

## **Firelight Newsflash! 3 November 2008 - focus on cash transfers and social protection**

Dear partners,

During Firelight's recent trip to Malawi and prior, our staff have been discussing cash transfers and how they relate to our grantee-partners. This Newsflash is intended to you give an overview of what cash transfers are and what they are intended to do. There is a growing interest among donors in the countries in which we fund to support cash transfers as a means of channeling spending to the very poor -- supporting people's own efforts to climb out of poverty and providing a stimulus to local economies. With these programs coming on board, it is important to learn more about this issue and how social protection measures will or already do impact the children and families your organization serves. Thus, it is also important to consider what role CBOs and NGOs should have in these programs' implementation and monitoring at the local level.

Below, we provide definitions and a very brief overview to frame the issue, as well as share resources and further reading. Please also feel free to share with us regarding the status of cash transfers in your area and how your organization has been involved in ensuring the benefits of social protection reach the most vulnerable families.

All the best,

The Firelight Team

\*\*\*\*\*

### **What are cash transfers?**

Cash transfers are regular and predictable grants that are provided to vulnerable households or individuals. They are form of social protection and thus, cash transfers can be seen as entitlements provided by the state as part of its responsibility to its citizens. Cash transfers are gaining increased support as a means of mitigating the impact of HIV and poverty on children.

### **What is social protection?**

Social protection refers to a system of public actions put in place to protect and transform the livelihoods of citizens, including the vulnerable and chronically poor. Social protection consists of a range of measures that aim to:

- protect people against shocks (illness, disaster) that could push them deeper

into poverty

- make poor people less vulnerable to these shocks
- protect people against extreme poverty and its effects on well-being
- protect well-being at vulnerable periods of the life cycle (including early childhood).

Social protection has long been recognized as a fundamental human right (see the Universal Declaration of Human Rights). Historically, social transfers have played a key role in reducing poverty and addressing risk and vulnerability in developed countries. It is felt that this has been overlooked in developing countries.

### **Why is social protection important?**

Large numbers of the poor are trapped in long-term, inter-generational chronic poverty and are thus excluded from the benefits of society. The AIDS pandemic presents a unique and urgent need for social protection because children are disproportionately represented among the poor and among AIDS-affected households. Their poverty and vulnerability have long-term consequences into adulthood.

### **What do social protection programs do?**

Social protection programs can be very broad – such as investment in accessible, good quality health care and education services, or preventing macro-economic shocks – or very specific, such as nutritional supplements for particular vulnerable groups, or legislation to prevent the dispossession of widows and orphans. Each of these measures forms an important part of overall poverty reduction strategies. Examples of social protection interventions include pensions, family allowances or child benefits, health/education fee waivers, school feeding programmes, health insurance, and food for work and cash for work schemes.

Unconditional cash transfers are a relatively new instrument in the range of interventions that donors and NGOs have supported in Africa. But there are some positive experiences with cash transfer programmes in the region. Unconditional cash transfer programmes include: transfers to poor(est) households, disability grants, and non-contributory 'social pensions', among others.

### **What are some of the benefits of cash transfer programs**

## **so far?**

During the past decade, a growing number of poor developing countries have introduced cash transfer programs which have begun to show encouraging results. Based on the assumption that people know what's best for them, listed below are some of the arguments in support of cash transfer programs.

- Increased household investment in children (resulting in improved education, health and nutritional outcomes)
- Decreased household poverty (increased income generation)
- Increased food security for individual families
- Strengthened intra-household and household-to-household systems (extended family and neighbor support able to function)
- Increases the percentage of development aid funds that go directly to the poorest people.
- More cost-effective than traditional development projects (being lighter on operational expenses)

The United Nations Inter-Agency Task Team (IATT) on Children and HIV and AIDS Working Group on Social Protection issued a policy statement in October 2007, entitled, "Cash Transfers: Real benefit for children affected by HIV and AIDS" that goes further. Please see [http://www.unicef.org/aids/files/Cash\\_Transfers\\_paper\\_-\\_social\\_protection\\_working\\_group\\_-\\_Oct\\_07\\_single\\_pages.pdf](http://www.unicef.org/aids/files/Cash_Transfers_paper_-_social_protection_working_group_-_Oct_07_single_pages.pdf) for more information.

## **What are some of the challenges in cash transfer programs?**

- Cash transfers will not eliminate poverty in and of themselves. Therefore, there is need to integrate these schemes into larger social protection strategy.
- If not taken on by government, sustainability of these programs remains dependent upon donor funds.
- Significant investment required in sensitising and mobilising communities and to use local knowledge to select project participants or beneficiaries.
- Potential for conflict within households and communities (related to social status and envy). Need to carefully consider gender impacts.
- Implementing ministries (e.g. Social Welfare or Community Development) are often weak in terms of human resources and often lack bargaining power with Ministries of Finance.
- Where government capacity and budget allocations for supervision are limited, these programmes can be vulnerable to 'leakages' and corruption.

- Physical infrastructure and logistical capacity are constrained.

