.11.1 What is the role of donors in the social cash transfer delivery process?**

Since the inception of the programme, there have been several studies sponsored by donors such as UNICEF, DFID, ILO and others to assess the impact of the programme on poverty and the livelihood of its beneficiaries. In 2008 onwards however, donors supported the Fiduciary Risk Assessments (FRAs) which focused more on the delivery mechanisms of the SCT programme (MCDSS, 2017). The FRAs have over time, highlighted different risks related to the delivery of cash transfers to beneficiaries. The risks have ranged from: low level to medium and high risk. Recommendations to improve the systems have been presented to the Ministry for consideration. Among the high risks identified was the handling of resources by non-accounting officers in districts. This according to FRA (2016) had serious implications on the programme especially with the rapid scale up. It was therefore, recommended that finance officers be recruited for the programme for each provincial Centre to take responsibility of reviewing and collating district budgets and expenditure reports; submitting reports to HQ, and providing support and guidance to the provincial and district offices. In addition, provide support beyond the SCT to other Ministry programmes and improve reporting and monitoring tools such as: the quarterly Financial Management Reporting

(FMR) pack, strengthening reporting of cash flow and cash balances at each level, promoting transparent breakdown of administration costs, and clearer linkages of transfer costs to caseload and payment cycle numbers (FRA Report, 2016).

Arising from the foregoing, in 2017, UNICEF/WFP supported the Ministry in recruiting a national financial management expert, 10 provincial accountants and developing a financial management package for the SCT programme, which came with its own reporting guidelines and templates. All the personnel attached to the project were paid by donor funding (MCDSS/JAR, 2017).

In addition, the UN pledged to provide programme oversight on the roll-out of payment service solution via ZANACO in Lusaka, Eastern and Central Provinces; support the National Registration Office to ensure all SCT beneficiaries have government issued identification cards and document processes to strengthen the programme during the phased roll-out (UNJSPP, 2018).

It is clear from this, that donors have great influence in the administration of the SCT programme including delivery processes. In a way, this demonstrates what Arndt, *et al.*, 2016, as cited by Nkhoma (2018), who argues that developing countries implementing cash transfers have a tendency of restricting financial resources to the actual transfers only, rather than improving the delivery systems to ensure effective implementation of the programme. It can all be seen here that without donor commitment, priorities would have been elsewhere, just like most other developing countries. Catubig *et al.* (2015), also admit that despite the extensive literature on the impact of cash transfers in various operational aspects, little attention is paid to program design, specifically on the evaluation of the different delivery mechanisms used. Going a little away from Zambia, to its neighboring country, Tanzania; the World Bank supported a Social Protection Payment assessment tool for cash delivery mechanism of the Productive Social Safety Net programme, which helped the Tanzania Social Action Fund (TASAF), identify what works

well and what could be improved. This showed another significance role of donors in ensuring improved service delivery (Lenneiy, 2006).

According to Catubig *et al*, (2015), Political and other pressures usually imply that program operators have limited opportunities to assess alternative options other than relative costs and feasibility. Apart from supporting assessments, donors also participate in monitoring the implementation of the programme.

### **2.11.2 What is the role of the Civil Society Organizations (CSOs) in the Delivery of SCTs?**

In most countries the world over, Civil Society Organisations (CSOs), complement governments' efforts in implementing poverty reduction programmes. Some CSOs are directly involved in the implementation of social protection programmes including social cash transfers. In Malawi for instance, four Non-Governmental Organisations (NGOs) in partnership with Chitipa District Administration, collaborated in the implementation of a project called linking and learning, aimed at strengthening the social cash transfer programme in that country. Similarly, the Institute for Policy Research and Social Empowerment (IPRSE) led the process of conducting a baseline survey and implementing an action research to attain participatory problem identification in the social cash transfers; participatory solution development and impact assessment of key stakeholders from the state and non-state actors of society (Consolidated research report, 2011).

In South Africa, CSOs also actively participate in advocacy, human rights and lobbying for the effective delivery of Social Grants by SASSA. This can be demonstrated by the Black Sash "*Hands off our grants*" Campaign of 2012, in response to KOOR (Katolieke Ontwikkeling Oranje Rivier) an NGO operating in the Northern Cape that alerted the Black Sash on the unauthorized debit deductions from SASSA-branded bank accounts of social grant beneficiaries (<https://www.blacsash.org.za>). This campaign prompted the then Minister of the Department of Social Development (DSD) Ms. Bathabile Dhlamini, to establish a Ministerial Task Team (MTT) to explore options to stop the

unauthorized, unlawful, fraudulent debit deductions from SASSA branded bank accounts (<https://www.blacsash.org.za>). Similarly, in Zambia, CSOs play a significant role in the advocacy for transparency and accountability in the implementation of Social Protection Programmes (SPPs). CSOs such as the Civil Society for Poverty Reduction (CSPR) and Platform for Social Protection Zambia (PSP), also actively participated in the development of the National Social Protection Policy (MCDSS, 2014). As regards actual implementation of the programme, Care International was among CSOs that provided Technical Assistance in Kalomo, Chipata and Katete in the inception of the programme. Concern Worldwide (CW), on the other hand participated in the actual disbursements between 2016 and 2017 in what was known as Emergency Social cash Transfers (ESCT) in western and Southern Provinces of Zambia. CW used mobile money services (Mobile phones and short text messaging system- SMS) to disburse the funds to the beneficiaries. The lessons learnt were that some beneficiaries, instead of redeeming the cash with payment service providers upon receiving the SMS through their phones, they would delete the messages out of ignorance and illiteracy (MCDSS, 2018). CSOs play a major role in sensitising beneficiaries; monitoring and evaluation of programme performance including delivery systems and capacity building of grassroots structures such as CWACs.

### **Summary:**

Different stakeholders view Social protection delivery mechanisms as a cost to Governments, yet an inevitable necessity. To most developing countries delivery systems can only hold as much value as their actual impact on the beneficiaries livelihood. The high poverty levels and the desire for Governments to have more poor people accessing social grants, puts the worth of investing in payment systems as secondary priority- Yet, with several benefits that a good payment system brings to a social protection programme such as reduced risks, timely payments and reduced transaction costs to mention a few. The equation, however, remains in balance. Perhaps Governments should consider investing in social protection delivery mechanisms as a wise

financial investment, but adopt systems within their investment capacity and country context.

## CHAPTER THREE

### 3.0 Social Cash Transfers a Case of Zambia

#### 3.1 Chapter Overview

This chapter delves into the genesis of the SCT programme in Zambia, its administration and its impact on poverty.

#### 3.2 The Evolution of the Social Cash Transfer Scheme

It was in 2003 that the Ministry of Community Development and Social Services with support from GIZ implemented a Social Safety Net project in the Public Welfare Assistance Scheme (PWAS), one of the oldest Social Assistance programmes in the Ministry, that social cash transfers were introduced in Kalomo. During the same time, a National Household Survey (NHS) was undertaken in 18 districts of Kafue, Luangwa, Kabwe, Chibombo, Mufulira, Chililabombwe, Nakonde, Mpika, Nchelenge, Kawambwa, Katete, Lundazi, Monze, Kalomo, Mongu, Kaoma, Kasempa and Solwezi, to generate reliable statistics for destitute households requiring welfare assistance. The Government had reduced funding to Ministries and Departments including social assistance programmes like PWAS, whose budget declined by 70 percent. The Heavily Indebted Poor Countries (HIPC) funding was also reduced by 58 percent. Only K680 million was allocated to PWAS as Government funding while, K5 billion was HIPC funding (MCDSS, 2003).

While there was significant reduction in funding generally, community-based welfare activities to do with HIV/AIDS and OVCs, supported by Donors such as UNICEF, GTZ and DANIDA increased. These agencies were also willing to continue supporting PWAS but demanded for policy direction to guarantee Government's commitment to the HIPC framework and the Poverty Reduction Strategy Paper (PSRP) of 2002 (MCDSS, 2003). By then, there was no reliable poverty data to assist in generating comprehensive budget plans and expenditures frameworks; hence the initiating of the NHS to establish numbers of households and individuals in need of regular support and minimum welfare transfers for survival. GTZ was also supporting another Consultancy in Kalomo, for the Pilot cash transfers, targeting the HIV/AIDS affected people

and other extremely poor households. The objectives of this pilot project were to:

- i. Reduce extreme poverty, hunger and starvation in the 10 percent most destitute households in the pilot region, targeting about 1000 households;*
- ii. Focus mainly –but not exclusively–on households that were headed by the elderly and were caring for OVC because the breadwinners were chronically sick or had died due to HIV/AIDS or other reasons;*
- iii. Generate information on the feasibility, costs and benefits and negative impacts of a social cash transfer scheme as a component of social protection strategy for Zambia (MCDSS, 2003).*

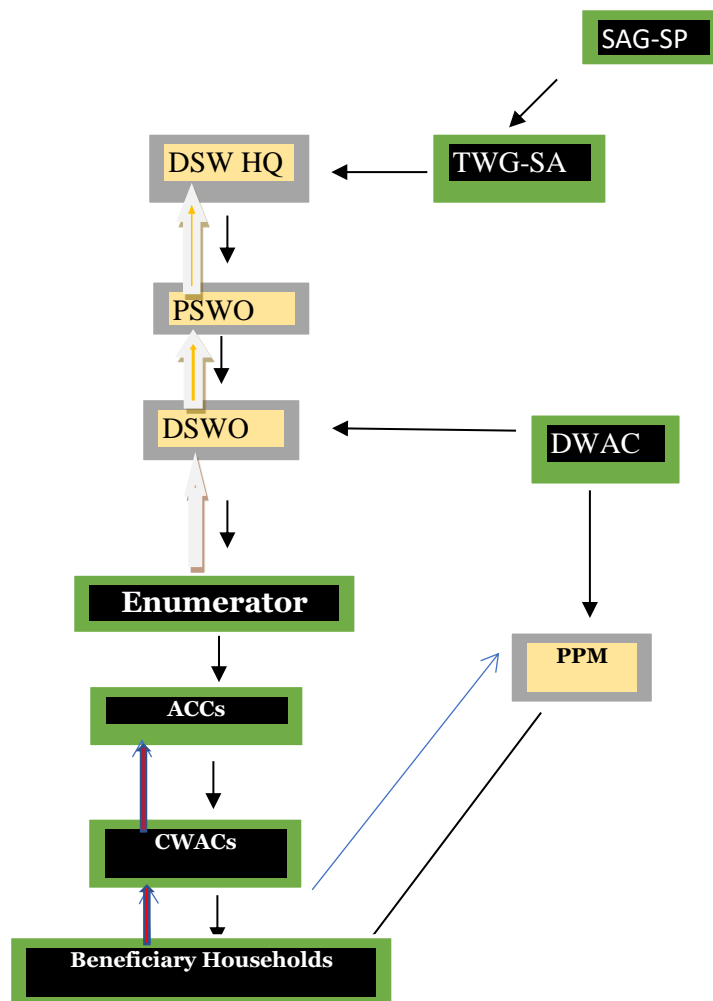
By then a 50Kg bag of maize which a standard family consumed per month was equivalent to \$6 US. The targeted beneficiaries demanded for cash instead of the in-kind support through PWAS, considering that cash was more flexible, and they would spend it on things that they needed most. The cash was to be multiplied by 12 months, but also to include 10 percent administrative costs. This brought the total to 80 US \$ per household in a year. This arrangement was found to be more cost effective than that of providing relief food. This pilot project targeted 1000 incapacitated households in the initial stage with a total transfer budget being US\$ 80,000 in a year. This became the birth of the social cash scheme in Zambia (MCDSS, 2003).

The project was to scale up to the rest of the country, targeting 10 percent of the ultra-poor, based on lessons learnt from the primary data obtained from six (6) villages in Kalomo. This survey revealed that 10 percent of all households in that area were critically poor and urgently needed social assistance interventions as they were surviving on just one meal or nothing per day. Additionally, these people lacked employment and their children were deprived of most basic needs especially nutrition, medical services, clothing and education; whether they were orphans or not due to HIV/AIDS (Schubert, 2005).

