

# An Investment Case for Child Sensitive Social Protection in East and Southern Africa

Country case studies: Uganda, Zambia, Malawi, and Somalia





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# ABBREVIATIONS

<b>AMM</b>	Acute Moderate Malnutrition
<b>BCR</b>	Benefit-Cost Ratio
<b>CBA</b>	Cost-Benefit Analysis
<b>COI</b>	Cost-of-Inaction
<b>CSSP</b>	Child-Sensitive Social Protection
<b>CT</b>	Cash Transfer
<b>CCC</b>	Conditional Cash Transfers
<b>DALY</b>	Disability-Adjusted-Life-Year
<b>DP</b>	Development Partners
<b>DSSI</b>	Debt Service Suspension Initiative
<b>DRM</b>	Domestic Resource Mobilisation
<b>ECD</b>	Early Childhood Development
<b>ECE</b>	Early Childhood Education
<b>FGS</b>	Federal Government of Somalia
<b>FPF</b>	Financial Programming Framework
<b>FSA</b>	Fiscal Space Analysis
<b>FY</b>	Financial Year
<b>GDP</b>	Gross Domestic Product
<b>GGE</b>	General Government Expenditure
<b>GoM</b>	Government of Malawi
<b>GoS</b>	Government of Somalia
<b>GoU</b>	Government of Uganda
<b>GoZ</b>	Government of Zambia
<b>GDP</b>	Gross Domestic Product
<b>IPV</b>	Intimate Partner Violence

<b>ILO</b>	International Labor Organisation
<b>IMF</b>	International Monetary Fund
<b>MDAs</b>	Ministries, Departments and Agencies
<b>MIS</b>	Management Information System
<b>MODA</b>	Multiple Overlapping Deprivation Analysis
<b>NSSP</b>	National Social Protection Policy
<b>ODA</b>	Overseas Development Assistance
<b>PRSP</b>	Poverty Reduction and Social Protection
<b>PMT</b>	Proxy Means Testing
<b>PFM</b>	Public Finance Management
<b>PPP</b>	Public-Private Partnerships
<b>SBCC</b>	Social Behavioral Communication Change
<b>SDR</b>	Social Discounting Rate
<b>SDGs</b>	Sustainable Development Goals
<b>SPMS</b>	Somalia Protection Monitoring System
<b>SSA</b>	Sub-Saharan Africa
<b>TOR</b>	Terms of Reference
<b>UCT</b>	Unconditional Cash Transfers
<b>WASH</b>	Water, Sanitation and Hygiene
<b>WHO</b>	World Health Organisation
<b>WFP</b>	World Food Program
<b>YLD</b>	Years Lived with Disability
<b>YLL</b>	Years of Life Lost
<b>VAC</b>	Violence Against Children

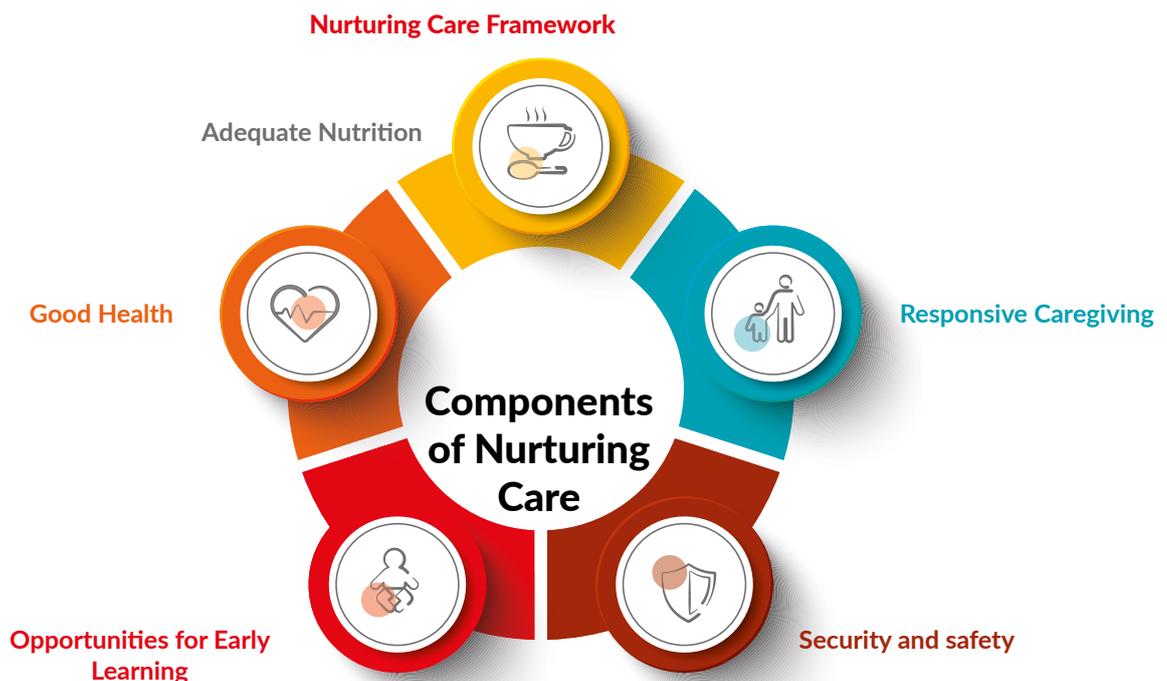
# EXECUTIVE SUMMARY

## INTRODUCTION

Child-sensitive social protection (CSSP) involves the development of policies, programs, and systems tailored to address distinct aspects of child poverty and vulnerability while recognizing the benefits of investing in children.<sup>1</sup> This study articulates a compelling case for CSSP investment, examining both the cost-effectiveness of increased funding and the existing fiscal capacity.

**Investing in early childhood development (ECD) yields significant returns and fosters human capital development.** Given the pivotal nature of early interventions, a comprehensive approach is essential, with CSSP serving as a unified platform for ECD. CSSP contributes to economic growth, positive health and education outcomes, and improved emotional and mental well-being by alleviating financial burdens and enhancing access to essential services. **This research is crucial in generating evidence to combat child poverty, stimulate economic growth, and invest in human capital development.**

**The study finds that for every \$1 invested in CSSP, at least \$2 is returned, making the investments cost-effective.**<sup>2</sup> The primary focus lies on scaling-up cash-plus programs, which are complementary services combining cash transfers with other modalities, specifically behavior change communication and providing access to services. The benefits examined in this report center on the economic multiplier effect of increased consumption resulting from additional cash, improved health and education outcomes, and benefits from the establishment of a secure and safe environment for children (see Annexure IV for the literature impact pathways and effect sizes).



1 UNICEF (2018). Child-sensitive social protection: what is it and why do we need it? Accessed: 15th December 2023. Available here: <https://www.unicef.org/morocco/media/1096/file/child-sensitivity.pdf>.

2 The study covers 4 countries and the results vary for each country with the lowest benefit-to-cost ration reported being 2.

## REGIONAL CONTEXT

**Home to 60% of Africa's population, the Eastern and Southern Africa region faces significant demographic and environmental challenges, including rapid population growth, increased vulnerability to climate change, and heightened social, health, and education pressures.** The population under 18 is predicted to grow by more than 60%, from 230 million in 2015 to nearly 400 million in 2050. This context underscores the critical need for robust social protection measures, especially for children, women, and informal workers in the short to medium term and for the elderly in the long run. With a significant portion of the population being young and at risk, the demand for basic services, infrastructure development, and targeted child-sensitive programs is escalating. These programs are essential for addressing the growing needs of vulnerable children, ensuring their well-being through improved health, education, and protection services as the region navigates through these challenges.

# 60%

Eastern and Southern Africa region is home to **60% of Africa's population** and faces significant demographic and environmental challenges, including rapid population growth, increased vulnerability to climate change, and heightened social, health, and education pressures.

**The regional analysis covers Somalia<sup>3</sup>, Malawi, Uganda, and Zambia, each facing serious challenges related to child poverty, education, healthcare access, and economic instability.** For instance, Somalia has a child (under 18) poverty rate of 73%, exceeding the African average of 40%,<sup>4</sup> and a primary school enrolment rate of merely 8%, starkly contrasting the robust 99% enrolment rate across sub-Saharan Africa.<sup>5</sup> Malawi's child poverty rate of 63.5% for those under 9 and a stunting rate of 35.5% is cause for serious concern, while Uganda's child poverty rate of 56%, and under-5 mortality rate of 42% (surpassing neighboring countries Rwanda and Tanzania) highlight an urgent need for action. Finally, Zambia faces similar challenges, including a child poverty rate of 70% and an under-five mortality rate of 58 out of 1,000 live births, which is higher than Malawi and Tanzania at 35.5 and 38.6, respectively<sup>6</sup>.

**Recent events across Africa, such as the COVID-19 pandemic and political instability, underscore the urgent need for shock-responsive social protection<sup>7</sup>.** The pandemic highlighted the devastating economic and social consequences of such shocks, including widespread poverty and job loss.<sup>8</sup> Political unrest in various regions further underscores the rapid and significant impacts of crises. Additionally, the escalating effects of climate change, disproportionately affecting Africa, emphasize the necessity of shock-responsive social protection.<sup>9</sup> With millions affected by weather-related hazards increasing death tolls and displacement of children, climate change exacerbates existing vulnerabilities.<sup>10</sup> It's imperative for social protection systems to swiftly adapt to changing circumstances, ensuring effective support reaches those in need.

**Despite the abundance of evidence highlighting the importance of social protection, coverage rates and resource allocation remain low across the region.** According to the ILO, only 17.4% of the African population is covered by at least one social protection benefit, compared to an average of 46.9% globally. On the continent, only 12.6% of children receive at least one social protection benefit. Considering the rapidly growing population and large percentage of young people, more resources must be allocated to social protection.

3 The Federal Government of Somalia (FGS) is made up of five member states, Puntland, the SouthWest State, Hirshabelle, Galmudug, and Jubaland, the Banadir Regional Administration (BRA), and Somaliland i.e. Republic of Somaliland.

4 UNICEF (2022) Humanitarian Situation Report. <https://www.unicef.org/somalia/media/4186/file/SitRep%20August%202023.pdf>.

5 The World Bank (2023). School Enrolment, Primary (% gross), accessed: 01.02.2024. Available here: <https://data.worldbank.org/indicator/SE.PRM.ENRR?locations=ZG>.

6 The World Bank (2021) Mortality rate, under-5 (per 1,000 live births), the World Bank Data, accessed on: 02.01.2023. Available at: <https://data.worldbank.org/indicator/SH.DYN.MORT?locations=ZM>. Estimates developed by the UN Inter-agency Group for Child Mortality Estimation at [childmortality.org](http://childmortality.org).

7 Shock-responsive social protection refers to the strategy of adapting social protection systems to provide timely and effective assistance to populations experiencing significant, simultaneous shocks. This concept underscores the importance of swiftly scaling up social protection programs during crises to aid vulnerable individuals and families.

8 Court, P., et al. (2021). A perfect storm of shocks: Economies and children in sub-Saharan Africa are being pushed into crisis, accessed: 27.02.2024. Available here: <https://www.unicef.org/esa/stories/perfect-storm-of-shocks>.

9 Ibid.

10 Ibid.

**Social protection coverage is low in Somalia, Malawi, Uganda, and Zambia, reflecting the low level of public spending on these programmes.** Spending on social protection in these countries is below the regional average of 1.5% of GDP, with Malawi spending 0.9%, Uganda 0.17%, and Zambia 1%<sup>11</sup>. While social protection programmes in all other countries are still largely donor-financed, Zambia has made significant progress in increasing state funding for social protection programs that the government now finances (74% in 2022).

**Reasons for this low level of investment are manifold.** They range from a lack of prioritization of these programmes in some contexts to a low capacity for mobilization of domestic revenues, low tax rates, leakage through corruption and illicit financial flows, and high debt servicing costs. Additionally, **weak evidence** often underlies this underinvestment, which limits the decision-maker's ability to assess trade-offs, while unsupportive politics exacerbate the situation.

**Despite these challenges, there is increasing momentum in support for increased investments in social protection.** This is evidenced by recent commitments made by governments in their national visions and strategies, development plans and social protection policies. This applies in varying degree to all countries covered by this study.

## METHODOLOGY

The methodological approach to this study consists of a cost-benefit analysis, and a fiscal space analysis.