\*\*\*\*\*

## **Social Protection for Children in the Context of HIV and AIDS: Moving towards a More Integrated Vision**

This advocacy brief, produced by the Inter-Agency Task Team on Children and HIV and AIDS - Working Group on Social Protection, discusses the crucial need to address social vulnerability, in addition to economic vulnerability, when formulating social protection strategies that address the care, protection and support of vulnerable children in the context of HIV and AIDS. The brief proposes that in order to achieve maximum impact for vulnerable children, social (including cash) transfers should be accompanied by a range of support services and policies that focus on family support, child protection, alternative care and livelihoods promotion.

The brief aims to encourage an integrated vision of social protection; one where social transfers, support services and policies are mutually supportive, and inextricably linked to deliver maximum value to vulnerable children, while simultaneously mitigating discrimination, exploitation and abuse. It is hoped that this paper will stimulate dialogue and debate, and most importantly, will draw attention to the range of child and family-oriented support services needed to guarantee both economic and social equity to vulnerable children living in high HIV prevalence contexts.

To download this document, see: [http://www.crin.org/docs/Social\\_Protection\\_Greenblot.pdf](http://www.crin.org/docs/Social_Protection_Greenblot.pdf)

\*\*\*\*\*

## **Real Experience: Kwawazee's The Granny Project in Tanzania**

Founded in 2003, Kwawazee responds to the increased caregiving burden incurred by grandmothers, especially, as a result of HIV/AIDS. KwaWazee's Granny Project combines psychosocial support strategies with monthly pension payments to improve the wellbeing of grandmother-headed households.

Key findings indicate that social pensions are an effective way of bringing more stability and dignity to both the adults and children in older people headed households. "Salt, Soap and Shoes for School" documents that regular pensions and child benefits lead to greater financial stability and better protection against crises. Children living in homes with a pension and child-benefits are better off than children in households without a pension leading to a considerable improvement in their psychosocial wellbeing: They are better satisfied after meals, have a more varied diet, and a better coverage

of basic needs such as access to clothes, school materials, soap to wash and kerosene (for light to do homework), all of which are essential for school attendance and progress. They also have to do less hard work and have more time for themselves. Thus, better nutrition, better hygiene and better access to medication are likely to improve their general state of health. To read the full report, see: <http://www.crin.org/docs/Salt, Soap and shoes for school.pdf>

\*\*\*\*\*

## **Overview of Pilot Schemes in Malawi and Zambia**

Schubert and Huijbregts (UNICEF). "Malawi Social Cash Transfer Pilot Scheme: Preliminary Lessons Learned." October 2006. [http://www.unicef.org/policyanalysis/files/The\\_Malawi\\_Social\\_Cash\\_Transfer\\_Pilot\\_Scheme - Preliminary Lessons Learned.pdf](http://www.unicef.org/policyanalysis/files/The_Malawi_Social_Cash_Transfer_Pilot_Scheme_-_Preliminary_Lessons_Learned.pdf)

Presentation on the Pilot Social Cash Transfer Scheme in Kalomo District, Zambia, funded by GTZ in 2005  
[http://www.infoagrar.ch/symposium2005/pdf/presentation\\_schubert.pdf](http://www.infoagrar.ch/symposium2005/pdf/presentation_schubert.pdf)

\*\*\*\*\*

## **What to know more? Additional Readings on Cash Transfers and Social Protection**

1. Save UK, HelpAge, and IDS. "Making Cash Count: Lessons from cash transfer schemes in east and southern Africa for supporting the most vulnerable children and households." 2005. – *Review of unconditional cash transfer schemes in 15 countries. Read executive summary and chapters 4 and 6 - includes lessons learned on the use and outcomes of cash transfers and making them work for children.* <http://www.helpage.org/Resources/Researchreports/Makingcashcount>
2. Adato and Bassett. "What is the potential of cash transfers to strengthen families affected by HIV and AIDS? A review of the evidence on impacts and key policy debates." JLICA, 2007. <http://www.hsrb.ac.za/Document-2598.phtml>
3. DFID. "Social transfers and chronic poverty: emerging evidence and the challenge ahead." October 2005. – *Overview of social protection, types of social transfers, benefits & challenges, interesting program examples* <http://www.dfid.gov.uk/pubs/files/social-transfers.pdf>
4. Barrientos and DeJong. "Reducing Child Poverty with Cash Transfers: A Sure Thing?" Development Policy Review, 2006, 24 (5): 537-552. – *Global overview in peer-reviewed journal.* [http://www.livelihoods.org/hot\\_topics/docs/childpoverty.pdf](http://www.livelihoods.org/hot_topics/docs/childpoverty.pdf)

\*\*\*\*\*

As part of the Firelight Foundation's Monitoring, Evaluation and Technical Assistance (META) Program, Firelight provides "Newsflashes" to share relevant resources and information with our active grantee-partners via weekly emails and via post on a monthly basis. We hope that by facilitating access to information for grassroots, community-focused organizations, programming for children and families, as well as organizational development, is enhanced. We welcome your comments, feedback and ideas for upcoming Newsflashes at [newsletter@firelightfoundation.org](mailto:newsletter@firelightfoundation.org).