The Pilot project adopted PWAS structures such as the DWAC and the

CWACs to discharge its activities as they were found to be effective in targeting the extreme poor and the labour constrained households. These structures were elaborate and driven by committees of volunteers at various levels starting from the community, ward and district levels, feeding into the nation’s governance hierarchy (Chiwele, 2010). **Figure 4** below, demonstrates how the PWAS structure works.

*Figure: 4 PWAS Structure in Summary*



**Implementation:** CWACs, ACCs, Enumerators, PPM, DSWO, DWAC, PSWO, DSW HQ

**Coordination & Cooperation:** CWACs, ACCs, DWAC, TWG, SAG-SP

**Source:** [Harmonized Manual of Operations MCDSS, \(2016\)](#). Modified by the Author.

The Kalomo pilot project was designed to verify the hypothesis *that: 'A social cash transfer scheme was the most cost-effective approach to economically empower destitute and incapacitated households'* (MCDSS, 2006).

The scheme started its initial activities based on the Draft Implementation Manual with a test phase from November 2003 to April 2004. The Test Phase was then evaluated, and the manual was approved leading into the official launch of the scheme by the then Minister of Community Development and Social Services, Marina Nsingo on 4<sup>th</sup> May 2004 (MCDSS, 2006).

From May to November 2004, the scheme was rolled out to two agriculture blocks (Kalomo central and Kanchele) with 143 villages, 5 township sections with 11, 300 households (a population of approximately 70 thousand). By December 2004, the scheme had reached 6 area coordinating committees (ACCs), 39 CWACs, 21 Pay Points and an account was opened at the Finance Bank in Kalomo, for payment of monthly transfers to 1,027 household beneficiaries with a total population of 3,856 persons. One year later, the first round of retargeting was completed, and the number of beneficiary households reached 1,182 (MCDSS, 2006).

### **3.3 Beneficiary Targeting**

Between 2003 and 2010, the scheme comprised five different models, all on pilot basis as follows: the ultra-poor approach (also known as the 10 percent inclusive model or IM). This aimed to cover the poorest 10 percent of the population of the districts served (Arruda and Dubois, 2018). During this period, a pilot Universal Pension Scheme (UPS), targeting the elderly people above 60 years of age and not in gainful employment was implemented in Katete District of the Eastern Province (Haabasonda, 2009). From 2010 to 2014, the Social Cash Transfer scheme assumed two different streams with different characteristics: The Child Grant (CG) specifically aimed at benefiting households with children under the age of five (5) and the Multiple Category Transfer Grant (MCTG) which targeted other forms of vulnerability. The CG started with districts that had the highest child mortality rate. These included: Shangombo, Kalabo, Kaputa, Zambezi and Milenge, while, the MCTG

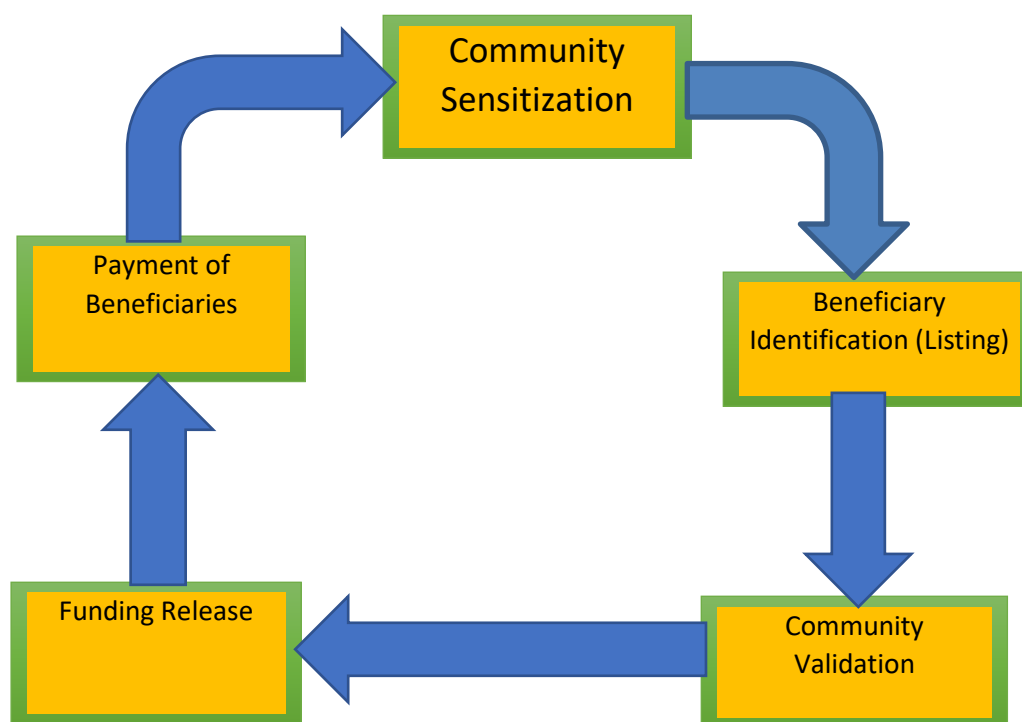
targeted all the extremely poor households with elderly people and orphans, or widows and orphans, as well as households having members with disabilities. The first three districts to be put on this model were Zambezi, Serenje and Luwingu (Arruda and Dubois, 2018).

In 2014, the scheme, adopted the Harmonised targeting model with a single selection criterion (*households with high dependency ratios*), in 2016, the Inclusive Model was also introduced. This model aimed at giving the programme a national character, whilst scaling up to the rest of the country using a uniform targeting approach. All districts were to target households with the aged, the disabled, chronically ill on palliative care, female headed households with dependency ratio of at least three children or other dependents not in labour force ages i.e. 0 to 14 and 65 and above or (*people who are either too young or too old to provide for themselves*). Apart from incapacitation, eligible beneficiaries should be permanent residents of a community i.e. where the programme is being implemented and must have been living in that community for not less than 6 months (MCDSS, 2018).

### 3.4 Implementation Cycle

Before the SCT programme is introduced in an area, inception visits and sensitisation meetings are conducted by the Department of Social Welfare (DSW) to enlighten members of the community about the programme. During the meetings the eligibility criteria of the beneficiaries is explained and community structures such as CWACs are established. **Figure 3** below, shows the sequence of the major activities in the implementation of Zambia's SCTs.

Figure 3: SCT implementation Cycle



Source: MCDSS (2018)

### 3.5 How does the CWAC System work in practice?

The Community Welfare Assistance Committee (CWAC) is the lowest community-based structure in the implementation of the Social Cash Transfer programme in Zambia. Each CWAC takes care of about 400 households in its catchment area. Members of the CWAC are chosen by the community during the introduction of the programme in an area. There are 10 members in each CWAC. These are people with different backgrounds but chosen from among retired civil servants, prominent farmers or representatives of Faith Based Organisations. These are people who volunteer to serve the community and are trusted with the responsibility of identifying beneficiaries without bias. According to the Programme Implementation Manual the tenure of office of a CWAC member is 3 years, but renewable.

During the enumeration of beneficiaries, CWAC members accompany the enumerators (Officials from MCDSS) into the target communities to show

them potential beneficiaries who are interviewed and have their welfare status documented. This information is sent to Ministry Headquarters for further assessment and the approved list is sent back to the community for validation before eligible beneficiaries are finally recruited for payments. Validation is done at community meetings, organized by the CWAC and community leaders, but supervised by DSWOs. The validated applications are then sent to the Area Coordinating Committee (ACC) which is the immediate higher level after the CWAC, for onward submission to the DSWO. *[The ACC coordinates 5 to 10 CWACs. ACCs are in turn coordinated by the District Welfare Assistance Committee (DWAC) whose membership is drawn from Government Departments, Local Authorities, Civil Society Organisations (CSOs) and Faith Based Organisations (FBOs) at district level.]* After the validated lists have been received by the DSWO, they are further verified and then submitted to the DWAC for final approval and submission to national office in Lusaka where the national data base is hosted. This process is modified from time to time (MCDSS, 2006).

Since 2017, enumeration has been done using Mobile Technology (M-Tech) or computer tablets. Before then, this process was done manually using a questionnaire.

After enumeration, the data is exposed to a proxy means test (PMT) to determine who meets the criteria. According to Grosh and Baker (1995), information on household or individual characteristics, correlating with welfare levels is used in a formal procedure to proxy household income, welfare or need; the poorest tops the list.

Once eligible beneficiaries are identified and funding is released by MCDSS, payments are done through PPMs or Payment Service Providers (PSP) depending on the payment mechanism applicable in an area. PPMs and their Deputies are recruited by the DSWO in collaboration with the Ministry of Education or Health. These officials are on part time basis since they are already employees of other line Ministries. The District Education Board Secretaries (DEBS) identify teachers that can be trusted with the responsibility

of making SCT payments on behalf of the Ministry; these are the ones who become PPMs.

Whenever the PPM is absent from the station, he/she completes the stipulated Form and send his/her deputy with the Form to the DSWO. The Form authorizes the assistant PPM to perform the functions of the PPM for a given period (Revised SCT Operations Manual, 2016). As and when necessary, the Ministry of Health, also identifies its own trusted officers to serve as PPMs in areas where teachers are unavailable to provide this service. PPMs are trained for one week, to understand how payments are conducted and what documentation is used or is to be generated in the process. Before PPMs and their deputies commence their functions, they sign Agreement forms as at **Appendix 6**, which outline the dos and don'ts and they are assisted to open the Pay Point Account at the nearest recognised commercial bank.

Ordinarily, funds are supposed to be released on bi-monthly basis by MCDSS to the districts, while DSWOs across the country inform PPMs to collect cheques from the DSWO for both the Transfers and Administration of the programme in their catchment areas. The programme provides for 10 percent of the funds on administrative cost, while 90 percent is for the actual transfers to the beneficiaries (PIM, 2016). There, however, has been a lot of inconsistencies in the actual funding releases to the programme especially between 2016 and 2018 (MCDSS, 2018).

Upon encashment of the cheques, however, PPMs physically carry the money to the Pay Point for payment. CWACs are notified to inform the beneficiaries about the payment due dates. Beneficiaries either go to the pay points themselves to collect their money or send authorised proxies with their National Registration Cards (NRCs). Each PPM pays between 60 and 70 beneficiaries a day and carters for at least two CWACs on average (MCDSS, 2018). The programme provides for the right to delegate access to the transfers to another trusted person or deputy to help the weak/elderly/disabled heads of households who have difficulties in getting to the pay point (MO, 2006).

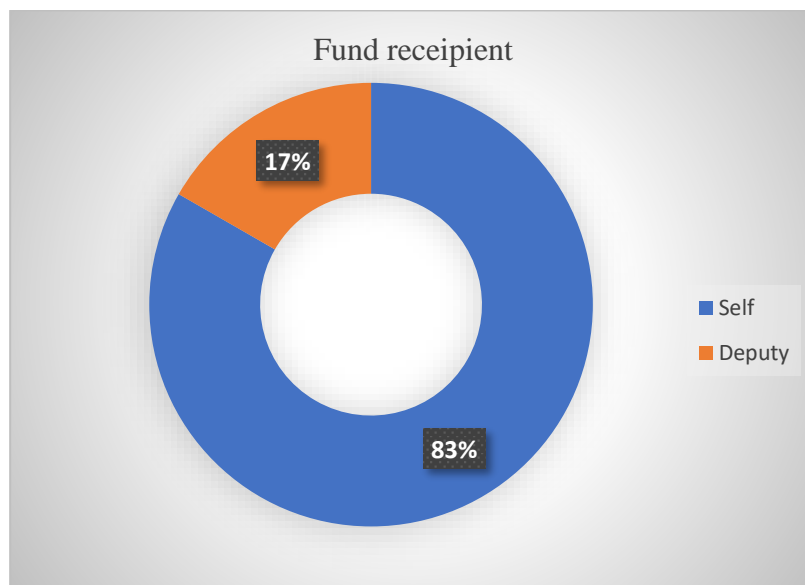
**Table 7** below, shows the trends in the actual collection of the payments.