The cost-benefit analysis (CBA) examines the costs and benefits of a given intervention. It analyses the amount of monetary gains from scaling-up an intervention and compares that to the costs required for scale-up. Interventions that produce more benefits than costs are deemed to be cost-effective. When simplified, the cost-benefit analysis advocates for interventions that produce a cost-benefit ratio of more than \$1 for every \$1 that is put into them. Monetary and non-monetary benefits are estimated from education and health impacts, as well as impacts caused by the economic multiplier. Further descriptions of these can be found below.

15%

Research from several studies on the impact of school enrolment from a cash-plus program, led to the study adopting an **effect size of 15%**.

**Education benefits focus on the additional years of schooling that can be derived from an intervention, due to increased enrolment rates.** Research from several studies on the impact of school enrolment from a cash-plus program, led to the study adopting an effect size of 15%. Therefore, beneficiaries of the cash-plus program are 15% more likely to enroll in school. Increased enrolment leads to higher educational attainment, with a 10-percentage point rise in preschool enrolment associated with a 0.14-percentage point increase in average years of schooling<sup>12</sup>. This, in turn,

correlates with higher productivity and lifetime earnings, estimated to increase by 11% for each additional year of education in East Africa<sup>13</sup>.

**Cash-plus programs exhibit significant long-term impacts on health, particularly in behaviors like exclusive breastfeeding, moderate acute malnutrition treatment, and handwashing.** Research indicated average effect sizes of 17%, 19%, and 47%, respectively<sup>14</sup>. These health interventions translate into years of life lost (YLL) and years lived with a disability (YLD), which are combined to calculate disability-adjusted life years (DALYs). DALYs provide a standardized, quantifiable measure of the economic value of health interventions, with one DALY equivalent to 1.55 times the GDP per capita, as proposed by the WHO<sup>15</sup>, capturing productivity losses resulting from poor health or death.

- 11 An exact figure for Somalia is unknown but estimated to also be lower than the regional average.
- 12 See Baird, S. (2014) Conditional, Unconditional and Everything in Between: A Systematic Review of the Effects of Cash Transfer Programs on Schooling Outcomes; Shady, N. et al (2006) Cash transfers, conditions, school enrolment, and child work: Evidence from a randomized experiment in Ecuador; Kilburn, K. et al (2018) Short-term Impacts of an Unconditional Cash Transfer Program on Child Schooling: Experimental Evidence from Malawi.
- 13 Authors calculation based on data cited in G. Pscharopoulos and H. A. Patrinos (2018). 'Returns to Investment in Education: A Decennial Review of the Global Literature,' Education Economics, Vo. 26, No. 5, pp. 1-4.
- 14 See UNICEF (2022) Addressing Child Poverty, Nutrition, and Protection; Field, E. et al (2021) Are Behavioral Change Interventions Needed To Make Cash Transfer Programs Work For Children? Experimental Evidence From Myanmar; Hunter, B. et al (2017) The effects of cash transfers and vouchers on the use and quality of maternity care services: A systematic review.
- 15 WHO Regional Office for Africa (2019) The indirect cost of illness in Africa. Available at: <https://www.afro.who.int/sites/default/files/2019-03/Productivity%20cost%20of%20illness%202019-03-21.pdf>

**The economic multiplier effect of cash-plus programs stems from increased consumption, with an average effect size of 1.93, as derived from a World Bank systematic literature review<sup>16</sup>.** By supplementing the income of the poorest households, cash transfers enable increased consumption of essential items, leading to improved access to services like health and education, ultimately reducing poverty through enhanced developmental outcomes.

**The study is also able to present non-monetary benefits derived from the models.** For education, these consist of additional years of schooling, while in health it is possible to ascertain the number of child lives saved, and the number of averted stunting cases.

**Costing was done at a high-level.** Costs were received from program implementers and broken down into sensible categories. The value of the cash transfer was not adjusted from its current levels. The cash transfer was always the most significant cost of the program. Based on international literature, the study assumed economies of scale will occur as the program is scaled up.<sup>17</sup> This assumption has been made based on well-established, larger social protection programs that spend roughly 3% of their budget on admin costs.<sup>18</sup> Therefore, it assumes that administrative costs will reduce until they are 5% of the total budget by 2060.

**The total monetary benefits and the costing make-up the benefit-cost ratio.** Dividing the benefits by the costs presents a benefit-cost ratio for each program. The cost-of-inaction can be determined by subtracting the costs from the benefits.

**Fiscal space encompasses governments' capacity to manage revenue and allocate resources amidst competing priorities, reflecting economic structure, growth rates, revenue generation abilities, and societal choices.** Fiscal space analysis (FSA) utilizes data and economic projections to assess resource availability against national targets, aiding budget negotiations and advocating for broader investment. FSA identifies financing gaps and offers recommendations, often leveraging pathways such as domestic revenue mobilization, borrowing, development assistance, efficiency savings, and expenditure reprioritization. This analysis provides insight into creating fiscal space crucial for sustainable fiscal policy and economic stability, facilitating informed decision-making in resource allocation.

**Fiscal space analysis (FSA)** utilizes data and economic projections to assess resource availability against national targets, aiding budget negotiations and advocating for broader investment.

**The study utilized a Financial Programming Framework (FPF) which facilitated a comprehensive evaluation of each country's fiscal capacity by integrating multiple economic sectors.** The FPF's adaptable, scenario-based methodology assesses policy options and shocks, aiding policymakers in optimizing fiscal space to ensure macroeconomic stability and meet economic goals. The FSA entails three key steps: estimating costs based on population needs and national goals, analyzing available resources through historic budget analysis, and identifying financing gaps. This process enables the construction of baseline scenarios and projections for social protection allocations, guiding strategies for revenue generation and enhancing fiscal capacity across various pathways such as deficit financing, official development assistance (ODA), domestic revenue mobilization, and efficiency savings.

## SCALING-UP CSSP

**The study selected programs for inclusion that met certain criteria.** Existing child-sensitive cash transfer programmes were important, particularly those targeting younger children, given the additional benefits associated with targeting this age group, as discussed in other parts of this report. National programmes with significant scale were also considered favorably, given that they are already established within their respective countries, implying adequate political will for these programmes. Finally, programmes with existing "plus" elements were preferred, for example, programmes with a Social and Behavior Change Communication (SBCC) element, or those that facilitated links to social services. Based on these

16 Gassmann F., et al (2023). Is the Magic Happening? A Systematic Literature Review of the Economic Multiplier of Cash Transfers.

17 Cecchini, S., et al. (2020). Estimates of the cost of cash transfers under the National Policy on Social Protection and Promotion in Haiti, accessed: 22.01.2024. Available here: <https://repositorio.cepal.org/server/api/core/bitstreams/836f2877-6640-4a35-8f9f-2a8dbf2e4ce9/content>.

18 Ibid. and Oritz, I. et al. (2017). Universal Social Protection Floors: Costing Estimates and Affordability in 57 Lower Income Countries, accessed: 22.01.2024. Available here: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---soc\\_sec/documents/publication/wcms\\_614407.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_614407.pdf)

considerations, the SAGAL programme was selected in Somalia (with a separate CSSP pilot selected for Somaliland specifically), the Social Cash Transfer Programme (SCTP) in Malawi, NutriCash in Uganda, and the Social Cash Transfer Programme (SCTP) in Zambia.

**When considering the expansion of Child-Sensitive Social Protection (CSSP) programs, the availability of services within a country is critical.** The success of social protection efforts, particularly those aimed at enhancing outcomes such as healthcare, heavily depends on the necessary services in the areas targeted by these programs. For example, the impact of a cash-plus program designed to improve healthcare outcomes is contingent on accessible healthcare facilities in the intended regions. As such, the availability of these essential services was a primary factor in shaping the scale-up objectives of each program, ensuring that the interventions are well-targeted, feasible, and likely to achieve their intended impacts.

**An additional crucial consideration is the adequacy of the amounts transferred.** The level of the cash payment and the frequency of payments directly influence the impact cash transfers will have on beneficiaries and vary widely depending on several contextual factors. This includes household income levels, the prevalence of food scarcity within households, and the total household expenditures. Determining what constitutes an 'adequate' cash transfer necessitates a thorough assessment that considers the country's minimum income standards, such as the national poverty line or minimum wage, and then aligning these with the needs of different population segments eligible for support. Where possible, the value of benefits should be scaled-up to meet these national standards, and then the 'real' value of benefits should be maintained. **However, it is acknowledged that countries have to balance benefit adequacy with increasing coverage to more beneficiaries.**

**Two scale-up scenarios were modeled across the different countries.** For all country cases, a 'realistic' Scenario A was devised, focusing on scaling up coverage to fewer people while proposing a scenario feasible in the near future. This choice aimed to maximize scalability while ensuring financial proposals align with the current fiscal space of the countries involved. Conversely, Scenario B, designed as a more optimistic scenario, also does not consider the adequacy of cash transfers. In both these scenarios, the decision was made to maintain the cash transfer value at the current program level. Costing for the program takes into account inflation but it assumes that inflation will stay at the same rate as in the baseline year.

**The study also modelled an 'adequate' transfer value, although this was done at a high-level.** In this third scenario the model proposes transfers of at least 30% of the international poverty line.<sup>19</sup> This posed a considerable increase in some of the countries, increasing the financial requirements. However, this high-level approach to analysing an 'adequate' cash transfer was deemed important to illustrate the benefits gleaned from increasing the value of transfers.

**Table 1: Summary of Scale-up Scenarios**

Country	Programme	Coverage (by age)	Baseline	Target, Scale-up A	Target, Scale-up B
Uganda	NutriCash	0-1	0.41%	5.5%	32%
Zambia	Social Cash Transfer Programme	0-6	0.02%	1%	15%
Malawi	Social Cash Transfer Programme	0-2	2%	16%	32%
Somalia	SAGAL	0-1	2.77%	9%	36.5%
	Child Sensitive Social Protection (Pilot Programme) <sup>20</sup>	0-4	0.08%	7.5%	36.5%

<sup>19</sup> This benchmark was selected following a desk-based review. Across the literature different benchmarks are proposed for the what an 'adequate' cash transfer looks like. Around 30% of the poverty was line accepted across different papers and it was also deemed to be not-so optimistic that it would be unaffordable. The international poverty line was chosen as national poverty lines were sometimes very outdated and also to provide more comparison across countries. Sources: <https://cdn.odi.org/media/documents/4612.pdf>. <https://socialprotection.org/discover/blog/transfer-values-%E2%80%93-how-much-%E2%80%98enough%E2%80%99-part-1>. [https://socialprotection.org/sites/default/files/publications\\_files/Transfer%20Values\\_How%20Much%20Is%20Enough\\_Balancing%20social%20protection%20and%20humanitarian%20considerations%20%281%29.pdf](https://socialprotection.org/sites/default/files/publications_files/Transfer%20Values_How%20Much%20Is%20Enough_Balancing%20social%20protection%20and%20humanitarian%20considerations%20%281%29.pdf).

## MAIN FINDINGS

**The benefits of scaling up the CSSP Pilot are significant in each country studied.**

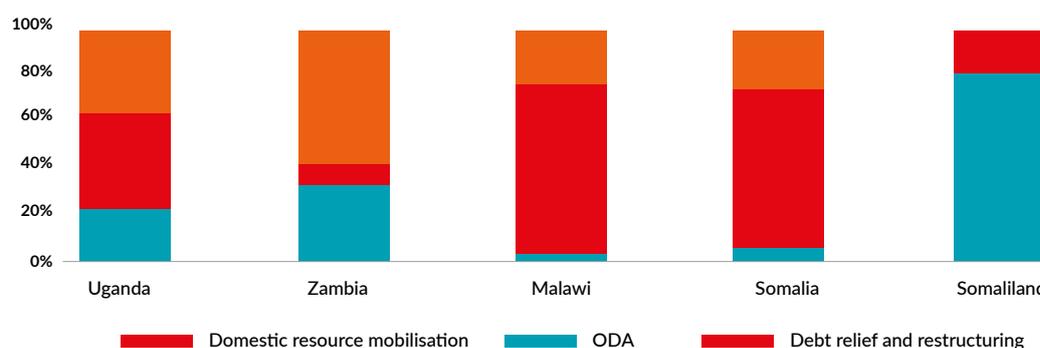
- **Uganda:** The NutriCash program's scale-up shows a potential GDP increase of USD 3.6 billion to USD 22.5 billion, with every USD 1 invested expected to yield USD 3.3 in returns by 2060.
- **Malawi:** Scaling up the SCTP is projected to generate additional GDP of USD 1.4 billion to USD 3.1 billion, with a benefit-cost ratio indicating that every USD 1 invested yields USD 1.9 in returns by 2060.
- **Zambia:** Investment in the SCTP, focusing on cash-plus elements, could lead to a GDP increase of USD 674 million to USD 10.3 billion, with a return of USD 2.5 for every USD 1 invested by 2060.
- **Somaliland and Somalia:** The CBA demonstrates significant potential GDP growth from scaling up child-sensitive programs. Every USD 1 invested is expected to yield returns of USD 2.4 (SAGAL) and USD 2.1 (CSSP pilot) by 2060, respectively. These investments are projected to substantially improve healthcare, education, and economic growth.