*Table 7: Transfer Recipients*

<i>Who actually collects the money from the pay point?</i>		
	Frequency	Percent
Self (beneficiary)	50	83.3
Deputy	10	16.7
<i>Total</i>	<i>60</i>	<i>100</i>

**Figure 9** presents the trends shown in table 6 by percentage.

*Figure 9: SCT Recipients by Percentage*



From **Figure 9**, it can be deduced that, most of the beneficiaries collect the transfers themselves at 83 percent, while only 17 percent send proxies.

While delegating the collection of the money to proxies is allowed, the method is not reliable in practice as records show that some deputies are used by more than one client and in some instances, deputies are also beneficiaries, which is not allowed in the programme guide. Some dishonest people also take

advantage of the vulnerable clients by giving them less than the money they have collected (Wonani, 2018). This scenario poses a risk to the programme especially in the absence of a robust payment tracking system. The use of NRCs without a biometric identification system is unreliable because client's images are not verified.

According to Anonymous (2018), sometimes clients only present the identification numbers on a piece of paper without showing the NRC to the PPM, relying on their familiarity with each other as members of the same community with the PPM.

During payments, CWAC members witness the proceedings. For this, they too are paid an allowance of ZMW 50 (US\$5) per day per member. Usually two CWAC members witness the payments per day. The members take turns in pairs when witnessing the payments. The programme provides for payments to be conducted in three consecutive days at each Pay Point (MCDSS, 2018).

All the recipients or their proxies sign or thumb print on a payment schedule to acknowledge receipt of payment as at **Appendix 8**. Some PPMs carter for more than one pay point including what are known as mobile pay points where PPMs take the transfers to areas closer to beneficiaries' villages, to ensure that everyone is paid. This arrangement, however, in some instances makes PPMs cover distances as far as 40 kilometres or more. If a beneficiary does not collect the money, the unclaimed funds are forfeited to the state (MCDSS, 2018). According to the Manual of Operations (2006), PPMs are expected to redeposit all the uncollected funds into the DWAC Account at the end of the payment exercise.

While this option may seem to be a reasonable safety measure, it is however, susceptible to manipulation just like Senior Social Welfare Officer Kakubo Wonani puts it:

*“There is high risk for such funds as they can easily be stolen especially that most of the beneficiaries are illiterate and sign using thumb prints which anyone can do.”*

Anonymous (2018), however, observes that some PPMs are so good that when they discover that some of their beneficiaries have not collected their money on the scheduled days, they follow them all the way to their villages to go and pay them. It is only when this completely fails that the uncollected funds are redeposited into the programme account. Nearly all the PPMs interviewed by this researcher said that they have had to return some unclaimed funds before. It is therefore important for DSWOs to ensure that CWACs are informed in time about the payments and monitor the payment process consistently.

Once the payment exercise is over, the PPM prepares a report and financial returns stating how much money was collected the previous month, what was paid out and what was not claimed with payment schedules endorsed by CWAC members as at **Appendix 11**, for submission to the DSWO who is their immediate supervisor in this arrangement.

CWACs also produce their own reports stating their observations about the payments.

Apart from witnessing the payments and participating in the enumeration process of beneficiaries, CWACs are also entrusted with the responsibility of monitoring the actual utilisation of the grants by the beneficiaries (MCDSS, 2018).

According to the Revised SCT Manual of Operation (2016) Beneficiary households found to be misusing the grants on alcohol or other negative vices shall be warned and counselled by the CWAC, if the problem persists, they shall be deregistered or have their support discontinued immediately, though such information is hard to come by due to poor record keeping, but there are scanty unverified stories about some beneficiaries misusing the money in different communities (MCDSS, 2018). According to Schubert (2005), more than 90 percent of the CWACs perform their functions in accordance with the Manual of Operations as per their training.

Generally, there have been very few disciplinary cases involving PPMs, although some have been dismissed before, for pilfering like earlier mentioned

under problem statement in this study (**Chapter One**). The Ministry does not however, have a comprehensive record of such cases.

### **3.5.1 Change of Deputy for Household**

There are various reasons why one would want to replace a deputy for a household; however, the appointment of a deputy is somewhat, permanent and cannot be easily changed. According to the Revised SCT Manual of Operations (2016), a deputy can only be replaced in case of fraud on his/her part or when the deputy is no longer available. This is done in consultation with the CWAC. In such an exceptional case, the CWAC uses the deputy form to state the reason why a deputy is removed and whether the household wishes to appoint somebody else.

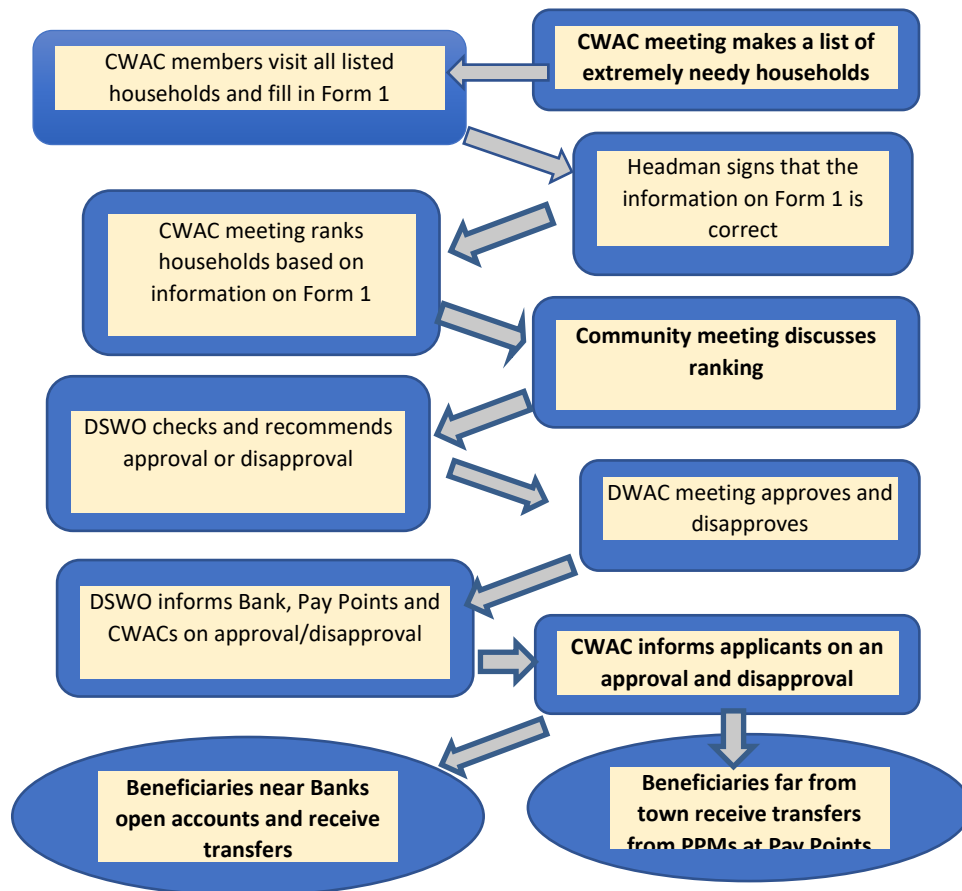
### **3.5.2 Replacement of PPM or Deputy PPM**

The turnover of PPMs is somewhat, high in many pay points. According to Janet Nkausu an Assistant Social Welfare Officer in Rufunsa, one common challenge faced by the programme is the turnover of PPMs.

*“Being full time employees of other Ministries, PPMs and their deputies usually get transferred to other places and get replaced. Whenever there is such a development, the official handover takes place in the District Social Welfare Office where the PPM’s file is checked for completeness; Missing forms are replaced, and the new PPM is briefed about his or her new responsibilities. The DSWO makes sure that the new PPM is well oriented and can perform the tasks and confirms that he or she has received all the necessary information and agrees to adhere to the rules spelled out in the Agreement form” (Nkausu, 2018)*

**Figure 5** below shows the participatory process from the identification of beneficiaries to the payment of the grant.

*Figure 5: Simplified flow Chart of the Participative targeting, approval and Payment Process.*



Source: Pilot Social Cash Transfer Scheme- Kalomo District (2006).

### 3.6 Data Management

Data management is an important aspect of Social Cash Transfer delivery mechanisms. According to AIR (2013) data collection is the initial activity in data management at district level. This follows the enumeration of eligible beneficiaries after the lists of eligible beneficiaries have been vetted by the community during validation meetings. The lists of the vetted candidates are finally approved by the DSWO. At that point, the information is ready to be captured in the Management Information System (MIS). The DSWO and the

CWACs, play a critical role in ensuring data quality because any erroneous information captured to the system and subsequently transmitted to the central server can only be rectified by the DSW at MCDSS-HQ.

### **3.7 Administrative costs**

CWAC and ACC receive an administrative fund to enable them maintain bicycles which are given to each CWAC member as an incentive to facilitate transport as they carry out their duties in communities, to buy stationery; pens and some refreshments during meetings. The treasurer of the CWACs and ACCs also receive ZMK 100 (US\$10) every other month (bi-monthly), provided that the CWACs / ACCs have handed in their monitoring reports to the district. CWACs and ACCs are expected to keep record of how they are spending the money with consent from all executive members by endorsement (Revised SCT Manual of Operations, 2016). The implication of the rapid scale up is that these community structures were also increased in number thereby increasing administrative costs on the programme (MCDSS, 2018). It was however not easy to obtain the actual cost implications of this development on the programme from the Ministry Headquarters due to poor record keeping.

As at April 2018, 574,663 households countrywide were receiving SCTs (*this translated into about 3 million beneficiary household members at 5.1 average household sizes*) (LCMS, 2015). **Appendix 5** shows social cash transfer beneficiaries by district.

### **3.8 Impact of Social Cash Transfers (SCTs)**

According to the Impact Evaluations done by the Ministry, Social Cash Transfers in Zambia, have demonstrated that SCTs

- i. Reduce extreme poverty by 5.4 percentage points
- ii. Improve school enrollment and attendance,
- iii. Improve household food security, there was also 19 percentage points increase in the number of households eating more than one meal a day;

- iv. 21 percentage points increase in livestock owned by beneficiary households;

Improve the local economy and for each 1 kwacha given out, the transfer value generates seventy-nine ngwee (*multiplier effect*) i.e. 1:79 (MCDSS, 2018).

## CHAPTER FOUR

### 4.0 ANALYSIS OF ZAMBIA'S SCT PAYMENT SYSTEMS

This Chapter is divided into two parts. The first part explores literature on the background of the three delivery systems specifically used in the payment of Social Cash Transfers in Zambia. It also gives an insight of how these systems are funded and how they function. The second part identifies and justifies the variables employed in the study. The paper attracts both qualitative and quantitative evidence of the delivery systems currently in use.

#### 4.1 Background of the delivery systems

It was when the SCT programme was still in its infancy that the manual payment system was adopted in Kalomo. By then the caseload of beneficiaries was only 1,027 households. Thirteen (13) years later in 2016 however, when the national caseload reached 242,000 in a total of 78 districts; with potential for further scale up to the entire country, MCDSS advertised for alternative Payment Service Providers. This was largely prompted by the preceding Fiduciary Risk Assessment (FRA) reports that had recommended for the need to have more secure and efficient payment solutions to the programme (MCDSS, 2018).

##### 4.1.1 The three SCT delivery Systems used in Zambia

As at 2019, the three Social Cash Transfer delivery systems recognised in Zambia, were: The Manual, Electronic and the Post Office.

#### 4.2 Manual Payment System

When the programme just started, its design was that upon identification of beneficiaries, funds from the source were to be deposited in a commercial bank within Kalomo. At that time, funds were deposited in Finance Bank and beneficiaries were expected to open savings accounts and withdraw as and when they so wished to, once the funds were credited to their accounts. Few beneficiaries managed to open accounts, due to high illiteracy levels and the

challenge of distance from the villages to the Bank. It was for that reason, that schools and health centres were the preferred pay points and that civil servants working in these institutions be the pay officers or Pay Point Managers (PPMs) as they became to be known as (MCDSS/GTZ, 2007).

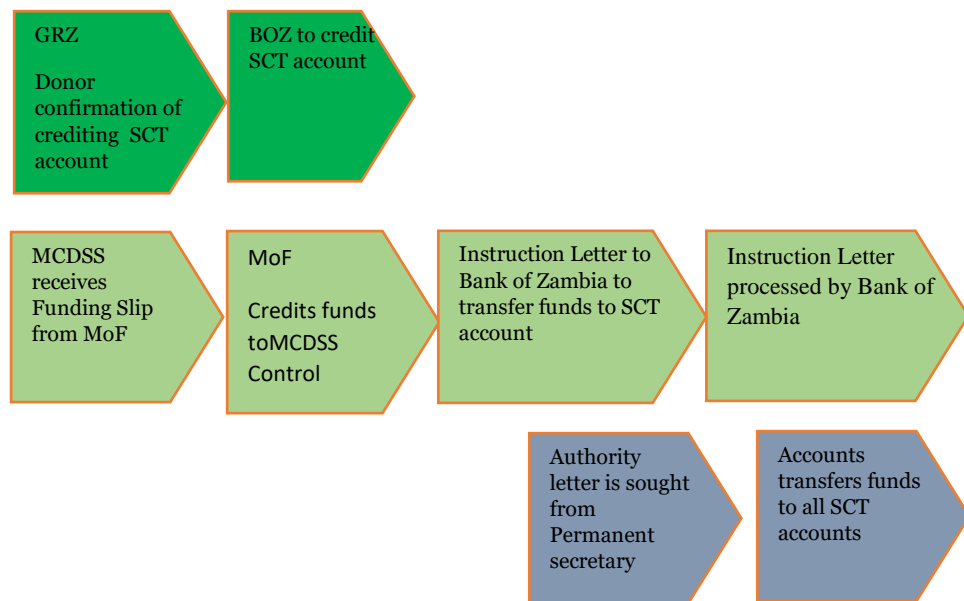
The rationale behind choosing these government employees was that these officers travelled routinely (*every month end*), to the district capital to collect their own salaries; therefore, as they went for their pay, they would use the same time to withdraw the money for SCT beneficiaries (MCDSS/GTZ, 2007).

PPMs are however, entitled to a meal allowance or a Daily Subsistence Allowance (DSA), when it takes them more than eight (8) hours away from their duty station to and from the bank or when they must spend a night away from their duty station respectively. This is the case every bi-monthly when funding is released for payments and PPMs must go to the District Office to collect the cheques or when performing any other SCT function away from their duty station. At the time of this study, the meal allowance was ZMW 85.00 (US\$8.5), while the DSA varied from district to district based on government designated rates and salary scale of the PPM (but ranged from ZMW350.00 (US\$35) to ZMW800.00 (US\$80), (MCDSS, 2018).

The arrangement is that at district level, there is a separate account for the transfers and administrative funds. Funds for the transfers and administrative costs are expected to be transferred every bi-monthly by the Ministry Headquarters in Lusaka to every district for onward transmission to pay points by cheque (MCDSS, 2018).

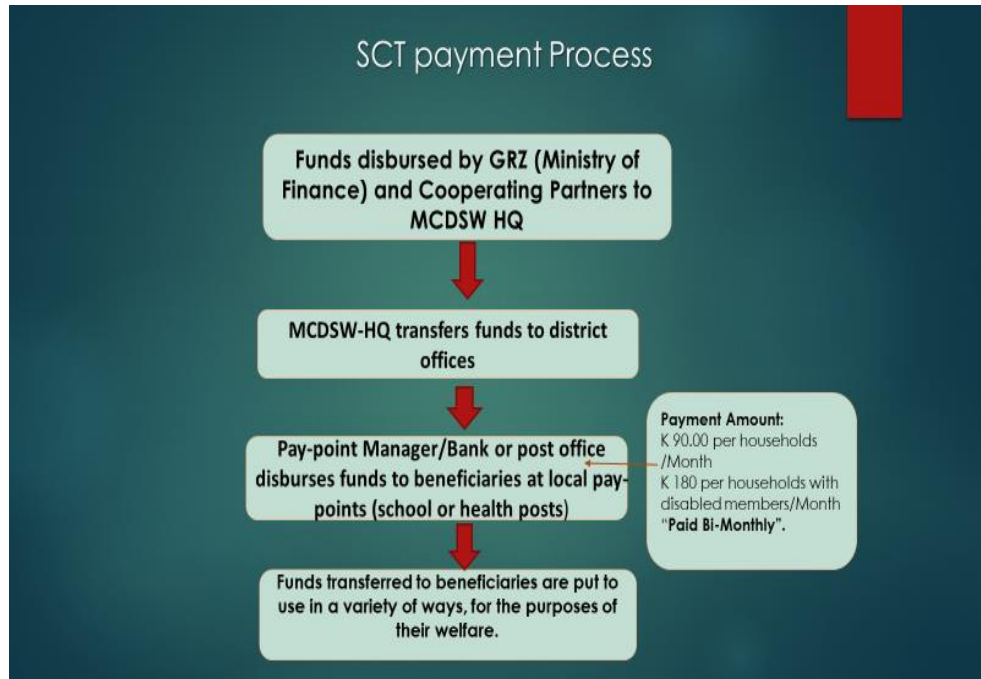
At the inception of the programme, beneficiaries were receiving the transfers on a monthly basis, but from November 2007 onwards; payments were changed to a bimonthly rhythm in order to reduce transaction costs and to help beneficiary households make investments. Funds from both the Government (GRZ) and donors use the same channel of delivery (MCDSS/GTZ, 2007). **Figure 6** below shows how funds move from the source to the district accounts.

Figure 6: Social Cash Transfer Funds Floor



Source: Harmonised Manual of Operations (2016)

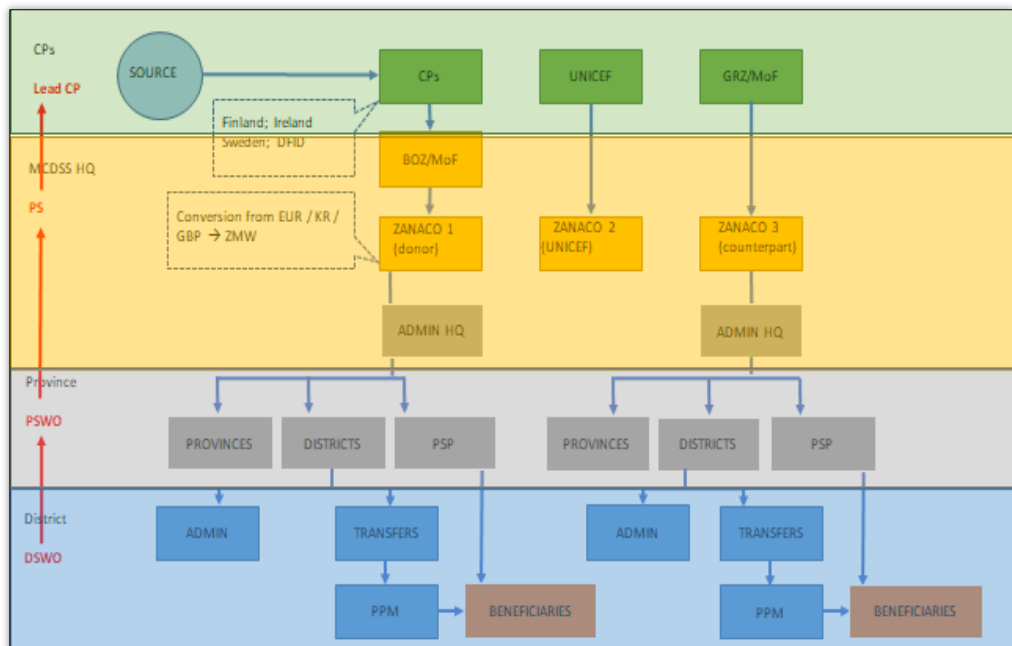
Figure 7: SCT Payment Process



Source: MCDSS (2018)

Figure 7 above shows how funds move from the Ministry of Finance (MOF) to MCDSS and to the beneficiaries, while Figure 8 below, shows the various funding levels both by the Government and Donors.

Figure 8: SCT Funding Levels



Source: MCDSS (2018).

Every pay point has an account at the bank of which 10 percent of the money is for the administration of the programme; the rest (90 percent) is for transfers from each allocation (Manual of Operations, 2006). According to MCDSS (2018), Part of administrative funds goes towards supporting CWACs in witnessing the payment process, dissemination of information and monitoring the utilisation of the transfers by beneficiaries.

The maximum amount of cash allowed to be withdrawn by the PPM per day from the bank, is ZMW 25,000 (US\$ 2,500), except with authority from the DWAC. ZMW 25,000 translates into about 140 recipients paid at ZMW180 bi-monthly at a rate of ZMW 90 per month. The average total number of recipients per PPM, however, is 120 (MCDSS, 2018). The limited amount allowed to be cashed from the bank per day, means that PPMs must arrange phased pay days or stay close to the Bank a little longer (especially PPMs from remote pay points), to withdraw enough money for the beneficiaries. This poses a lot of risk.

According to MO (2006), Pay Points cater for a catchment area of 8 kilometres radius. In some instances, however, beneficiaries travel longer distances to access their money as they do not actually live within this catchment area. In Mongu, out of 60 beneficiaries in one CWAC, 24 said it took them between thirty minutes to one hour to get to the pay point while 20 said it took them more than one hour and 10 said they were not sure. Only 6 said it took them less than 30 minutes. When the same beneficiaries were asked what challenges, they faced in accessing their money, 24 said the pay point was far, representing 40 percent, while 60 percent was distributed among those that complained of delayed payments at 36.7 percent and other reasons. **Table 6** below, shows the pattern of the common challenges faced by beneficiaries when receiving the grants. These and other challenges make beneficiaries unable to collect their money.

*Table 6: Common challenges faced by beneficiaries in accessing payments*

<b>Challenges faced when collecting money</b>		
	Frequency	Percent
The pay point is far	24	40
Delayed payments	22	36.7
Nothing	10	16.7
Other specify	4	6.7
<b>Total</b>	<b>60</b>	<b>100</b>

Other challenges included rudeness of some payment officers especially from ZAMPOST.

#### **4.2.1 Uncollected Funds**

In Chapter three we observed that if funds are not collected by the intended beneficiaries, such funds are forfeited to the state. It is however, worth noting that there are various reasons why funds end up not being collected from pay points apart from what has already been mentioned. One of the reasons include the death of a beneficiary or shifting of the beneficiary to another location without informing the CWAC or the PPM. These social grants are not transferrable. Other common reason is that of having duplicate names or duplicated national identification numbers. It is the role of the Data Officer to ensure that beneficiary registers are updated on regular basis to avoid duplication and ghost beneficiaries. The Management Information System (MIS) guidelines and other best practices, emphasise that application controls should ensure accuracy and completeness to avoid duplication of records (MCDSS, 2018).

Poor record keeping can pose a high risk to abuse as any ineligible beneficiary can easily take advantage and access the money illegally. Management should, therefore, ensure that duplicate and ineligible beneficiaries' names are constantly removed from the data base. Whenever a household dissolves or a beneficiary shifts to another area, transfers are discontinued. Whenever the household head status changes, the situation of the household is reviewed and the DSWO decides whether transfers should continue or be discontinued.