**Table 2: Summary of CBA Results (2023 to 2060)**

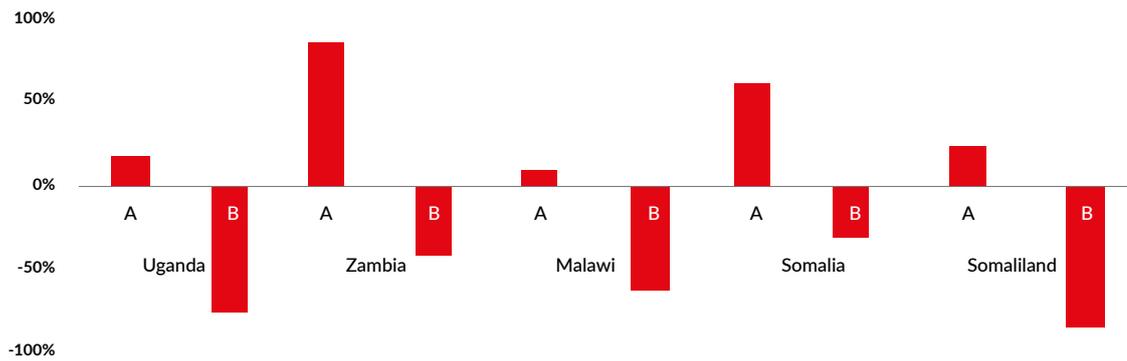
Scenario	Uganda		Zambia		Malawi		Somalia			
	A	B	A	B	A	B	A (SAGAL)	B (SAGAL)	A (CSSP)	B (CSSP)
Coverage	(5.5%)	(32%)	(1%)	(15%)	(16%)	(32%)	(9%)	(36.5%)	(7.5%)	(36.5%)
Benefit Cost Ratio	3.3	3.3	2.5	2.5	1.9	1.9	2.4	2.4	2.1	2.1
Cost of Inaction (million USD)	2,590	16,016	435	6583	718	1,713	190	959	232	1145
Additional Years of Schooling	1,340,666	8,326,333	248,752	5,745,812	2,224,360	4,766,485	570,085	3,086,443	753,848	3,698,961
Child Lives Saved	8,511	52,735	962	22,575	11,074	30,760	3,011	16,302	3,011	14,647
Stunting Cases Averted	13,225	81,943	677	11,565	28,184	78,289	4,256	23,046	4,256	20,705

**If programs are not scaled-up there will also be a non-monetary cost-of-inaction.** The additional years of schools, child lives saved, and stunting cases averted **will not be realized** without the scale-up. This means these additional non-monetary benefits can also be considered a cost-of-inaction.

**Figure 1: Options for Increasing Fiscal Space for CSSP Programs by Country**



**Figure 2: Financing Surplus or Deficit by Case Study and Scenario**



The graph above illustrates the extent to which progress can be made on closing the financing gap across different scenarios. The FSA focused on exploring options that could close the financing gap for each of the selected programs across two possible scale-up options, scenario A and scenario B. The FSA was able to close the financing gap across all countries in scenario A, leaving additional funds available for further scale-up. The graph highlights the percentage of additional funds the financing options could generate. The financing gap was more challenging to close in scenario B, due to the more optimistic scale-up. The graph depicts the financing gap that remains, after additional options for financing have been explored.

The study identifies and quantifies DRM, ODA reprioritization, and public debt management as key strategies for addressing financing gaps in CSSP investment – however, the potential for efficiency savings is also qualitatively considered. These approaches are deemed essential for creating the fiscal space necessary to expand CSSP programs. Each country has different strategies depending on its unique context.

**Uganda:** The analysis recommends closing Uganda’s financing gap primarily through Domestic Resource Mobilisation (DRM), Official Development Assistance (ODA), and savings from public debt consolidation and fiscal restructuring. An enhanced DRM strategy could focus on expanding the tax base and improving tax administration. Assuming ODA remains on its current path and additional savings are made from public debt consolidation, it is anticipated that the financing gap for the NutriCash program would be fully closed under Scenario A, leading to a surplus of about USD 15.6 million by 2029/30. The financing gap under Scenario B could be closed by about 23%. Other avenues for creating fiscal space could be explored to cover Scenario B, such as leveraging climate finance<sup>21</sup>, curbing illicit financial flows and leakages within the Public Financial Management (PFM) system, assessing current programmes and policies such as tax expenditures, and advancing Public Private Partnerships (PPPs) in social sector financing.

## DRM

The **DRM strategy** includes clear objectives, revenue targets, and mechanisms such as broadening the tax base and improving tax administration efficiency.

**Zambia:** Similar levers are recommended for Zambia, focusing more on DRM, and debt relief and restructuring. The DRM strategy includes clear objectives, revenue targets, and mechanisms such as broadening the tax base and improving tax administration efficiency. These initiatives, taken together, could eliminate the financing gap under Scenario A by 2030 and reduce the gap under Scenario B by 59%. Similarly to Uganda, the importance of preventing illicit financial flows and improving the efficiency of the social protection sector is

highlighted. Additionally, the Community Development Fund also provides an opportunity for ensuring the decentralization agenda supports community-level activities linked to the delivery of ‘cash-plus’ elements to cash transfer beneficiaries.

**Malawi:** To close the financing gap, strategies for Malawi also incorporate DRM, public debt consolidation, and ODA reprioritization. Implementing the Domestic Revenue Mobilisation Strategy (DRMS) for 2021-2026 to address structural issues in economic development shows promise. By implementing these

20 Somaliland.

21 Uganda’s government plans to commit 30% of national resources and secure 70% from international sources to implement climate actions, requiring approximately \$3.9 billion by 2030 or \$258 million annually (see Economic Policy Research Centre).

strategies, the financing gap under Scenario A could be eliminated by 2030, and the gap under Scenario B could be reduced by 37%. To further reduce the gap for Scenario B, the analysis also recommends curtailing leakages within the PFM system, reforming State Owned Enterprises (SOEs), and improving the efficiency of the social protection programmes, including subsidies.

**Somalia:** The Government of Somalia's (GoS) strategy to finance the scaling up of the SAGAL and provision of cash plus components would be primarily through ODA reprioritization and public debt restructuring. Despite the current low domestic revenue of just 4% of real GDP, the analysis recommends that the Somali government focus on boosting domestic revenues by expanding the tax base and enhancing collection methods. The cumulative effect of these initiatives could eliminate the financing gap in Scenario A by 2030, but for Scenario B, a 31% deficit in financial needs could remain in 2030. Additional possibilities proposed by the analysis include attracting climate finance, however, this has been a major challenge. The impact of climate shocks, particularly the 2021 drought affecting over 6.6 million people and exacerbating poverty in Somalia, highlights a critical development challenge. Despite recognizing an annual need for USD 5.5 billion in climate finance, Somalia received only USD 321 million in 2019-2020, less than 0.6% of the required funds. This gap underscores a broader issue that conflict-affected countries face in securing adequate climate finance. That said, further avenues for financing child-sensitive social protection can include leveraging Zakat financing, curbing illicit financial flows through ransoms for pirate acts and minimizing waste and aid diversion within the Public Financial Management (PFM) system.

The financing gap for Somaliland can be closed primarily through Domestic Resource Mobilisation (DRM) and ODA reprioritization. Somaliland has outlined objectives for a fair and sustainable tax system in its Tax Policy Strategy and is close to meeting its budgeted revenue targets. Although ODA, is a vital source of funding, this has historically been underspent and the state has expressed a commitment to addressing these challenges. The analysis anticipates that these initiatives could reduce the financing gap under Scenario A by 72% and under Scenario B by 15% by 2030. Other potential strategies proposed by the analysis are similar to those proposed for the Government of Somalia (GoS).

## KEY FINDINGS AND RECOMMENDATIONS

- ✓ **Across the four country case studies, several common recommendations for scaling up CSSP programmes exist. In each case,** and across most of the East and Southern African region, all countries have a high percentage of youthful populations and high child poverty rates. So, there is a strong case to expand CSSP to harness the potential demographic dividend and improve socioeconomic outcomes.
- ✓ **Each should aim to increase investment in social protection to 1.5% of GDP to build resilient shock-responsive systems.** 1.5% of GDP was selected as a target as it is the average spending on social safety nets in sub-Saharan Africa.<sup>22</sup> DRM strategies are typically the most sustainable option for financing CSSP programs and this can involve tax reforms, combating illicit financial flows, and implementing new levies. There is however a need to be cautious about the introduction of new taxes whose impact may be regressive, thereby limiting or negating the impact of social protection spending. Additionally, for a tax policy to support development and improve governance effectively, it's crucial to incorporate a wide array of citizen perspectives in its formulation and implementation. This study also highlights the importance of addressing corruption, inefficiencies, and building of strong Public Financial Management (PFM) systems to ensure the effective use of funds. Additionally, ODA will continue to be crucial in the short to medium term, provided there is appropriate advocacy for sustained donor support to establish a foundation for national systems that can eventually be owned and financed by governments. While the study modeled scenarios in which debt restructuring can result in some resources being made available to scale up social protection programmes, in reality, debt relief/ restructuring engagements are often protracted and will only lead to the financing of CSSP if there is **robust advocacy for child-responsive debt restructuring and budgeting i.e. the integration of concerns pertaining to children in both these processes.**

22 UNICEF (2023). Social Protection Budget Brief, accessed: 27th March 2024. Available here: <https://www.unicef.org/esa/media/12581/file/UNICEF-Zambia-Budget-Brief-Social-Protection-2023.pdf>.

- ✓ **Finally, the study finds that countries can ensure more effective programming by leveraging existing programmes<sup>23</sup> and infrastructure, and enhancing the child-sensitivity of these existing programmes.** For example, targeting mechanisms should be refined to optimize resource use, focusing on regions with higher poverty rates or narrowing by age range, starting with the youngest children. Countries should consider utilizing targeting methods that enable the progressive scaling up of programmes. Categorical targeting, which bases eligibility on observable characteristics like age, gender, or disability, simplifies administration and minimizes errors. The scale-up scenarios presented in the study are based on the targeting of specific cohorts of young children in order to maximize economic returns from human capital development. Despite their widespread use, PMT approaches suffer from significant inclusion and exclusion errors and have high survey and administrative costs, which can consume up to 11% of the program budget, compared to around 3% for categorical targeting.<sup>24</sup> This makes PMT-based pilot programmes challenging for donors to hand over to governments.