Re-assessment of beneficiaries is conducted every three (3) years and it is only when a decision has been made to remove existing households off the programme that new households are included. Households that have graduated, weaned off and exiting from the scheme receive a bonus of 20% of the total transfers for three years. Deputies for households as well as for PPMs can be changed if need arises (Harmonised Manual of Operations, 2016).

When a beneficiary dies, the household remains eligible for three cycles (6 months), unless there is another member in that household who meets the selection criteria, otherwise retargeting is done, though not closely followed due to poor record keeping (MCDSS, 2018).

On a positive note, some PPMs interviewed disclosed that their role on the SCT programme has afforded them an opportunity to acquire counselling skills which help them work just like Social Workers when dealing with their clients.

Christine Makumba of Chinyunyu Pay point in Rufunsa said:

*“I have learnt to be more patient and tolerant than I used to be; some of my clients can be so aggressive and rude that they shout at me and complain bitterly when funds are delayed like I do it deliberately. I just keep assuring them in the politest way possible. I understand that these people have nowhere to get help from, hence the impatience and the high tempers, it is from this money that they buy food and support their families.”*

Whereas most PPMs are generally friendly and helpful, there are some that do not have “a big heart” for clients as Belita Sakala (*Not real name*) a female headed household from Chadiza District of the Eastern Province of Zambia once narrated her ordeal as follows:

*“Sometimes we are given very short notice by the pay officers, by the time you know it, it is too late. One day, in the rainy season, I happened to have gone to the miller in the nearby village. I had just gotten back home when my daughter came panting from school saying she had seen my friends getting paid and so, I needed to go and get my*

*portion as well. We badly needed the money to pay for my daughter's examination fees. The pay point is far, and I was tired, so I got my identification card and gave it to my daughter to go and collect the money for me. The girl ran all the way to the pay point. When she presented the card, she was told that she had brought a wrong card, a voter's card instead of the National Registration Card (NRC). My daughter tried to plead with him but to no avail. So, my daughter hired a bicycle and promised to pay the owner after collecting the money. When she got home, I fetched the NRC and gave it to her, the bicycle man took her back to the pay point only to find that the pay officer had closed the pay point and he was gone after announcing that that was the last day for payments and that the uncollected money would be returned to the bank. I never got paid and my daughter came back home disappointed, tired and drenched in the rain. I had to plead with the bicycle man that I will still pay when I have the money." (This story was shared by a beneficiary in Chadiza during the Joint Annual Review (JAR), field visit attended by this researcher in June 2018).*

Therefore, reliable and flexible delivery systems are essential to the successful implementation of programmes like this one. It is important to bear in mind that, while some PPMs are kind there are those that are not.

Kennedy Mumba puts it this way:

*"Human beings are not the same, some may be good hearted, but one should always bear in mind those that are completely way off. While some of the challenges faced by the programme are to do with lack of institutional capacity to effectively monitor the programme, we also do not rule out those who just have bad attitude, but entrusted with the responsibility to serving others," (Mumba, 2018).*

It is therefore; important to take precautions when serving the needy as they often times remain silent when their rights are violated. Pay officers should be carefully selected and trained on how to handle vulnerable clients. In Rufunsa, one PPM had this to say:

*“Our core business is to help and not to benefit from the allowances only. I have seen how these people suffer and cherish the little that they receive, if I was rich, I would have started giving out some of my own money to help the less privileged, it affects me very much when the transfers are delayed and these people keep asking when they will be paid” (Kapito, 2018).*

The delays are often caused by the late releases of the grants by the national treasury, although some PSPs also contribute to the delay due to internal administrative processes and bureaucracies (MCDSS, 2018).

On the other hand, some PPMs also claim to have learned other skills including accounting and report writing, which are not their core functions. But, Mwale a PPM of Chiyota pay point also in Rufunsa says:

*“While there are all these gains from participating on this programme, we sometimes fear for our lives too. When the community knows beforehand that you have gone to the bank... all the eyes are on your route, staring to see when you will be back; know what? You can be attacked! It is therefore safer for the community to be kept in the dark until the day of payment, though sometimes information leaks.”*

Like it has been said, physical movement of money from the bank to the Pay Point poses a risk, though no attacks on PPMs have been reported in Rufunsa.

When asked whether there were temptations in handling huge sums of money that did not necessarily belong to him, Anonymous (2018) in Rufunsa said:

*“Yes, temptations are there, especially when the transfers come before your own pay day, but when you remember that the money you are carrying is for the less privileged, you hold back. To them that is their only hope. At least for us we are assured of a salary at the month end; besides if I steal, I will lose employment and make my whole family suffer.” “(PPM)”*

In a different scenario in Lusaka, another Anonymous said:

*“When we had cholera between January and April 2018, it was a big challenge to pay using the manual system as people were not allowed to gather. If there is no outbreak, things seem normal with the manual system; but when there is an epidemic, you see the need to have options to this system.” “(MCDSS)”*

From all this, apart from security concerns, the manual system has other challenges. It can be time consuming with increased caseloads and be a health hazard during epidemics.

### **4.3 Electronic payment System**

Following the recommendations of the Fiduciary Risk Assessment report of 2015, the Ministry advertised for a Payment Service Provider (PSP) with the intention of introducing an electronic payment system. According to MCDSS (2017), Only ZANACO responded to the advert. In this regard, the Ministry sought a no objection to direct bid ZANACO, which was partly a government owned bank to be contracted for the job. The contract was signed in 2016 and ZANACO was tasked to commence payments in three provinces namely: Eastern, Lusaka and Central on pilot basis for a period of three years, after which an evaluation would be conducted to determine whether the services could be scaled up to other parts of the country or not. ZANACO was engaged on grounds that it had the capacity to introduce E-payment services including the use of ATMs to improve the security of the funds and promote efficiency in the programme (MCDSS, 2018). ZANACO only commenced real activities in Lusaka in May 2017, starting with training of trainers (TOT) workshops for DSWOs to orient beneficiaries on the use of ATM cards. This was found to be necessary because most of the beneficiaries were going to be using the ATM visa cards for the first time.

ZANACO also undertook a mapping exercise of beneficiary locations, bank branches and Express Agents and then commenced the card production process. After training over 90 percent, the beneficiaries (including CWACs) in communities, all the beneficiaries with National Registration Cards (NRC) were issued with ATM visa cards. Only about 500 beneficiaries did not have

the national identification cards and so they were not issued with the ATM cards. These were to continue receiving their transfers through PPMs. Soon the beneficiaries were sensitized on how to use ATM cards and received their first payment through ATMs in the July/August bi-monthly cycle of 2017.

At that time, the transfer value had just been increased from and ZMW 70 (US\$7) to ZMW 90 (US\$9) per month (or ZMW 180 (US\$18) to ZMW to ZMW 360 (US\$36) for disabled clients and ZMW 140 (US\$14) to ZMW 280 (US\$28) bi-monthly for other categories of vulnerability), (MCDSS, 2017).

The beneficiaries were very excited to use the ATM cards as it gave them the freedom to withdraw their money at their convenient time and pay point. For some, the excitement was however short-lived as they soon started losing the ATM cards and forgetting their Personal Identification Numbers (PINs), (MCDSS, 2018).

According to an Officer who opted to remain anonymous at Lusaka District Office, 59 beneficiaries had lost their ATM cards or forgotten their PINs by the second cycle of getting paid via ATMs.

According to ZANACO (2017), however, the Visa card was chosen in order to promote a culture of saving among the beneficiaries as it afforded them an opportunity to only withdraw amounts, they needed at a time, unlike the manual system where uncollected funds were forfeited to the state.

As at 2018, only a total of 3,193 beneficiaries out of a caseload of 11,318 or 28 percent of the recipients were using ATM cards in Lusaka. The remaining ones were still being paid by PPMs.

In each cycle, ZANACO allows beneficiaries to withdraw or check account balances twice from any of its branches or agents using the visa card for free. After the grace period, the account attracts a fee just like any other ordinary Bank account (MCDSS, 2018).

While this system appears to be better organized than the manual system, it has its own challenges including that of cards being captured by the cashing machine, loss or destruction of visa cards by beneficiaries and forgetting of PINs. To make matters worse; it takes very long for the Bank to replace the

cards once they are lost or destroyed. Further, this type of account does not allow beneficiaries to access money over the counter, which means that if a card is lost or destroyed, the option is to wait for replacement or resort to the manual system. As at 2018, the Ministry was in consultation with the bank to find better options. Meanwhile over 350 beneficiaries at the time of this study were waiting to have their misplaced or damaged cards replaced by ZANACO (MCDSS, 2018). With this kind of dilemma, one would agree with Hrebiniak (2006) who contends that the problem with poor performance in programmes does not entirely depend on planning, but rather with doing. Hrebiniak (2006) believes that making strategy work is more important than strategy making. What is seen here is that MCDSS, found it suitable to engage this PSP to improve delivery of SCTs, but whether all the preconditions were met, remains unanswered.

This researcher is therefore, compelled to conclude that programme failure is also caused by poor implementation strategies and lack of seriousness by the implementers rather than actual planning. It is difficult to understand why the same bank can have accounts that allow some clients to access funds both with the ATM cards and over the counter, while the same services cannot be available for the poor. Why in this era when technology is highly advanced, replacement of ATM cards should take months? Why would the accounts of the neediest people be so problematic? To make matters worse, the cash transfer account cannot be used for any other purposes than the cash transfers; therefore, even if a well-wisher was to donate some money to a beneficiary, such is unattainable through this account (MCDSS, 2018).

The complications surrounding visa cards by the illiterate, makes unscrupulous people take advantage of the situation and steal from those that seek help. According to Anonymous (2018), during the transition from the manual system to the electronic one by ZANACO, a named PPM was caught stealing money from beneficiaries' accounts. When distributing the visa cards to the beneficiaries at his pay point, he managed to access the PINs as well and helped himself to the 'transfers,' he was apprehended. In some instances, people, trusted by the illiterate, the aged or the blind beneficiaries to collect the money on their behalf using visa cards, end up stealing it or part of it

(Anonymous, 2018). The other challenge with ZANACO is that they take long to credit beneficiary accounts with SCT funds. As a result, there are many instances when the Bank pays late compared with the manual payment schedule despite the funds being released at the same time by the Ministry. Anonymous (2018) says:

*“Sometimes we think that ZANACO does not prioritize cash transfers because it does not have a competitor. It sometimes takes them two or more weeks to credit beneficiary accounts, this is usually after PPMs have even finished paying. Something needs to be done!” “(MCDSS)”*

One outstanding concern about ZANACO is that it had taken them over two years to scale up its electronic payment services to Central and Eastern Provinces that were also in the contract. In Lusaka where they had started from, after two years; the Bank was only at 28 percent coverage by 2018, despite its acclaimed infrastructure capacity. One would agree with Anonymous (2018), who suggests that perhaps ZANACO needed real competitors to jerk them up.

ZANACO has sometimes issued inactivated ATM visa cards to beneficiaries, thereby making it difficult for them to access the money on schedule. Another major weakness with the Bank was that it was fond of transferring its employees assigned to the SCT programme. This created problems and caused delays in getting things done, as new people required ample time to learn how the system worked. To make matters worse, ZANACO did not attend to individual beneficiaries’ grievances as they claimed that the contract was between the Ministry and the Bank and not with SCT beneficiaries.

It is therefore the responsibility of the Ministry to compile and submit all queries or complaints to the bank for consideration.

*“This lack of direct contact between the Bank and the beneficiaries makes some beneficiaries prefer the manual system to the electronic one as PPMs provide direct feedback; unlike the case is with ZANACO.” (Anonymous, 2018). “(MCDSS)”*

The arrangement with ZANACO was that when funds were not claimed by beneficiaries for six months (Three cycles), such funds should be reimbursed to the Ministry, though at the time of this study there were no records of such reimbursed funds at the Ministry (MCDSS, 2018).