### **In summary, the following are some key country-specific findings and recommendations:**

- ✓ **UGANDA**
- It finds that for every \$1 invested in CSSP, \$3.3 is returned, making investments cost-effective.
  - The benefits of scaling up NutriCash are significant. Between 2023-2060, in Scenario A, additional GDP is projected at USD 3.6 billion (0.03% of Uganda's GDP), while the more ambitious Scenario B foresees USD 22.5 billion (0.2% of Uganda's GDP) in the same period.
  - Scaling up the program necessitates additional funds, estimated at USD 1.1 billion for Scenario A and USD 6.7 billion for Scenario B between 2023-2060.
  - The FSA explores ways to close this financing gap. This can be achieved most significantly through Domestic Resource Mobilisation (DRM), Official Development Assistance (ODA) and savings from public debt and fiscal consolidation
- ✓ **ZAMBIA**
- It finds that for every \$1 invested, \$1.9 is returned, making the investments cost-effective.
  - The advantages of scaling up the SCTP are substantial. In Scenario A, spanning from 2023 to 2060, an additional GDP of USD 1.4 billion (0.001% of Malawi's GDP) is projected, while the more ambitious Scenario B anticipates USD 3.2 billion (0.29% of Malawi's GDP) during the same period.
  - Scaling up the program requires additional funds. Between 2023 and 2060, these are estimated at USD 780 million for Scenario A and USD 1.7 billion for Scenario B. Scaling up the program requires additional funds. Between 2023 and 2060, these are estimated at USD 780 million for Scenario A and USD 1.7 billion for Scenario B.
  - The FSA explores ways to close this financing gap. This can be achieved most significantly through Domestic Resource Mobilisation (DRM), public debt consolidation and ODA reprioritisation.
- ✓ **MALAWI -**
- The study finds that for every additional \$1 invested in SAGAL and the CSSP Pilot, \$2.4 will be returned in the case of SAGAL and \$2.1 for the CSSP Pilot, making the investments cost-effective.
  - The benefits of scaling up the SAGAL program are significant. In Scenario A, between 2023 and 2060, additional GDP is projected at USD 1.1 billion, while the more ambitious Scenario B foresees USD 5.8 billion in the same period.
  - The benefits of scaling up the CSSP Pilot are significant. In Scenario A, between 2023 and 2060, additional GDP is projected at USD 1.3 billion, while the more ambitious Scenario B foresees USD 6.2 billion in the same period.

23 In many cases, the infrastructure of existing social protection programs can be used to improve efficiency and incorporate 'plus' components focused on health, nutrition, education, and positive parenting.

24 For example, an ILO review concluded that the universal schemes reviewed had the lowest average administrative costs at 2.5% of total program costs, whereas administrative costs of targeted programs averaged 11% (Ortiz, Durán-Valverde, Pal, Behrendt, & Acuña-Ulate, 2017).

- Scaling up the program necessitates additional funds. Between 2023 and 2060, these are estimated at USD 440 million for Scenario A and USD 2.4 billion for Scenario B. Despite the financial requirements, both scenarios offer substantial rates of return, with every USD 1 invested expected to yield USD 2.4 in returns.
- The FSA explores ways to close this financing gap. This can be achieved most significantly through ODA reprioritisation, public debt restructuring and Domestic Resource Mobilisation (DRM).

### SOMALIA

- It finds that for every \$1 invested, \$2.5 is returned, making the investments cost-effective.
- The benefits of scaling up the SCTP are significant. In Scenario A, between 2023 and 2060, additional GDP is projected at USD 674 million (0.01% of Zambia's GDP), while the more ambitious Scenario B foresees USD 10 billion (0.2% of Zambia's GDP) in the same period.
- Scaling up the program necessitates additional funds. Between 2023 and 2060, these are estimated at USD 272 million for Scenario A and USD 4.2 billion for Scenario B.
- The FSA explores ways to close this financing gap. This can be achieved most significantly through Domestic Resource Mobilisation (DRM), public debt restructuring and ODA reprioritisation.



## CONCLUSION

**The document provides an in-depth analysis of the importance and impact of Child-Sensitive Social Protection (CSSP) programs across various regions, focusing on the dual goals of alleviating child poverty and fostering human capital development.**

It emphasizes the pivotal role of early childhood development (ECD) interventions within CSSP frameworks, highlighting their significant returns on investment in terms of economic growth, health, education outcomes, and emotional and mental well-being. By integrating cash transfers with complementary services, such as behavioral change communication and improved service access, CSSP programs aim to create a unified platform for supporting vulnerable children.

**The research methodology combines cost-benefit analysis (CBA) and fiscal space analysis (FSA) to evaluate the effectiveness and financial viability of scaling up CSSP interventions.**

The CBA prioritizes interventions with a benefit-cost ratio above one, advocating for targeted investments in cash-plus programs that offer comprehensive support to children. Meanwhile, the FSA assesses the availability of financial resources, exploring opportunities for increased investment and strategies to address existing financing gaps. This approach underlines the importance of evidence-based policy-making in combatting child poverty and stimulating economic growth.

**Findings from the study underscore the urgent need for CSSP investment in regions like Somaliland, Somalia, Malawi, Uganda, and Zambia, where high child poverty rates and various socio-economic challenges persist.**

By demonstrating substantial potential GDP growth and improvements in health and education outcomes, the study makes a strong case for the cost-effectiveness of CSSP interventions. Financing strategies such as domestic resource mobilization, Official Development Assistance reprioritization, and public debt management are highlighted as key mechanisms to bridge financing gaps, ensuring the sustainability and scalability of CSSP programs to achieve long-term developmental goals.

# INTRODUCTION

“

This project aims to develop an Investment Case for child-sensitive social protection (CSSP) in East and Southern Africa. The chosen countries to carry out this Investment Case are Uganda, Zambia, Malawi, and Somalia.<sup>31</sup>

”

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# 1. INTRODUCTION

## 1.1 OBJECTIVES OF THE PROJECT

This project aims to develop an Investment Case for child-sensitive social protection (CSSP) in East and Southern Africa. The chosen countries to carry out this Investment Case are Uganda, Zambia, Malawi, and Somalia.<sup>25</sup> The Investment Case studies provide evidence that supports the prioritization of CSSP in these countries.

The specific objectives of the Investment Case are as follows:

-  • To **understand** the benefits of investing in cash-plus programmes as a form of CSSP.
-  • To **recognize** the benefits/rate of return for financial, educational, and health outcomes.
-  • To **assess** the available fiscal space in each priority country.
-  • To **identify** financing options to scale up child-sensitive social protection, including the feasibility of increased domestic public resources.
-  • To **develop** a concise Investment Case on a country-by-country basis.

## 1.2 OVERVIEW OF THE REPORT

This report provides a comprehensive overview of our findings and recommends scaling up CSSP. The narrative for investing in CSSP draws on both the cost-benefit and fiscal space analyses set out on a country-by-country basis, to set out an Investment Case for each country. The report will cover the following:

- **Introduction:** Short introduction to the project, its objectives and aims.
- **Methods:** Description of the methodology for collecting and analyzing data for each element of the Investment Case.
- **Benefits:** This section provides an overview of the general benefits associated with cash-plus programs for young children and explains why they are important.

The following structure will be repeated for Uganda, Zambia, Malawi, Somalia, and Somaliland.

- **Context:** This section will provide an overview of CSSP in each country. It will examine policies and legislation, spending, current programmes, and access to those programmes.
- **Programme Selection:** An understanding of the selected programme for each country and why that programme was selected.

<sup>25</sup> These countries were selected using the Country Selection Criteria located in the Inception Report. A variety of things were considered such as: stakeholder access, data availability, available impact studies, demographics, development indicators, and the CSSP intervention maturity level. The selection criteria can be found in the annex.

- **Benefits:** This section breaks down the benefits of scaling up child-sensitive social protection, including the impact on child health, nutrition, education, and poverty.
- **Costs:** Clear overview of the costs of scaling up CSSP including annual costs, total costs across the **time horizon, and unit costs per child.**
- **Cost-Benefit Analysis:** A comparison of the costs and monetized benefits of investing in CSSP, including cost-benefit ratios.
- **Fiscal Space Analysis:** Analysis of the financial feasibility and sustainability of investing in scaling up the package. We will also recommend reasonable financing options.
- **Recommendations and Conclusion:** An overview of the findings and recommendations tailored to each country.

Finally, the report will end with:

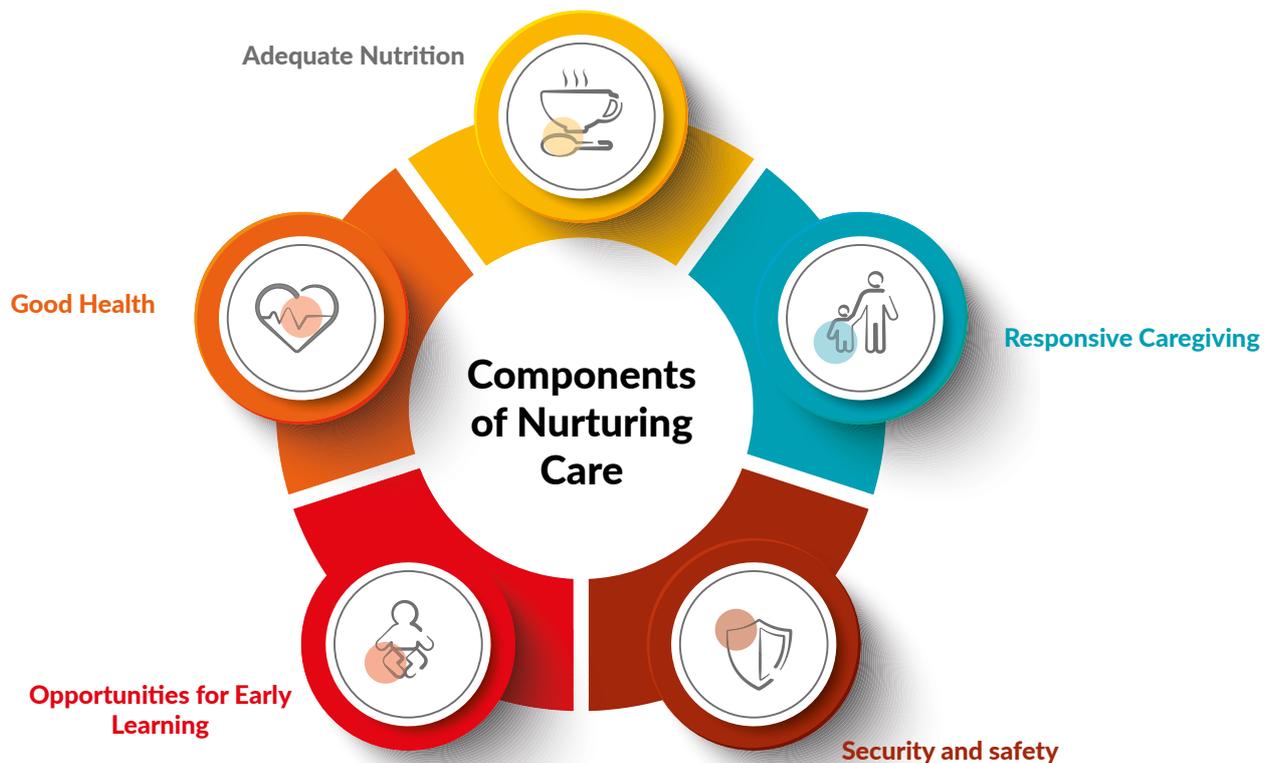
- **Recommendations and Conclusions:** An overview of the main conclusions and findings across the four countries and recommendations applicable throughout.

## 1.3. SOCIAL PROTECTION FOR CHILDREN

### 1.3.1. The Importance of Investing in Young Children

**Extensive research shows that the early years of a child's life matter.** Every second of early childhood, millions of neural connections are made; by age two, the brain is 80% of its adult size, and by age four development hits 90%. During this stage, children will undergo crucial development, encompassing the acquisition of physical and motor abilities, the expansion of cognitive capabilities, and the nurturing of the nurturing of psycho-emotional behaviors and individual personalities, and social skills. This period deserves particular attention from individuals concerned with promoting child rights and advancing human development.

**Figure 3 : The Nurturing Care Framework**



**Interventions in early childhood development (ECD) can support growth and increase the likelihood of long-term well-being, productivity, and prosperity (both at an individual and societal level). For young children to reach their full potential, they need a range of interconnected and diverse interventions to support their development.** The Nurturing Care framework is an internationally recognized framework conceptualizing the approach to ECD, promoting interventions aimed at maximizing human potential in young children.<sup>26</sup>

**It posits that to maximize early childhood development, young children require quality, nurturing care and interventions across five components:** good health, adequate nutrition, safety and security, early learning opportunities, and responsive caregiving. Longitudinal studies from various case studies show that children participating in quality early childhood programmes experience multiple benefits, including improved test scores, graduation rates, decreased crime and delinquency rates, and improved long-term income. When these benefits are monetized, the returns on investments can be enormous, with a much-cited estimate suggesting investments in nurturing care interventions can return up to 17 times the initial amount invested.<sup>27</sup>

### 1.3.2. Child-Sensitive Social Protection

**Social Protection is a set of policies and programs aimed at preventing or protecting all individuals against poverty, vulnerability, and social exclusion throughout their life course,** with a particular emphasis on vulnerable groups. As defined by Save the Children, social protection programs fall into the following three categories: social assistance, social insurance, and labor market policies and interventions.<sup>28</sup>



#### Box 1: Social Protection Definitions<sup>29</sup>

**Social Assistance:** An important means of responding to crises. Social assistance usually includes social transfers, public works, and fee waivers and subsidies (e.g., health and education).