All planning was done between the Ministry Headquarters and the Bank; DSWOs and PSWOs were not involved, but only received instructions. This had negative implications on the programme, as most of the decisions were based on assumptions (Anonymous, 2018). It would, therefore, be important and beneficial for DSWOs and PSWOs to participate in the planning process especially, when designing delivery systems as Anonymous (2018) puts it:

*“We are the ones who interact directly and routinely with the beneficiaries and we understand the issues better than those who base their decisions on reports, which pass through long bureaucratic processes; some information gets distorted.” “(MCDSS)”*

It appears, all the SCT beneficiaries under Lusaka District can easily be absorbed by the electronic payment system, but for the rural towns, the manual system could be the best option.

#### **4.4 ZAMPOST Payment System**

When the Ministry advertised for PSPs in 2015, ZAMPOST did not bid. Two years later, however, after ZANACO had commenced its initial payments in Lusaka, ZAMPOST approached the Ministry to lobby for business as a payment solution. Considering that, ZANACO was engaged to service three provinces only according to its contract; the Ministry saw it wise to introduce another PSP, especially that ZAMPOST was equally a Government institution. A no objection was therefore, sought from ZPPA to direct bid ZAMPOST as well and authority was granted (MCDSS, 2018).

On 21<sup>st</sup> August 2017, the contract between the Ministry and ZAMPOST was signed in Lusaka and was officially launched on 4<sup>th</sup> September 2017, by the then Minister of Community Development and Social Services Honourable Emerine Kabanshi MP.

ZAMPOST was contracted to make payments only in Luapula and Western Provinces on pilot basis too; with a view to roll out to other parts of the country, depending on its performance. These two provinces were chosen mainly because of their high poverty levels and correspondingly challenging geographical terrain. The PSP sought for this terrain, therefore, needed to have the capability to make SCT payments within a radius of not more than 8 kilometers per pay point (MCDSS, 2017).

ZAMPOST was contracted on the following objectives:

- i. To design a cost effective, accessible and secure system for reliable and timely delivery of regular payments to Social cash transfer programme recipients in all the districts of Luapula and Western Province;*
- ii. To timely deliver cash payments to cash transfer programme beneficiaries in districts of Luapula and Western Province.*

Specifically, the scope of work included: designing and implementing a payment system that achieved the two objectives above. It also included working with the Ministry to agree on a simple and easily implementable payment solution, case management process including a complaint handling mechanism; defining the rights and responsibilities of recipients about payments in agreement with the Ministry; liaising with the Ministry before bi-monthly beneficiary payments on the number of beneficiary households to be paid. ZAMPOST was to inform the DSWOs in respective districts of receipt of funds and commencement dates for payments, deliver cash grants to the beneficiary households within 14 days of receipt of funds to be witnessed by CWAC members, provide information on the payments and prepare reconciliation reports for the Ministry within seven days after each payment cycle; submit formal bi-monthly reports (both accountable and non-accountable) to the Ministry in accordance with the type and nature of reports required by the Ministry; cooperate fully with an annual review and audit of the programme by providing information and access to designated Officers as requested in a timely fashion and provide an enabling environment for

beneficiary households to easily access payments also bearing in mind disability sensitivity (MCDSS, 2018).

#### **4.4.1 Justification for Hiring ZAMPOST**

According to MCDSS (2017), direct bidding of ZAMPOST was an important option for administering Social Cash Transfers due to the following reasons:

- i. ZAMPOST was a Government institution with wide geographical coverage in terms of presence in the remotest parts of the country through its nationwide post office network;
- ii. Government was reviewing its policy in the use of pay point managers (PPMs) as this strategy was associated with a lot of risks through the dispensing of huge sums of cash, as such; the use of established institutions such as ZAMPOST were deemed to be safer options;
- iii. Since ZAMPOST was a Public Entity, Government envisaged making savings in terms of administrative costs in view of the leverage to negotiate minimal fees for the service.

#### **4.4.2 Deliverables**

The following were the deliverables assigned to ZAMPOST in the contract:

- a) To pay beneficiaries of the SCT on behalf of the Ministry in line with the contract received from the Ministry;
- b) To effectively manage and process the bi-monthly payment lists and ensure timely payments to intended beneficiaries within 72 hours of receipts of the funds from the Ministry;
- c) To facilitate for the voluntary savings and investment Banking Services at prevailing interest rates of return to beneficiaries;
- d) To facilitate opening of zero charge for the beneficiaries with no activity charges;
- e) To avail its countrywide Post Offices for payment of SCTs as well as provide mobile payments services in areas mutually identified with the Ministry;

- f) To avail monthly reports to the Ministry by the 14<sup>th</sup> day of the following month;
- g) To facilitate financial literacy and entrepreneurship training programmes to SCT beneficiaries during the tenure of the agreement (MCDSS, 2017).

ZAMPOST, however, faced three major challenges in designing and implementing its payment system, these included: (1) poor infrastructure coverage, (2) high illiteracy levels and unfamiliarity of the beneficiaries with savings procedures and (3) how to simplify the payment process and minimize the risks involved (MCDSS, 2017).

It was further observed that the Ministry did not conduct due diligence on ZAMPOST before hiring it as this was evidenced by the challenges that the institution faced soon after it being contracted. Instead of introducing the electronic delivery system as agreed in the contract; ZAMPOST started using its own workers to make payments manually just like PPMs. Instead of using people from its local Post Offices in its district branches, ZAMPOST resorted to sending staff from its Head office in Ndola on the Copperbelt Province (*Hundreds of kilometres away*) to go and physically pay in Luapula and Western Provinces. This created a challenge due to language barrier and cultural discord, contrary to the objectives of the contract (MCDSS, 2018).

According to MCDSS (2018), ZAMPOST also completely ignored the role of CWACs in the delivery process of the grant and did not allow them to witness the payments contrary to the Programme Implementation Manual. Further, ZAMPOST workers were always in a hurry to pay, hence leaving out many beneficiaries especially the aged and the disabled who usually arrived at pay points late. It was also established that these officials were not cooperative with other stakeholders including DSWOs and were rude to beneficiaries. In Mbula CWAC in Mongu, for instance, ZAMPOST officials kept beneficiaries for two days without paying them, at a pay point without conveniences, water or food. DSWOs and CWACs were not informed of the payment dates, which made it difficult for them to inform the beneficiaries appropriately. Some beneficiaries missed the payments as a result.

It was also established that, ZAMPOST rarely paid all the beneficiaries from pay points as some ineligible people such as village headmen/ women, messengers or students were recruited to make payments on its behalf. In some instances, beneficiaries were clustered and given lump sums of money to share without clear guidelines or supervision. As a result, many beneficiaries ended up receiving wrong amounts. To make matters worse, most of the beneficiaries signed using thumb prints due to illiteracy, another obvious risk. **Table 8** below, shows how beneficiaries in Mongu assessed the quality of service delivery by ZAMPOST as a PSP for social cash transfers.

**Table 8: Assessment of the quality of Service by ZAMPOST as a PSP for social cash transfers**

<i>How do you find the quality of Social Cash Transfer payments by ZAMPOST?</i>		
	<b>Frequency</b>	<b>Percent</b>
Very impressive	16	26.7
Fairly impressive	14	23.3
Not impressive	30	50
<b>Total</b>	<b>60</b>	<b>100</b>

From the table above, it is observed that over 50 percent of the beneficiaries were not impressed with the quality of Social Cash Transfer payments by ZAMPOST.

Some of the earlier observations about the unsatisfactory performance of ZAMPOST were brought to the attention of Management at MCDSS HQ and this prompted the then Permanent Secretary Dr. Liya Mutale, to issue a notice to terminate the contract with ZAMPOST on payment of SCTs. Barely a few hours of issuing the notice, however, in a somewhat melodramatic circumstances; the then Minister of Community Development and Social Services Emerine Kabanshi, gave a directive to rescind the decision and reinstate ZAMPOST as a PSP for the SCT. This situation caused commotion and misunderstanding in the Ministry, as well as among donors. A few days later, one of the major donors (DFID) was reported as having suspended its funding to the Social Cash Transfer programme and in no time at all, President

Edgar Lungu fired Emerine Kabanshi, while the Post Master General and his six chief officers at ZAMPOST, were suspended pending investigations (Zambia Reports, 2018).

#### 4.5 SWOT Analysis of delivery systems

This section summarises the comparative findings across three delivery systems in Zambia, analysing the strengths, weaknesses, opportunities and threats (SWOT), of the delivery systems as shown in **Table 9** below:

*Table 9: SWOT Analysis*

Delivery system	STRENGTH	WEAKNESS	OPPORTUNITY	THREAT
<b>MANUAL (PPMs)</b>	<p>Easily accessed by beneficiaries</p> <p>The PPM is a known person within pay point.</p> <p>The PPM gets to know most if not all his/her clients and their needs (vulnerability).</p> <p>Easy to know who has been paid or not</p> <p>CWACs witness payments.</p>	<p>High risk for theft;</p> <p>Unpaid funds are forfeited to the state.</p> <p>There is a temptation for the clients to appreciate the PPM through a tip which may be abused.</p>	<p>Pay points are within the community in which beneficiaries live.</p>	<p>Prone to petty corruption</p>
<b>ELECTRONIC (BANK)</b>	<p>It is more secure and generally fast.</p> <p>Gives the beneficiary an opportunity to save; if the money is not withdrawn it remains in the account.</p> <p>Money can be drawn at any time anywhere where the visa ATM can be used.</p> <p>Gives beneficiaries dignity.</p>	<p>The use of pin numbers is a big challenge among illiterate clients and the aged.</p> <p>No provision for the blind/ visually impaired to use the ATM and visa cards.</p> <p>ATM cards are not produced locally (in Zambia)</p> <p>No tracking system by the Ministry to monitor unpaid funds.</p> <p>The use of ATM cards is restricted to clients who have national</p>	<p>High infrastructure development in Zambia especially (ICT) and road network.</p> <p>Can easily manage large scale payments.</p>	<p>Can be prone to fraud and abuse</p>

		registration cards (NRC) only, the bank does not have an alternative for those without NRCs		
<b>POST OFFICE</b>	<p>Clients can get their money from any nearest post office.</p> <p>If the money is not withdrawn, it is saved and is added up to the next bi-monthly, allowing the beneficiary to withdraw an accumulated amount.</p>	<p>No witness for payments unlike the case is with PPMs where CWACs witness the payments.</p> <p>No legal backing compelling the Post Office to submit returns to the Ministry after payment.</p> <p>Like the Bank, the Ministry does not have a credible system of tracking the unpaid/unclaimed funds.</p> <p>No legal backing binding the Post Office to pay in designated places or specific time and dates.</p> <p>The use of signatures and unverified thumb prints by illiterate and vulnerable clients as proof of payment is subject to abuse.</p>	Post Offices, if well managed could make good pay points.	Prone to fraud and abuse.

## CHAPTER FIVE

### 5.0 CONCLUSIONS AND RECOMMENDATIONS

This chapter presents key conclusions and recommendations on Government policy, Ministerial level strategies and capabilities, delivery mechanisms, payment service providers, civil society organisations and donors.

#### 5.1 Key Messages and Recommendations on Policy.

##### 5.1.1 Vision and Strategic Planning

While delivery mechanisms have not been prioritised compared with the actual scale up of the SCT programme in Zambia, the Ministry of Community Development and Social Services could improve its delivery mechanisms by taking advantage of the E-governance system that is being propagated by the Government through Smart Zambia and ZICTA. This can either be done by zoning the country according to infrastructure and Information Communication Technology (ICT) connectivity which should lead to the development of a hybrid payment mechanism with easy monitoring and tracking systems of the payments, or a system that could use both online and offline payment solution.