**Social Insurance:** Refers to mechanisms that pool risk, such as health insurance, paid maternity leave, and unemployment insurance.

**Labor market policies and interventions:** Refers to programmes supporting employment and livelihoods, such as skills training, minimum wage legislation, wage subsidies, and protection in the workplace.

**The following section examines why investment in social protection is so important, with a particular focus on children.** It draws upon evidence for investing in young children (aged 0-6) and makes the case for CSSP.

**There is a strong link between social protection and the realization of human rights and human capital development.** Social protection systems boost productivity, economic growth, and social cohesion.<sup>30</sup> Along with poverty reduction, extensive evidence also illustrates that social protection can go a long way towards generating income security in households.<sup>31</sup> The benefits of a well-designed social protection

26 Nurturing Care (2021). *Nurturing Care for Early Childhood Development* published online. Accessed: 20th December 2023. Available at: <https://nurturing-care.org/>.

27 Ibid.

28 Save the Children (2020). *Child-Sensitive Social Protection: An Essential Foundation for Achieving Children's Rights and Poverty Reduction* (Save the Children Technical Working Group: Online).

29 Adapted from Ibid.

30 Social Protection Human Rights (n.d.). Poverty, Inequality and Standards of Living, accessed on: 06.12.2023. Available at: <https://socialprotection-humanrights.org/key-issues/topical-issues/poverty-inequality-and-standards-of-living/>.

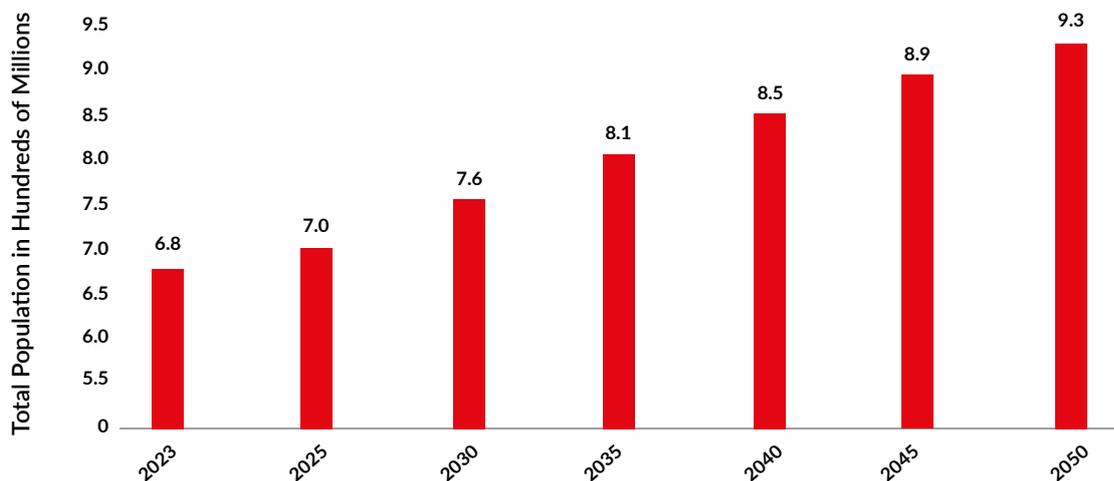
31 ILO and UNICEF (2023). *More than a billion reasons: The urgent need to build universal social protection for children* (International Labor Organization and United Nations Fund 2023: Geneva and New York).

system include improving education and health outcomes, reducing the risk of violence and exploitation in communities, and improving access to adequate nutrition.<sup>32</sup> Successful social protection systems are also shock-responsive, meaning they can adapt to cope with changes in context and demand following large-scale shocks.<sup>32</sup>

**Children are twice as likely to live in poverty as adults, making social protection invaluable.** Globally, over 800 million children are living on less than \$5.50 a day, and over a billion are living in multidimensional poverty, leaving them deprived of critical requirements for a successful childhood, such as health, education, and nutrition.<sup>34</sup> The long-term impacts of these deprivations can be staggering, damaging educational outcomes, increasing the likelihood of child labor and child marriage, as well as diminishing children's aspirations and opportunities.<sup>35</sup>

**Effective social protection coverage of children is stalling and has even fallen slightly in some areas.** Globally, 26.4% of children have effective social protection coverage. However, in Africa, this figure is only 12.6%.<sup>36</sup> This is particularly concerning given that Africa's youthful population is growing quickly. In 2022, the UN Population Prospects estimated that more than a third of the world's young people will live in Africa by 2050.<sup>37</sup> As shown in the figure below, Africa's young population is growing rapidly, and therefore ensuring comprehensive social protection is established and is paramount.

**Figure 4: The Population Aged 0-17 in Africa<sup>38</sup>**



**Providing comprehensive social protection for children is imperative.** Due to this, the Investment Case will focus on scaling up the provision of CSSP to engage this vulnerable and growing population group. CSSP specifically addresses the needs and vulnerabilities of children.<sup>39</sup> This does not always mean that social protection programmes must address children as the main beneficiaries of social protection programmes, but that there is a strong focus on the unique needs of the children in the household. It is also paramount that CSSP programmes work to reduce any negative impacts that programmes might have on children.<sup>40</sup>

32 Economic and Social Commission for Asia and the Pacific (2018). Why We Need Social Protection, accessed on: 06.12.2023. Available at: <https://www.socialprotection-toolbox.org/files/documents/Social-Protection-module-1.pdf>.

33 European Commission (2019). Social Protection Across the Humanitarian-Development Nexus. A Game Changer in Supporting People through Crises accessed 06.12.2023. Available here: <https://socialprotection.org/discover/publications/tools-and-methods-series-reference-document-no-26-social-protection-across>.

34 ILO and UNICEF (2023). More than a billion reasons.

35 Ibid.

36 ILO (2022). World Social Protection Report 2020-2022. (International Labor Office: Geneva).

37 UN (2022). World Population Prospects accessed: 06.12.2023. Available here: <https://population.un.org/wpp/>.

38 Adapted from UN (2022). World Population Prospects accessed: 06.12.2023. Available here: <https://population.un.org/dataportal/data/indicators/70/locations/903/start/2023/end/2050/table/pivotbylocation>.

39 Ibid.

40 Ibid.

“ Public policies, programmes and systems that address the specific patterns of children’s poverty and vulnerability, are rights-based in approach, and recognise the long-term developmental benefits of investing in children. ”

**Adopting a lifecycle approach to social protection ensures the targeted mitigation of vulnerabilities across distinct age groups.** This recognizes the evolving nature of risks throughout various life stages. Young children, for instance, contend with the threats of malnourishment, neglect, limited access to educational opportunities, and violence.<sup>41</sup> As children get older, risks around child labor, child marriage, and intimate partner violence become more pressing.<sup>42</sup> Social protection programmes must be designed around age-specific vulnerabilities, with a comprehensive understanding of how risks change as children grow.<sup>43</sup>

**A range of design features can be utilized to ensure child protection programmes are child-sensitive.** The table below highlights some of the most utilized design features.

**Table 3: Design Features for CSSP Programs<sup>44</sup>**

Child-Sensitive Design Feature	Examples
<b>Programmes that target children:</b> programmes explicitly targeting children (especially vulnerable children such as orphans and children with disabilities) in at least one component.	Cash transfers (CTs) paid only to families with children; individual benefits for children, such as for orphans.
<b>Supporting access to education:</b> programmes designed to increase children’s access.	CTs conditional on children’s school attendance; school-related-in-kind transfers.
<b>Supporting access to nutrition:</b> programmes providing food transfers to children, includes programmes targeting lactating or pregnant women.	School feeding programmes; food transfers for children or pregnant women.
<b>Supporting access to health:</b> programmes that explicitly support access to health services, including programmes targeting lactating or pregnant women.	Non-contributory insurances for children; programmes with health-related conditionalities.
<b>Benefits which increase with the number of household members:</b> cash transfers whose benefit levels increase according to the number of children or members in the household.	CTs whose benefits depend on age/school year of the child or benefits for orphans.

**A range of social protection programmes can be child-sensitive.** Social assistance programmes are most commonly used to address the vulnerabilities of children, often in the form of cash transfers.<sup>45</sup> Cash transfers can tackle income insecurity, thus reducing the likelihood of child labor and child marriage and keeping children in school for longer. However, CT programmes can be varied in their design, and therefore further analysis was required before the final area of focus for the Investment Case was decided.

41 UNICEF (2018). Child-sensitive social protection: what is it and why do we need it? Accessed: 15th December 2023. Available here: <https://www.unicef.org/morocco/media/1096/file/child-sensitivity.pdf>.

42 Ibid.

43 Ibid.

44 Ibid

45 Barrett, H., Barrett, S. and Chan, A. (2023). Review of the Global Evidence on Social Protection Supporting Childhood Development Outcomes (Save the Children: Australia).

**Substantial evidence underscores the indispensable role of CSSP in child development.** Cash transfers emerge as effective tools, especially when complemented by supplementary measures such as Social and Behavior Change Communication (SBCC).<sup>46</sup> The empirical data indicates that CSSP yields a spectrum of positive impacts, encompassing reductions in stunting rates, enhanced access to primary education, and diminished instances of violence against children.<sup>47</sup> Augmenting access to services, investing in skills, and elevating participation rates among children not only contribute to improved human capital development and economic growth when integrated with investments across diverse sectors.<sup>48</sup>

## Shock-responsive Social Protection

**Shock-responsive social protection is a term used to build focus on significant shocks that affect a large proportion of the population simultaneously.**<sup>49</sup> Building a social protection system that can respond to shocks can be paramount to helping children and families navigate significant changes.<sup>50</sup> Significant shocks usually lead to a spike in demand for social protection, making it imperative to scale-up social protection programs quickly.<sup>51</sup> 'Shock responsive' 'shock sensitive' and 'adaptive' social protection are all words that are this space, but ultimately they illustrate the role social protection can play in responding to shocks in the medium- and longer-term future.<sup>52</sup> Shock-responsiveness should be embedded across all dimensions of social protection, it should be considered within how evidence is collected, which policies define the social protection sector, the program design, and the administration of social protection programs.<sup>53</sup>

**Significant shocks across Africa emphasize the need for shock-responsive social protection.** In recent years, the COVID-19 pandemic and international instability have pushed millions into poverty.<sup>54</sup> The COVID-19 pandemic highlighted how important shock-responsive social protection is, following the pandemic economies were thrown into a sharp recession, jobs evaporated, and social services came to a standstill.<sup>55</sup> Worsening political instability across parts of the region has also reiterated the rapid and significant shocks the breakdown of constitutional rule can have.<sup>56</sup> Conflict hotspots such as parts of Mozambique, Cameroon, and Somalia pose threats across the region.<sup>57</sup>



**Conflict hotspots** such as parts of Mozambique, Cameroon, and Somalia pose threats across the region.<sup>57</sup>

**The ongoing and accelerating impacts of climate change are increasing the necessity of shock-responsive social protection.** Africa is already disproportionately suffering from climate change, and these effects are likely to continue. In 2022, more than 110 million people on the continent were directly affected by weather, climate and water-related hazards, which led to more than US \$8.5 billion in economic damages.<sup>58</sup> 2023 saw a rapidly rising death toll, by November at least 15,700 people had lost their lives from extreme weather disasters, while another 34 million had been affected.<sup>59</sup> Unfortunately, the impacts of climate change across the continent will likely get worse before they get better, making shock-responsive social protection imperative. Social protection systems must be able to adapt quickly to changing circumstances, both in how quickly they can provide support to a larger number of people, but also so that the type of support being distributed is relevant and effective.

46 Ibid.

47 Martorano, B., et al. (2012). The Impact of Social Protection on Children accessed: 17th December. Available here: [https://www.unicef-irc.org/publications/pdf/iwp\\_2012\\_06.pdf](https://www.unicef-irc.org/publications/pdf/iwp_2012_06.pdf).

48 Ibid.

49 SocialProtection.Org (n.d.). What is Social Protection? Accessed: 27.02.2024. Available here: <https://socialprotection.org/learn/glossary/shock-responsive-social-protection>.