The Ministry should also use the lessons learnt from its current payment mechanisms; both the electronic system through ZANACO and the manual through PPMs and ZAMPOST to design a more robust payment system that will suit the Zambian context, but with improved efficiency and effectiveness. All relevant stakeholders should be consulted and allowed to contribute towards the development of widely accepted payment strategies and mechanisms. Other strategies should be learnt from neighbouring countries such as Tanzania and South Africa, with TASAF and SASSA respectively, whose experience might help in devising a vision and strategy that is realistic and attainable within Zambia's local context.

##### 5.1.2 Regulation, Policy and Institutional framework

Despite the SCT programme having recorded great successes in reducing extreme poverty, lack of clear policies and legislation for social protection adversely affected programme implementation in the past. With the first ever National Social Protection Policy (NSPP) in place; and the Social Protection

Bill in the pipeline, MCDSS has a chance to re-organise its implementation strategies including delivery mechanisms. The regulatory environment through Bank of Zambia or ZICTA and Smart Zambia, should also be conducive enough to allow development of alternative delivery mechanisms. There is no doubt that the NSPP has brought renewed impetus on strengthening legislative and institutional frameworks to nurture Social Protection interventions in the country. Given that some of the actions needed to develop effective delivery systems fall outside the mandate of the Ministry, a coordination mechanism is required. This mechanism should bring together MCDSS, the Ministry of Finance, Smart Zambia, ZICTA, BOZ, Ministry of Transport and Communication, CSOs, the private sector, donors and other stakeholders interested in improving social protection delivery systems, to review various policies and legislation relevant to the development of Social Protection delivery mechanisms and formulate systematic strategies for building effective delivery systems particularly for the SCT programme.

### **5.1.3 Policy Capability**

It is clear from the discussion above that the Ministry currently has limited policy capabilities to design effective and efficient delivery systems for the programme. Deliberate and targeted interventions would have to be applied to strengthen the Ministry's capabilities. While broader capacity to upgrading the current systems is needed. Priority should, however, be given to re-organising the Data Management Information system which should include data cleaning and updating of records at the SCT Unit. This will assist in removing ghost beneficiaries from the data base and establish the actual number of beneficiaries.

### **5.1.4 Incentives for Monitoring and Evaluation**

Lack of motivation and ineffective monitoring and evaluation strategies creates impeccable grounds for policy failure. It is obvious that the absence of clear performance targets can be a hindrance to effective delivery of social protection programmes. Government should therefore work with other relevant stakeholders and put in place performance-based rewards and systems with clear outputs. Such systems should have key performance indicators

supported by a robust monitoring and evaluation mechanism to track effectiveness, efficiency, transparency and accountability in the entire administration of the programme. The Ministry should in this regard, strengthen its Monitoring and Evaluation unit and ensure that it is able to track programme performance on real time and be able to regularly upgrade changes in the management information system.

#### **5.1.5 Leadership and Stakeholder Engagement**

Effective leadership and engagement of stakeholders is of paramount importance to any initiative aimed at improving the performance of a system. Lack of leadership on the part of the Ministry regarding monitoring and evaluation as well as beneficiary data management, negates the efforts of building effective delivery systems. Civil Society Organisations, donors including the private sector can play a vital role in ensuring that the Ministry prioritises monitoring and evaluation of the delivery systems of the programme. These stakeholders, therefore, should increase their advocacy, resource mobilisation and engaging oversight institutions such as Parliament, Smart Zambia and UN Agencies to lobby for improved SCT delivery mechanisms. Stakeholders should also establish alliances with the media to raise awareness about the importance of quality delivery systems in the SCT programme in fighting extreme poverty in the country.

#### **5.1.6 Programme scale-up vs delivery systems**

From the onset, there was lack of prioritisation between rapid scale up and improvement of delivery systems of the SCT programme, despite several pronouncements by Government about the intension to introduce electronic payment systems, no elaborate budgetary allocations were available to show commitment other than the increase in the transfer allocation. The only strides seen were the engagement of ZAMPOST and ZANACO that seem not to be successful either. To support the Ministry in this cause, therefore, stakeholders in the sector need to lobby political leadership and high-level technical staff in relevant Ministries and Agencies to take ownership and lead the development process of an improved social cash transfer delivery system. This should be done by streamlining how a robust social protection delivery mechanism

addresses aspiration of various stakeholders especially beneficiaries. This has the potential to win support and accelerate the implementation of improved delivery systems. It is also important to recognise that PSPs have different capabilities, and this affects service delivery. Some PSPs require simple and less expensive investment to take off, while others require complex and massive investment. Classification and Zoning of locations according to infrastructure development is therefore crucial. The Ministry should in this regard; work with relevant stakeholders in identifying PSPs and designing appropriate delivery systems for the SCT programme.

## **5.2 Key conclusions and recommendations on the challenges of delivery mechanisms**

From the findings, it can be deduced that delivery strategies and PSP capabilities play an important role in ensuring competitiveness and successful delivery mechanisms. It is therefore, recommended that any effort to develop a delivery mechanism for social grants should, apart from addressing issues of capacity to pay, be able to satisfy clients with special needs such as the disabled and older persons. The system should be user friendly particularly to the less privileged to enable them to access their money easily, in a safe, timely and convenient manner. PSPs should also be able to partner with those of unique capabilities whenever need arises. Government and donors should provide necessary leadership in this regard.

## **5.3 Key Conclusions and Recommendations for Delivery systems**

This section presents key conclusions and recommendations for the delivery systems about the efforts aimed at ensuring transparency, convenience, safety and reliability of the systems to both Government and beneficiaries. The section is structured in such a way that it ties in with the different concerns raised in the findings of the study. It covers issues around system identification, system development, tendering of service providers, consideration for the drivers of engagement and the role of stakeholders.

### **5.3.1 Social Cash Transfer implementation and Delivery system Development**

The delivery of Zambia's social cash transfers has predominantly been through the Manual Payment System using PPMs. Fiduciary Risk Assessment reports,

however, highlighted substantial risk arising from the rapid scale up of the programme in the recent past. Considering that this system involved physical carrying of cash from the bank to the pay point, increased caseloads mean high risk to corruption and other forms of insecurity. Nonetheless, bearing in mind that Zambia is not fully fledged with infrastructure especially in rural areas, it is recommended that a hybrid payment solution be designed that would use both online and offline technology to be used in rural areas without mobile network connectivity. An effective/efficient monitoring and tracking system should be developed, supported with improved Management Information System that will enable the Ministry to improve its record-keeping and reporting especially in the area of beneficiary schedules, PPM conduct and disciplinary cases. This will enhance programme administration thereby assisting in appreciating the performance of PPMs and PSPs, whether they are adhering to programme guidelines or not.

### **5.3.2 Payment System Identification and Procurement**

#### **5.3.2.1 Procurement decision making**

The source of a procurement decision can influence the extent to which a system succeeds. ZANACO and ZAMPOST were mostly chosen because the duo was either partly or wholly owned by Government and had wider coverage in terms of structure and infrastructure. All things being equal, excessive advertising should have allowed for competition in the identification of the payment solutions. Due diligence could have also been conducted to ascertain the capabilities of the chosen PSPs. This demands transparency and incentives for participation of many service providers. It is in this regard recommended that in future extensive advertising be encouraged including online advertising to allow for competition when engaging PSPs. Rather than the Ministry, such adverts should be managed by institutions such as ZPPA and Smart Zambia on behalf of the Ministry; while the Ministry can be allowed to generate Terms of References for the PSP to ensure compliance to expected outputs.

#### **5.3.2.4 Drivers of engaging PSPs**

It can be deduced that any effort to engage PSPs will be unsuccessful without taking cognisance of the drivers of a successful delivery system. In this regard,

there is need to put in place measures that help potential PSPs prove their capabilities to accommodate these drivers for expected outputs. Accordingly, it is recommended that a multi-disciplinary steering committee for ensuring quality assurance of the delivery systems and providing checks and balances, be put in place as part of the process.

### **5.3.3 Civil Society (CSO) Developmental Activities and Responsibilities**

#### **5.3.3.1 Developmental Activities**

It can be concluded that CSOs are strategically placed in ensuring adherence to set standards internationally and locally. CSOs play a key role in sensitizing beneficiaries about their expectations; lobbying Government for appropriate policies, budgetary allocations including donor support. CSOs complement Government's efforts through direct and indirect implementation of some social protection programmes. The Ministry recognises the need for CSOs to engage in capacity building of beneficiaries and can thus play an instrumental role in the implementation of financial literacy programmes. It is therefore, recommended that the efforts to entice CSO participation in the implementation of SCT programmes be leveraged through the on-going efforts of Government to find appropriate payment solutions to the SCT programme.

### **5.4 Key Conclusions and Recommendations for Donors**

It is concluded that donors can play a vital role in the development of effective and efficient social cash transfer delivery systems including record keeping, monitoring and tracking the payments. Their role can be broad based.

It is therefore recommended that donors should support the restructuring of the SCT Unit through provision of expertise, supporting capacity needs assessment for areas of improvement, baseline surveys, provide technical expertise in setting up the payment tracking system, providing financial resources for procurement of necessary equipment, capacity building of staff through training and setting up monitoring and evaluation structures at various levels, facilitating and supporting experience-sharing and learning; providing evidence through studies and policy briefs to help shape the social protection policy and other policy frameworks and ensure conformity to poverty

reduction strategies. Beyond this, it is recommended that donors should play the role of convener to assemble stakeholders, bearing in mind that such efforts require a wider sector approach to be successful. Donors should also ensure co-ownership of the process by all stakeholders and avoid boo-dosing rather than facilitating the process.

## **6.0 CONCLUSION**

This research has highlighted modalities in which Zambia has been delivering its social grants and shared experiences through which lessons can be learnt. It has also provided an in-depth analysis of government policy, Ministry level capabilities and strategies, civil society as well as donor engagement; stressing how various players can influence programme implementation and affect delivery system development. The research has further made recommendations that can help shape reforms aimed at improving the quality of social cash transfer delivery through capacity building of the Ministry and its structures.

The researcher's work and findings establish that effective delivery of social grants, offers opportunities to promote financial inclusion of the extreme poor and vulnerable groups once appropriate delivery mechanisms are in place. Seizing these opportunities, however, requires alignment of policies, strategies and actions of multiple stakeholders including government, the private sector, CSOs and donors towards effective delivery of the social grants to the poor. This in a way responds to the research question by the researcher: *"How have Social Grants in Zambia been paid and what lessons can be learnt from this?"*

## **7.0 RECOMMENDATION FOR FUTURE RESEARCH**

Having identified factors influencing Zambia's social grants payment mechanisms over the years, this research also makes recommendations that can be considered in the designing of successful delivery mechanisms of social cash transfers. Considering that these efforts exist in a dynamic political landscape where there are several stakeholders with bestowed interests, a broader study on political influence on social cash transfer delivery mechanisms can no doubt be a worthwhile supplement to this research.



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## APPENDICES

### Appendix 1



#### Consent Form

**THE UNIVERSITY OF CAPE TOWN**  
**NELSON MANDELA SCHOOL OF PUBLIC GOVERNANCE**  
**DEPARTMENT OF DEVELOPMENT POLICY AND PRACTICE**

Dear Sir/ Madam,

**RE: REQUEST FOR CONSENT TO BE A RESEARCH RESPONDENT**

I am a student at the University of Cape Town, pursuing a Master of Philosophy in Development Policy and Practice (MPHIL), degree course. I am hereby requesting for your consent to be one of my respondents to my research on the “payment systems of the social cash transfer programme in Zambia. “This will help me come up with information regarding the general performance of the social cash transfer delivery systems currently being used in Zambia.

Be assured that the information you will share with me will be confidential and will only be used for academic purposes.

Your consent to this request will be greatly appreciated.