50 Ibid.

51 UNICEF (2019). Program Guidance: Strengthening Shock Responsive Social Protection Systems, accessed: 27.02.2024. Available here: <https://www.unicef.org/media/68201/file/Practical-Guidance-to-Support-Work-on-Shock-Responsive-Social-Protection.pdf>.

52 Ibid.

53 Ibid.

54 Court, P., et al. (2021). A perfect storm of shocks: Economies and children in sub-saharan Africa are being pushed into crisis, accessed: 27.02.2024. Available here: <https://www.unicef.org/esa/stories/perfect-storm-of-shocks>.

55 Ibid.

56 Vines, A. (2024). What's at stake for Africa in 2024? accessed: 27.02.2024. Available here: <https://www.chathamhouse.org/2024/01/whats-stake-africa-2024>.

57 Ibid.

58 Relief Web (2023). Africa suffers disproportionately from climate change, accessed: 27.02.2024. Available here: <https://reliefweb.int/report/world/africa-suffers-disproportionately-climate-change>.

59 Relief Web (2023). Rising climate death toll in Africa underscores urgency for COP28 action, accessed: 27.02.2024. Available here: <https://reliefweb.int/report/world/rising-climate-death-toll-africa-underscores-urgency-cop28-action#:~:text=JOHANNESBURG%2C%2028%20November%202023%20%E2%80%93%20It's,34%20million%20have%20been%20affected>.

### 1.3.3. Cash Transfers Programmes

The following section provides an overview of cash transfer programs, detailing why 'cash-plus' programs were selected for this project. It also provides an overview of the benefits of cash-plus programming, although this will be explored in more detail later in the report.



#### Box 2: Cash Transfer Programs <sup>60</sup>

**Conditional Cash Transfers:** Aims to reduce poverty by making welfare programmes conditional upon the beneficiaries' actions. Money is only given to people who meet certain criteria.

**Unconditional Cash Transfers:** Are cash payments provided to financially disadvantaged people without requiring anything in return. Their overall aim is to reduce poverty.

**Cash-Plus Programmes:** Refers to complementary programming where cash transfers are combined with other modalities or activities. Complementary activities aim to improve development outcomes.

#### NB: Both conditional and unconditional CTs can have Cash-Plus components

**Research suggests that carefully designed conditional CT programmes can be child sensitive.** Conditional cash transfers (CCTs) mandate participants to fulfil specific criteria to access cash transfers, typically linked to educational attendance, adherence to vaccination schedules, and regular health check-ups for children.<sup>61</sup> This design underscores the child-centric nature of these programmes, emphasizing the enhancement of non-financial outcomes for children. However, participants, usually female caregivers, are penalized if they don't meet the conditions required.<sup>62</sup> Consequently, not only do children miss out on programme benefits, but caregivers also face substantial pressure to meet the established standards.<sup>63</sup>

**Unconditional CTs do not require participants to meet specific conditions.** The shift towards unconditional CTs stems from the belief that households should have autonomy in making decisions about their children's health and education.<sup>64</sup> Research indicates that CTs enhance income security, basic consumption, and mental health outcomes by alleviating financial pressures.<sup>65</sup> Moreover, unconditional CTs reduce the burden on caregivers, often women, to meet certain criteria.

**Both conditional and unconditional CTs can also provide complementary services.** Complementary measures such as information sessions or behavioral change communication (BCC) interventions are crucial for improving broader child development practices.<sup>66</sup> CTs that provide these services are often called 'cash-plus' programs. Research conducted by UNICEF Innocent suggests that impacts from cash-plus programs are often more substantial than those from cash-only programs<sup>67</sup> This was particularly true for nutrition and feeding practices where the measures that were significantly better between the control group and the cash-plus group, were also significantly better between cash and cash-plus.<sup>68</sup>

60 Fiszbein, A., and Schady, N. R. (2009). 'Conditional Cash Transfers: Reducing Present and Future Poverty', The World Bank. OPM (2018). Unconditional Cash Transfers for Reducing Poverty and Vulnerabilities, accessed on: 07.12.2023. Available at: [www.opml.co.uk](http://www.opml.co.uk). SocialProtection.Org (n.d.). What is Social Protection? Accessed on: 07.12.2023. Available at: [www.socialprotection.org/learn/glossary/cash-plus](http://www.socialprotection.org/learn/glossary/cash-plus).

61 Ibid.

62 Ibid.

63 Ibid.

64 Ibid.

65 Araya, R., et al. (2021). 'The impact of cash transfers on mental health in children and young people in low-income and middle-income countries: a systematic review and meta-analysis' BMJ Global Health 10(11), accessed 06.12.2023. Available here: <https://gh.bmj.com/content/bmjgh/6/4/e004661.full.pdf>.

66 Ibid.

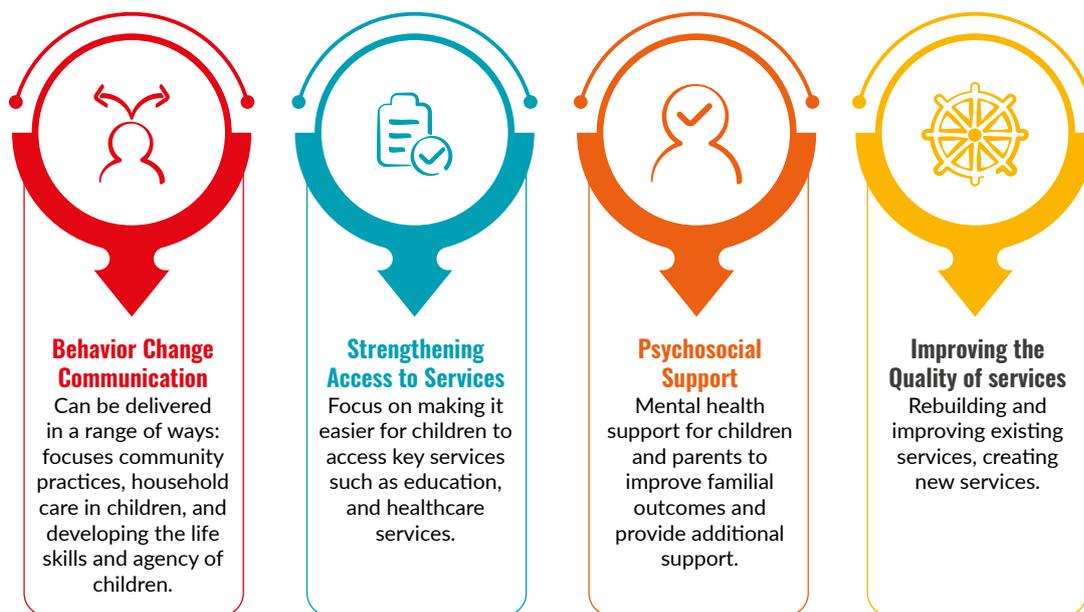
67 UNICEF (2023). What Works to Improve Outcomes for Children? Accessed: 12.01.2024. Available here: [https://www.unicef-irc.org/publications/pdf/What\\_Works\\_to\\_Improve\\_Outcomes\\_for\\_Children.pdf](https://www.unicef-irc.org/publications/pdf/What_Works_to_Improve_Outcomes_for_Children.pdf).

68 Ibid.

In recent years, cash-plus programmes have gained prominence as the preferred CT model. Cash-plus programmes integrate CTs with other components such as health insurance, livelihood training, and BCC.<sup>69</sup> Evidence suggests that cash-plus programmes can enhance and broaden the benefits of CTs. They improve income security, reduce poverty, and improve health, education, and nutrition outcomes.<sup>70</sup> They make a substantial difference in improving behaviors, such as feeding practices, parenting practices, and hygiene behaviors.<sup>71</sup> It was found that feeding practices were significantly better in 28 of the 60 feeding practice measures.<sup>72</sup>

Following a thorough examination of the evidence, the team opted to prioritize cash-plus programmes for the Investment Case. The decision was based on the acknowledgment that cash-plus programmes value complementary services while preserving individual freedom of choice. They can include a variety of 'plus' components.

Figure 5: Additional Interventions Provided by Cash-Plus Programs



While cash-plus programs can include a range of additional benefits, the strongest quantitative evidence exists for SBCC and strengthening access to services. Therefore, for the purposes of this project, cash plus programmes that provide a cash transfer, along with a SBCC component and/or support with helping beneficiaries access a range of services, were selected for inclusion. This definition of cash plus was selected as it encompasses a significant amount of cash plus programmes, and substantial quantitative benefit evidence exists around this model.

## Defining SBCC and access to services

For the purposes of this study, SBCC is defined as a component that aims to achieve positive outcomes by increasing knowledge and awareness and changing attitudes and practices.<sup>73</sup> SBCC can be geared towards a range of outcomes, such as health, nutrition, or parenting practices.<sup>74</sup> Interpersonal communication and strong relationships with participants have proven to be essential for successful SBCC programs.<sup>75</sup>

69 The Transfer Project (2020). Cash Plus Programming. Link to the video: What is Cash Plus?, accessed: 12.01.2024. Available here: <https://transfer.cpc.unc.edu/themes/cash-plus-programmes/>.

70 Cluver, L., et al. (2021). 'Effectiveness of cash-plus programmes on early childhood outcomes compared to cash transfers alone: A systematic review and meta-analysis in low- and middle-income countries', Plos Medicine, 10(37). Available here: <https://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1003698>.

71 UNICEF (2023). What Works to Improve Outcomes for Children? Accessed: 12.01.2024. Available here: [https://www.unicef-irc.org/publications/pdf/What\\_Works\\_to\\_Improve\\_Outcomes\\_for\\_Children.pdf](https://www.unicef-irc.org/publications/pdf/What_Works_to_Improve_Outcomes_for_Children.pdf).

72 Ibid.

73 UNICEF (n.d.). Social and Behavior Change Communication, accessed : 30th January 2024. Available here : <https://www.sbcguidance.org/understand/social-and-behavior-change-communication>.

74 Ibid.

75 Ibid.

**There are various ways to support beneficiaries in accessing services.** This can be done explicitly, through including beneficiaries in microcredit schemes, or waiving tuition fees to improve education outcomes.<sup>76</sup>

It can also entail the facilitation of linkages to services. In resource-constrained environments, this can include community-based group referrals or the establishment of non-punitive co-responsibilities.<sup>77</sup> When systems are more advanced, a functioning Management Information System (MIS) can ensure that linkages to services happen on a large scale.<sup>78</sup> An MIS increases efficiency in targeting, improves coordination across schemes, and improves fraud management.<sup>79</sup> A well-trained social service workforce is also essential, as case management can help identify the needs of program participants and facilitate links accordingly.<sup>80</sup> However, this is resource-intensive and is often only applicable to well-established systems.<sup>81</sup>

**The benefits of cash-plus programs are substantial and varied.** Desk-based research highlighted the significant benefits associated with cash-plus programmes, detailed in the accompanying table. Following this desk-based review, the team determined that there was enough evidence to model the impacts of cash-plus on:

- Exclusive breastfeeding
- Handwashing with soap
- Moderate Acute Malnutrition (MAM)
- Birth rates in healthcare facilities
- Enrolment in primary school

This comprehensive evidence facilitated the execution of the Investment Case. For a more detailed overview of the evidence, please refer to Section 3.

**Table 4: Benefits Accrued from Cash-Plus Programs**

Benefit	Number of Studies with the Benefit
Poverty Reduction and Increased Consumption	2
Reduction in Child Stunting	9
Improved Nutrition	7
Antenatal Care	3
Exclusive Breastfeeding	5
School Attendance	3
Increased Number of Births in Healthcare Facilities	8



Poverty Reduction and Increased Consumption



Reduction in Child Stunting



Improved Nutrition



Antenatal Care



Exclusive breastfeeding



School Attendance



Increased Number of Births in Healthcare Facilities

76 Abdulai, A-G. et al. (2017). How to make 'cash plus' work: linking cash transfers to services and sectors (UNICEF Office of Research-Innocenti: Florence) accessed: 20th December 2023. Available here: <https://pnin-niger.org/pnin-doc/web/uploads/documents/30/Doc-20191007-160858.pdf>. And Devereux, S. and Sabates, R. (2016). Enhancing the Productive Capacity of Extremely Poor People in Rwanda: Final Evaluation Report. Brighton: Centre for Social Protection, Institute of Development Studies.

77 Ibid.

78 Ibid. Barca, V., and Chirchir, R. (2014). Single registries and integrated MISs: De-mystifying data and information management concepts. Australian Government Department of Foreign Affairs and Trade: Barton, Australia.

79 Ibid.

80 Ibid.

81 Ibid.

Finally, it should be noted that cash-plus programmes can be designed in such a way that increases the likelihood that benefits will be realised. There are several key design features that should be considered when contemplating a cash plus program.

- **Transfer Size:** To optimize impact, it is imperative that the size of the cash transfer is taken into consideration. Larger transfers tend to optimize benefits; however, this can come at the cost of coverage or duration.<sup>82</sup> The section below details this research's approach to the value of cash transfers.
- **Regular Transfers:** Regular and contextually targeted transfers enhance programme effectiveness, ensuring sustained positive outcomes.<sup>83</sup>
- **Targeting Younger Children:** Studies indicate that focusing on younger children, particularly those aged 0-2, maximise the programme's impact.<sup>84</sup>

## 1.4. THE ADEQUACY OF CASH TRANSFERS

The efficacy of cash transfer programs is a subject of considerable debate, with the adequacy of these transfers being a focal point of discussion. The effectiveness of cash transfers is influenced by various factors, including the amount provided, which can vary significantly across different contexts. Assessing what qualifies as an 'adequate' cash transfer involves considerations such as household income, food scarcity within households, and overall household expenditures.<sup>85</sup> Furthermore, it is crucial to factor in minimum country income standards, such as the national poverty line or minimum wage, and compare these against values applicable to different segments of the eligible population.<sup>86</sup> The primary objective of cash transfers is to bridge the gap between these benchmarks, taking into account market prices in diverse countries, as well as the size and composition of households.<sup>87</sup> Larger households or those with non-working members, such as individuals with disabilities or children, may require greater support.<sup>88</sup>

There have been efforts to establish a universal framework for assessing the value of cash transfers. Davis and Handa from the Transfer Project advocate for considering the transfer as a percentage of consumption within the target population.<sup>89</sup> They propose a critical threshold of 20%, emphasizing that benefits are fully realized when the program transfers at least this proportion of pre-program household consumption.<sup>90</sup> Their research suggests that transfers exceeding this threshold are more likely to yield substantial impacts. Alternatively, determining the value of a cash transfer as a percentage of the poverty line, for instance, 20% or 40%, is another approach.<sup>91</sup> Reaching the poverty line ensures families can meet minimum food consumption and cover non-food essentials, with the transfer designed to bridge the gap between the poverty line and the average income or consumption of beneficiaries, typically derived from national surveys.<sup>92</sup>



The **primary objective of cash transfers** is to bridge the gap between these benchmarks, taking into account market prices in diverse countries, as well as the size and composition of households.<sup>87</sup>

82 Davis, B and Handa, S. (2015). How Much Do Programmes Pay?, accessed: 18.01.2024. Available here: <https://www.unicef-irc.org/publications/pdf/RESEARCH-BRIEF-2015-1.pdf>.

83 Ibid.

84 Groot, R., et al. (2015). *Cash Transfers and Child Nutrition: What We Know and What We Need to Know*, (Office of Research Working Papers: UNICEF), accessed: 18th December 2023. Available here: [https://www.unicef-irc.org/publications/pdf/Social%20protection%20and%20nutrition\\_layout.pdf](https://www.unicef-irc.org/publications/pdf/Social%20protection%20and%20nutrition_layout.pdf).

85 CalpNetwork (2020). Determining the Value of Cash Transfers – Preliminary Insights from LIME, accessed: 18.01.2024. Available here: <https://www.calpnetwork.org/wp-content/uploads/2020/01/determining-the-value-of-cash-transfers-2.pdf>.

86 Carraro, L. (2020). Transfer Values – how much is 'enough?', accessed: 18.01.2024. Available here: <https://socialprotection.org/discover/blog/transfer-values-%E2%80%93-how-much-%E2%80%98enough%E2%80%99-part-1>

87 Ibid.

88 Ibid.

89 Davis, B and Handa, S. (2015). How Much Do Programmes Pay?, accessed: 18.01.2024. Available here: <https://www.unicef-irc.org/publications/pdf/RESEARCH-BRIEF-2015-1.pdf>.

90 Ibid.

91 Ibid.

92 Ibid.

**Considering the value of a cash transfer involves navigating the delicate balance between adequacy and program coverage, particularly in situations with limited fiscal space.**<sup>93</sup> Programs must weigh the decision to cover more individuals against providing higher-value transfers.<sup>94</sup> The program's objectives play a pivotal role, as specific objectives may necessitate higher-value transfers compared to programs aiming to alleviate the financial burden of a larger group.<sup>95</sup> Additionally, the duration of the program is a crucial consideration, with some arguing in favor of smaller, regular transfers over an extended period to assist families in long-term planning.<sup>96</sup>



The **duration of the program** is a crucial consideration, with some arguing in favor of smaller, regular transfers over an extended period to assist families in long-term planning.<sup>96</sup>

**In the context of the research, careful considerations were made to address fiscal constraints across selected countries.** A 'realistic' Scenario A was devised, focusing on scaling up coverage to a smaller number of people while proposing a scenario feasible in the near future. In this scenario, the decision was made to maintain the cash transfer value at the current program level. This choice aimed to maximize scalability while ensuring financial proposals align with the current fiscal space of the countries involved. Conversely, Scenario B, designed as a more optimistic scenario, still does not consider the adequacy of cash transfers – although a third scenario does. In this third scenario, the model proposes transfers of at least 30% of the international poverty line.<sup>97</sup> Adjustments were made for countries where the current transfer value did not meet this criterion, while countries already meeting the threshold saw no changes in value.

## 1.5. TARGETING

**Efficient targeting constitutes a pivotal element in the implementation of cash transfer programs.** The following section provides an overview of potential targeting methodologies for cash-plus programmes. While this list is not exhaustive, it covers the most commonly used targeting approaches in the developing world. When considering the scale-up of a programme, or targeting designs, it is imperative that cost-efficiency, programme objectives, and the local community context are all considered.

**Compared to the high costs and significant targeting errors associated with Proxy Means Testing (PMT), universal cash transfers can reap significant returns.** Generally, evidence indicates that universal programs exhibit superior efficacy in reaching eligible individuals and are often more politically feasible.<sup>98</sup> Conversely, targeting methods tend to incur substantial costs and are often associated with notable inclusion and exclusion errors.<sup>99</sup> These considerations carry more significance when contemplating the universal coverage of specific groups, such as children at a heightened risk of poverty, where early adversity can significantly shape their lifelong outcomes.

93 CalpNetwork (2020). Determining the Value of Cash Transfers – Preliminary Insights from LIME, accessed: 18.01.2024. Available here: <https://www.calpnetwork.org/wp-content/uploads/2020/01/determining-the-value-of-cash-transfers-2.pdf>. and Carracro, L. et al. (2021). Transfer Values: How Much is Enough? Balancing social protection and humanitarian considerations, accessed: 18.01.2024. Available here: [https://socialprotection.org/sites/default/files/publications\\_files/Transfer%20Values\\_How%20Much%20Is%20Enough\\_Balancing%20social%20protection%20and%20humanitarian%20considerations%20%281%29.pdf](https://socialprotection.org/sites/default/files/publications_files/Transfer%20Values_How%20Much%20Is%20Enough_Balancing%20social%20protection%20and%20humanitarian%20considerations%20%281%29.pdf).

94 Ibid.

95 Carraro, L. (2020). Transfer Values – how much is 'enough?', accessed: 18.01.2024. Available here: <https://socialprotection.org/discover/blog/transfer-values-%E2%80%93-how-much-%E2%80%98enough%E2%80%99-part-1>

96 Ibid.

97 This benchmark was selected following a desk-based review. Across the literature different benchmarks are proposed for the what an 'adequate' cash transfer looks like. Around 30% of the poverty was line accepted across different papers and it was also deemed to be not-so optimistic that it would be unaffordable. The international poverty line was chosen as national poverty lines were sometimes very outdated and also to provide more comparison across countries. Sources: <https://cdn.odi.org/media/documents/4612.pdf>. <https://socialprotection.org/discover/blog/transfer-values-%E2%80%93-how-much-%E2%80%98enough%E2%80%99-part-1>. [https://socialprotection.org/sites/default/files/publications\\_files/Transfer%20Values\\_How%20Much%20Is%20Enough\\_Balancing%20social%20protection%20and%20humanitarian%20considerations%20%281%29.pdf](https://socialprotection.org/sites/default/files/publications_files/Transfer%20Values_How%20Much%20Is%20Enough_Balancing%20social%20protection%20and%20humanitarian%20considerations%20%281%29.pdf).

98 Greenstein, R. (2022). Targeting vs. Universalism, and Other Factors That Affect Social Programs' Political Strength and Durability, (The Hamilton Project and Economic Studies: The Brookings Institution).

99 Harvey, B. (2014). Universalism – the preferred and most effective option, accessed: 21st December. Available here: <https://knowledge.barnardos.ie/server/api/core/bitstreams/97bda806-c0ef-45e3-9abc-df8c5d46e8a7/content#:~:text=There%20is%20compelling%20evidence%20that,and%20public%20services%20for%20children.>

100 Ibid.

**Universal targeting is more likely to lead to sustained redistribution and greater financial returns over time.**<sup>100</sup> In large part, this is because these programs reach more people who benefit from increased investments in social protection. The full realization of the benefits associated with universal targeting does not happen overnight; however, in the long term, this level of investment can be significantly cost-effective. When it is also considered that universal targeting is likely to be more politically viable which also increases its likelihood of longevity, the benefits of universal targeting become more apparent.<sup>101</sup>

**It is not always possible to rely on self-reported information on income to target the poor, especially in developing countries.** It is very challenging for governments to observe earnings for many people working in the informal labor market.<sup>103</sup> This means that were income to be used as the sole mechanism for targeting transfers, governments would be completely reliant on self-reported findings due to their limited oversight of the informal labor market. Concerns arise that relying solely on self-reported income for program eligibility may lead to ineligible individuals claiming benefits without adequate incentives for accuracy.<sup>104</sup>

**To address these challenges, most developing countries adopt a combination of three targeting options:** using easily observable household characteristics, leveraging self-selection, and utilizing community information, either independently or in tandem.<sup>105</sup>

**PMT, based on fixed characteristics or tags, is a common method of targeting.** PMT attempts to predict a household's level of income and uses this to target the poorest in society.<sup>106</sup> It utilizes indicators such as housing type or ownership of items like televisions to estimate household income.<sup>107</sup> Researchers often derive indicators for PMT statistical analysis conducted from household surveys.<sup>108</sup> PMT is widely employed as a targeting method in numerous countries; proponents argue for its accuracy in targeting the most vulnerable when universal targeting is not possible.<sup>109</sup> However, the predicted poverty scores produced by the assessment model are imperfect, and as such, PMT is susceptible to significant exclusion and inclusion errors, with reported exclusion errors reaching as high as 93%. Infrequent data collection compounds the challenges as cost considerations result in less frequent household surveys, thereby limiting the ability to challenge inclusion or exclusion.<sup>110</sup> Moreover, particularly relevant for this project, PMT is rarely child-sensitive. It often hides multidimensional poverty as it struggles to identify between households who are poor and those who are very poor.<sup>111</sup>



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101 Ibid.

102 Banerjee, A., et al. (2022). Social Protection in the Developing World accessed: 20th December 2023. Available here: [https://scholar.harvard.edu/files/remahanna/files/220919\\_social\\_protection\\_review\\_manuscript.pdf](https://scholar.harvard.edu/files/remahanna/files/220919_social_protection_review_manuscript.pdf).

103 Ibid.

104 Ibid.

105 Bailey-Athias, D., Gelders, B., and Kidd, S. (2017). Exclusion by design: An assessment of the effectiveness of the proxy means test poverty targeting mechanism, accessed: 20th December 2023. Available here: <https://www.developmentpathways.co.uk/wp-content/uploads/2017/03/Exclusion-by-design-An-assessment-of-the-effectiveness-of-the-proxy-means-test-poverty-targeting-mechanism-1-1.pdf>.

106 Banerjee, A., et al. (2022). Social Protection in the Developing World accessed: 20th December 2023. Available here: [https://scholar.harvard.edu/files/remahanna/files/220919\\_social\\_protection\\_review\\_manuscript.pdf](https://scholar.harvard.edu/files/remahanna/files/220919_social_protection_review_manuscript.pdf).