Yours faithfully,

..... (SIGN)

Henry Nkhoma- Researcher/Student

Consent by Respondent

Having read or heard the information concerning this research, I hereby voluntarily consent to be one of the respondents. In this regard, I reserve the right to end the interview at any time and choose not to answer questions if necessary,

Name: ..... (SIGN): .....

Date: .....

**Appendix 2**

**INTERVIEW GUIDE FOR GOVERNMENT OFFICIALS/PPMs and CWACs  
AS KEY INFORMANTS**

Date: .....

Position: .....

Address: .....

1) When did the social cash Transfer begin in Zambia/in the CWAC?

.....  
.....

2) Who qualifies for the Social Cash transfers?

.....  
.....

3) How much are they given?

.....  
.....

4) How often are they given the money?

.....  
.....

5) Who makes the payments?

.....  
.....

6) How is the suitability of a delivery system determined?

.....  
.....

7) How effective are the delivery systems used?

.....  
.....

8) How accessible are the delivery Systems to the beneficiaries?

.....  
.....  
9) What challenges are faced by the delivery systems in making cash transfer payments?

.....  
.....  
10) What are the challenges faced by the beneficiaries regarding payment of the  
Transfers?

.....  
.....  
11) How are these challenges addressed?

.....  
.....

### Appendix 3

#### INTERVIEW GUIDE FOR BENEFICIARIES OF THE SOCIAL CASH TRANSFER SCHEME

Address: .....

1. Date: .....
2. Vulnerability category: ..... (a) Aged (b) Disabled (c) chronically ill  
(d) Female headed (e) Child headed
3. Age: ..... (a) 15-24 years (b) 25 -34 years (c) 35-44 years (d) 45-54 (e) 55-64 (f) above 65 years
4. Gender: (a) Male (b) Female
5. For how long have you been on the social cash transfer programme?
  1. (a) Less than 2 years (b) 2-5 years (c) Over 5 years
6. How much do you receive? (a) K180 (b) K280 (c) K360 (d) Other, specify.
7. How often do you get paid?
  - a) Every month,
  - b) Bi-monthly
  - c) I don't know
  - d) Other, specify .....
8. How do you know that it is time to get paid?
  - a) I am informed by CWAC (b) I am informed by the District Office (c) I am informed by neighbours (d) Other, specify .....
9. Where do you receive your money from?
  - a) Pay point manager (b) Bank (ZANACO) (c) Post Office (ZAMPOST) (d) other, specify.....
10. How did you find yourself being paid by the one who pays you?
  - a) I decided on my own (b) I was told by the District social Welfare Office (c) I was told by the CWAC (d) Other specify
11. How do you get to the pay point?
  - a) I walk (b) by bicycle (c) Lift/commuter (d) Other specify
12. How long does it take you to the pay point?
  - a) Less than 30 (b) between 30minutes to 1-hour (c) More than 1-hour (d) other specify

- 13. Do you always receive all the money you expect to receive?
  - a) Yes (b) No (c) Sometimes (d) I don't know
- 14. Who collects the money for you? (1) Self (b) Deputy (c) Other – explain.
- 15. How do you know that you have collected the correct amount?
  - a) I count it (b) they count for me (c) I don't know
- 16. What do you do to show that you have collected the money?
  - a) I sign (b) I use a thumb print (c) they sign for me (d) Nothing
- 17. What challenges do you face when collecting your money?
  - a) The pay point is far (b) Delayed payments (c) the pay officers are rude (d) Nothing
- 18. How do you rate the payment system used in paying you the transfers?
  - a) It is fair
  - b) It is good
  - c) Bad

19. Why did you say what you said in 18 above?

.....  
.....

20. What do you think should be done to improve the payment system and why?

.....  
.....

## Appendix 4



### INTERVIEW GUIDE FOR PAYMENT INSTITUTION

**This interview guide is purely for academic purposes, it is prepared as part of the requirements of attainment of the Master of Philosophy in Development Policy and Practice Degree, at the University of Cape Town.**

**MANDELA SCHOOL OF PUBLIC GOVERNANCE, SOUTH AFRICA.**

Date: ..... Age: .....

Gender: .....

Position of respondent: .....

Address: .....

E-mail address: .....

1. When were you engaged as a payment institution for the social cash transfer scheme by the Ministry of Community Development and Social Services?

.....  
.....

2. What were the terms of references for your services to the Ministry?

.....  
.....

3. When did you start paying the social cash transfers? (Year).

.....  
.....

4. What is the total caseload of the beneficiaries are you supposed to pay?

.....  
.....

5. How many beneficiaries are you paying as at now?

.....  
.....

6. If the numbers are different above, what is the reason for the difference?  
.....  
.....
7. What are some of the challenges you are facing in the payment process as a service provider?  
.....  
.....
8. How are you addressing the challenges?  
.....  
.....
9. What system are you using in making cash transfer payments?  
(a) Manual  
(b) Electronic (use of ATMs)  
(c) Both
10. What challenges are faced by the beneficiaries in using your payment system?  
.....  
.....
11. How are these challenges addressed?  
.....  
.....
12. When do you intend to scale up your payment system to other provinces?.....  
.....  
.....
13. What are the challenges for scaling up your payment system to other parts of the country?.....  
.....  
.....
14. In general terms, how can the payment system of the social cash transfer scheme be improved in Zambia?  
.....  
.....

Appendix 5 *Beneficiary Caseload by District– 2018*

PROVINCE	DISTRICT	DISTRICT CASELOAD	PROVINCIAL TOTAL	EXTREME POOR RATE PROVINCIAL (%)		
	Kalabo	10,828				
	Sikongo	3,921				
	Kaoma	5,630				
	Luampa	2,410				
	Nkeyema	3,082				
	Lukulu	4,607				
	Mitete	2,455				
	Limulunga	2,960				
<b>WESTERN</b>			<b>71,032</b>	<b>73</b>		
	Mongu	5,782				
	Nalolo	5,429				
	Senanga	5,266				
	Mulobezi	2,819				
	Mwandi	1,713				
	Sesheke	3,296				
	Shangombo	7,336				
	Sioma	3,498				
	Chibombo	5,374				
	Chisamba	3,889				
	Kabwe	2,512				
	Kapirimposhi	6,359				
<b>CENTRAL</b>					<b>39,867</b>	<b>39.8</b>
	Ngabwe	1,474			45,797	
	Luano	2,176				
	Mkushi	3,752				
	Mumbwa	3,618				
	Chitambo	4,607				
	Serenje	6,106				
	Chililabombwe	2,255				
	Chingola	4,685				
	Kalulushi	2,118				
	Kitwe	8,252				
<b>COPPERBELT</b>				<b>18.2</b>		
	Luanshya	3,708				
	Lufwanyama	5,812				
	Masaiti	3,098				
	Mpongwe	4,973				
	Mufulira	3,320				

	Ndola	7,576		
	Chadiza	3,909		
	Vubwi	1,690		
	Chipata	15,535		
	Katete	8,846		
	Sinda	7,581		
<b>EASTERN</b>	Lundazi	11,087	69,608	55.9
	Mambwe	5,528		
	Nyimba	5,327		
	Petauke	10,105		
	Chienge	8,212		
	Kawambwa	9,912		
	Mwansabombwe	4,523	95,372	67.7
	Chembe	3,007		
	Mansa	11,655		
<b>LUAPULA</b>	Milenge	6,943		
	Chipili	4,295		
	Mwense	11,740		
	Nchelenge	10,845		
	Lunga	5,846		
	Samfya	18,394		
	Chongwe	7,772		
	Rufunsa	2,607	32,956	11
	Kafue	3,541		
<b>LUSAKA</b>	Luangwa	2,371		
	Lusaka	11,318		
	Chilanga	2,472		
	Shibuyunji	2,855		
	Chama	4,252		54.4
	Chinsali	5,396		
	Shiwangandu	5,191	41,396	
	Isoka	4,703		
<b>MUCHINGA</b>	Mafinga	5,379		
	Kanchibiya	3,901		
	Lavushimanda	2,581		
	Mpika	4,114		
	Nakonde	5,879		
<b>NORTHERN</b>	Chilubi	6,393	71424	

	Kaputa	7,001		
	Nsama	6,622		67.6
	kasama	7,624		
	Luwingu	10311		
	Mbala	4919		
	Senga Hill	4921		
	Lunte	2488		
	Mporokoso	2020		
	Mpulungu	7162		
	Mungwi	11963		
	Chavuma	3059		
	Ikelenge	1934		
	Kabompo	3021		
	Manyinga	3016	36,921	48.4
	Kasempa	3373		
NORTH- WESTERN	Mufumbwe	4337		
	Mwinulunga	3742		
	Kalumbila	2569		
	Mushindamo	1335		
	Solwezi	2060		
	Zambezi	8475		
	Choma	5943		
	Pemba	3622		38.1
	Gwembe	3639		
	Itezhi-tezhi	4697		
	Kalomo	9042	70,290	
	Zimba	5053		
	Kazungula	4693		
SOUTHERN	Livingstone	2379		
	Chikankata	4078		
	Mazabuka	5349		
	Monze	7874		
	Namwala	4457		
	Chirundu	2980		
	Siavonga	1654		
	Sinazongwe	4830		
NATIONAL CASELOAD:		574, 663		

Source: MCDSS, Dashboard (print date: 14-May-18)

**Other appendices removed to avoid exposing signatures of participants and other officials online**

## *Glossary*

- Agent:** *An institution, usually an investment bank that accepts funds from the issuer of a security and distributes them to the beneficiary or account holders.*
- Biometric:** *Any means by which a person can be uniquely identified by evaluating one or more distinguishing biological traits. Unique identifiers include fingerprints, hand geometry, earlobe geometry, retina and iris patterns, voice waves, DNA, and signatures.*
- Deputy:** *Proxy or someone who takes the role of the other. In social cash transfers, a person who receives payments on behalf of the other or deputises*
- Electronic payment (E-payment):** *A way of making transactions or paying for goods and services through an electronic medium without the use of check or cash. It's also called an electronic payment system or online payment system.*
- Financial Inclusion:** *where individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.*
- Incapacitated households:** *Those households with no one fit to work or without any adult fit to work and have a high dependency ratio making it virtually impossible to maintain the household.*
- Management Information:**
- System (MIS):** *A computerized database of financial information organized and programmed in such a way that it produces regular reports on operations for every level of management in a company.*
- Mobile banking:** *A service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile phone.*
- Mobile Money:** *An electronic wallet service. This is available in many countries and allows users to store, send, and receive money using their mobile phone.*
- Over the counter transactions (OTC):** *Trading done directly between two parties, without counterparty risk (In a Bank over the till).*
- Payment delivery Mechanism:** *The way that health purchasers pay health care providers to deliver services is a critical element of*

*strategic purchasing. Each payment system is based on one or more provider payment methods or mechanisms.*

**Payment Service Provider:**

*Online services for accepting electronic payments by a variety of payment methods including credit card, bank-based payments such as direct debit, bank transfer, and real-time bank transfer based on online banking.*

**Personal Identification Number (PIN):** *A Personal Identification Number, pronounced "pin"; (often spoken out loud "PIN number", introducing redundancy) is a numeric or alpha-numeric password used in the process of authenticating a user accessing a system.*

**Point of sale (POS) device:**

*The point of sale (POS) system is the place where your customer executes the payment for goods or services bought from your company.*

**Proxy:**

*A person authorized to act on behalf of someone else.*

**Recipient:**

*A person who receives it (cash transfers beneficiaries).*

**Smart card:**

*A card with a microchip in it. Such cards are used as a method of identification and authentication. Plastic cards that allow to take out money from a automated teller machine (ATM) often are smart cards nowadays (Some of them still have a magnetic stripe which holds the same information).*

**Social Protection (SP):**

*Policies and practices that protect and promote the livelihoods and welfare of people suffering from critical levels of poverty and deprivation and/or are vulnerable to risks and shocks (FNDP 2006 p.160).*