107 Ibid.

108 Bailey-Athias, D., Gelders, B., and Kidd, S. (2017). Exclusion by design: An assessment of the effectiveness of the proxy means test poverty targeting mechanism, accessed: 20th December 2023. Available here: <https://www.developmentpathways.co.uk/wp-content/uploads/2017/03/Exclusion-by-design-An-assessment-of-the-effectiveness-of-the-proxy-means-test-poverty-targeting-mechanism-1-1.pdf>.

109 Ibid.

110 Ibid.

111 Tasker, M. (2018). Poor Proxies for Poverty: The Problems of Rationing Benefits Through Poverty-Targeting, accessed: 12.01.2024. Available here: <https://www.savethechildren.org.uk/blogs/2018/poor-proxies-for-poverty-the-problems-of-rationing-benefits-through-poverty-targeting>.

**PMT has also been criticized for being administratively cumbersome and costly.**<sup>112</sup> An ILO review from 2017 concluded that universal schemes had the lowest average administrative costs, at just 2.5% of the total program costs.<sup>113</sup> In comparison, the administrative costs of targeted programs averaged 11%.<sup>114</sup> Moreover, to try and counteract errors PMT generates, additional variables are often included, aiming to make PMT as accurate as possible.<sup>115</sup> However, this pushes costs even higher.<sup>116</sup> To generate a 'as close-to-perfect as possible individual means-test' could raise costs by as much as a third.<sup>117</sup> Additional options such as on-demand surveys are utilized to reduce costs, but this often results in higher exclusion errors.<sup>118</sup> Moreover, these approaches can remain expensive, Kenya's HSNP program cost US \$10 million to survey just 280,000 households.<sup>119</sup> The high administrative costs associated with PMT mean

that it is rarely a viable financial option for governments. Often PMT is funded by donor support, and it is challenging for governments to take ownership of those costs.<sup>120</sup> While the initial costs may be high, universal targeting generates increased financial returns which can boost budgets for social protection programs, PMT does not have the same opportunities.

Due to the **high administrative costs associated with PMT**, for many countries the gap between funding universal social protection systems and means-tested systems is small.

**The economic argument for proxy-means testing is weak.** Due to the high administrative costs associated with PMT, for many countries the gap between funding universal social protection systems and means-tested systems is small. It was noted that for the 100 countries with social protection floor gaps of less than 3% of GDP, the average difference between funding universal or means-tested schemes

would be less than 1.5%.<sup>121</sup> A third of these costs could be returned through proper tax systems.<sup>122</sup> When the increased financial returns from universal targeting are considered, the argument for funding PMT can be questioned.

**Finally, the social costs of PMT can be high.** Evidence suggests that PMT can often exacerbate or create social tensions.<sup>123</sup> This is particularly true due to the high error rate associated with PMTs, often families of very similar economic backgrounds will find them included or excluded from programs in equal measure.<sup>124</sup> Often communities push back against PMT's definition of who is most vulnerable, especially if it contradicts social and cultural norms.<sup>125</sup>

**Categorical targeting involves selecting beneficiaries for a program based on observable characteristics or geographical location.** One of the benefits of categorical targeting is that it does not require a large amount of data collection, reducing some administrative costs.<sup>126</sup> It can also be useful if a program has a specific objective, such as improving nutrition outcomes for children under 5. Often targeting based on

112 For example, an ILO review concluded that the universal schemes reviewed had the lowest average administrative costs at 2.5% of total program costs, whereas administrative costs of targeted programs averaged 11% (Ortiz, Durán-Valverde, Pal, Behrendt, & Acuña-Ulate, 2017).

113 Behrendt, C., et al. (2017). Universal Social Protection Floors: Costing Estimates and Affordability in 57 Lower Income Countries, accessed:19.01.2024. Available here: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---soc\\_sec/documents/publication/wcms\\_614407.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_614407.pdf).

114 Ibid.

115 Brown, C., et al. (2016). A Poor Means Test? Econometric Targeting in Africa accessed: 19.01.2024. Available here: <https://examplewordpresscom61323.files.wordpress.com/2015/12/poor-means-test1.pdf>.

116 Australian Agency for International Development (2011). Targeting the Poorest: An assessment of proxy means test methodology, accessed: 19.01.2024. Available here: <https://sohs.alnap.org/system/files/content/resource/files/main/targeting-poorest.pdf>.

117 Cichon, M. (2018). Proxy means testing: failing both the economics test, and the rights test? Accessed: 27.02.2024. Available here: <https://www.developmentpathways.co.uk/blog/proxy-means-testing-failing-economics-test-well-rights-test/>.

118 Ibid.

119 Athias, D., Kidd, S. (2019). Hit and Miss: An assessment of targeting effectiveness in social protection. Accessed: 27.02.2024. Available here: <https://www.developmentpathways.co.uk/wp-content/uploads/2019/03/Hit-and-Miss-March13-1.pdf>.

120 Banerjee, A., et al. (2022). Social Protection in the Developing World accessed: 20th December 2023. Available here: [https://scholar.harvard.edu/files/remahanna/files/220919\\_social\\_protection\\_review\\_manuscript.pdf](https://scholar.harvard.edu/files/remahanna/files/220919_social_protection_review_manuscript.pdf).

121 Cichon, M. (2018). Proxy means testing: failing both the economics test, and the rights test? accessed: 27.02.2024. Available here: <https://www.developmentpathways.co.uk/blog/proxy-means-testing-failing-economics-test-well-rights-test/>.

122 Ibid.

123 Australian Agency for International Development (2011). Targeting the Poorest: An assessment of proxy means test methodology, accessed: 19.01.2024. Available here: <https://sohs.alnap.org/system/files/content/resource/files/main/targeting-poorest.pdf>.

124 Ibid.

125 Ibid.

126 Cirillo, C., et al. (2017). 'Targeting Social Protection and Agricultural Interventions – The Potential for Synergies', IPC-IG Working Paper.

an observable characteristic, and targeting based upon geographic location are combined, particularly if budgets are tight. Categorical targeting allows governments to work in constrained fiscal space without accruing the significant administrative costs associated with PMT.

**Self-selection is another form of targeting, putting additional onus on the beneficiary.** Self-selection requires beneficiaries to comply with specific rules, acting as a mechanism for opting in.<sup>127</sup> This could include buying certain food, living in certain places, or, most commonly, working in exchange for payments.<sup>128</sup> Nonetheless, this may impose substantial costs on the poor, such as waiting in lines or engaging in undesirable work. A key question to consider is whether the costs to the poor are outweighed by the scope of providing more aid.<sup>129</sup> Recent studies have suggested that it may be possible to achieve gains from self-selection while reducing the costs for the beneficiary.<sup>130</sup>

**Another option involves inviting beneficiaries to enroll in the program.** While programs may introduce an additional screening mechanism, such as PMT, post-application, this approach carries the risk of discouraging ineligible individuals from applying.<sup>131</sup> Another consideration is that beneficiaries rely on their own assessments of the screening process and their knowledge of income levels to determine the worthiness of applying.<sup>132</sup> If beneficiaries possess imperfect information about the screening process, their decision to apply or not may inadvertently reveal private information to the government. Consequently, this contributes to a decrease in inclusion errors within the PMT system.



Frequently, organizations employ **community-information targeting**. This approach is based on the presence of local information regarding poverty levels that conventional data may not easily capture.<sup>137</sup>

**Frequently, organizations employ community-information targeting.**

This approach is based on the presence of local information regarding poverty levels that conventional data may not easily capture.<sup>133</sup> While concerns exist regarding elite capture, where local leaders might unduly favor themselves or their close associates, this method also holds the potential for increased political viability.<sup>134</sup> It directly addresses the core of how a community defines poverty and who is considered impoverished.

**Determining the appropriate targeting tool is a critical element of a cash-plus program, and the optimal choice varies across countries.** When selecting a targeting approach, it is important to consider several factors, including the available funds, program objectives, implementer capacity, and, notably, the preferences of the local community. While PMT targeting has demonstrated success in identifying lower per-capita consumption, its implementation can be expensive.<sup>135</sup> Moreover, inconsistencies between local perceptions of disadvantaged families and the criteria used in testing may lead to social conflicts.<sup>136</sup> Often, categorical targeting is more effective, especially if a program has specific objectives.

**Self-selection and community-based targeting localize a programme.** These targeting types empower individuals, but the associated costs for beneficiaries are often substantial, and there is evidence of potential “elite capture.”<sup>137</sup> Concerns also arise regarding whether the selection process aligns with the program’s

127 Banerjee, A., et al. (2022). Social Protection in the Developing World, accessed: 20th December 2023. Available here: [https://scholar.harvard.edu/files/remahanna/files/220919\\_social\\_protection\\_review\\_manuscript.pdf](https://scholar.harvard.edu/files/remahanna/files/220919_social_protection_review_manuscript.pdf).

128 Ibid.

129 Ibid.

130 Ibid.

131 Ibid.

132 Ibid.

133 Ibid.

134 Ibid.

135 Ibid.

136 Bailey-Athias, D., Gelders, B., and Kidd, S. (2017). Exclusion by design: An assessment of the effectiveness of the proxy means test poverty targeting mechanism, accessed: 20th December 2023. Available here: <https://www.developmentpathways.co.uk/wp-content/uploads/2017/03/Exclusion-by-design-An-assessment-of-the-effectiveness-of-the-proxy-means-test-poverty-targeting-mechanism-1-1.pdf>.

137 Banerjee, A., et al. (2022). Social Protection in the Developing World, accessed: 20th December 2023. Available here: [https://scholar.harvard.edu/files/remahanna/files/220919\\_social\\_protection\\_review\\_manuscript.pdf](https://scholar.harvard.edu/files/remahanna/files/220919_social_protection_review_manuscript.pdf).

objectives, especially if the local community has differing views on deserving recipients.<sup>138</sup> Categorical targeting can often work as community-based targeting, in helping programs identify which groups might be the most vulnerable. This concept can mean different things in different contexts.

**A successful targeting approach prioritizes local context, recognizing that community support is integral to program success.** The chosen targeting strategy must align with the community's perception of who is "deserving," which may not always correlate with low-income status.<sup>139</sup> This consideration becomes even more crucial as donors aim to shift financial responsibility to national or local governments.<sup>140</sup> Investing significant time in understanding local contexts is imperative during the design of targeting approaches to ensure their effectiveness and community acceptance.<sup>141</sup>



**Often, a combination of categorical targeting and/or community-based targeting is a reasonable approach.** When universal targeting is not feasible, both methods provide a cost-effective way of determining vulnerable groups in a given society. They also allow room for the different needs of

**Young children (in most cases those aged 0-6)** have been selected due to the importance of the early years. Given that, due to constrained fiscal space, it is not always possible to scale programs up to cover all children under 6, this research has also utilized geographical targeting.

communities and can recognize that the definition of vulnerability can often look very different. Categorical targeting can be a useful, cost-effective tool, particularly if the program has specific objectives. Utilizing community-based targeting alongside this is also important, as it ensures that local contexts are taken into consideration.

**This investment case focuses on categorical targeting as the chosen targeting method.** In part, this is due to the focus on CSSP, thus making it necessary to identify children as the chosen category. Young children (in most cases those aged 0-6) have been selected due to the importance of the early years. Given that, due to constrained fiscal space, it is not always possible to scale programs up to cover all children under 6, this research has also utilized geographical targeting. Geographical targeting has focused more on the program objectives

but generally is focused on areas with high rates of poverty among children, or other socioeconomic indicators such as stunting. In the event that the application of this targeting remains too ambitious, the final layer of targeting narrows the age range of the children down to 0-2. This age range has been selected due to the importance of the first 1,000 days within the early years of a child.<sup>142</sup> The Investment Case has also taken cognizance of each program's targeting approach and utilized that in the first instance. Some of the programs modeled in this study focus only on children aged 0-2, in those scenarios, the report has also utilized this same approach to targeting.

## The inclusion of refugees and other vulnerable groups

**Ensuring social protection systems are inclusive is imperative.** The inclusion of refugees into government-funded social protection schemes can be challenging, as often national forms of identification are required to be included in the program. While legal coverage of social protection to migrants, refugees and asylum seekers is guaranteed by law in many countries, enacting these laws to ensure coverage is often very challenging.<sup>143</sup> The inclusion of refugees and asylum seekers into national social protection systems has the potential to cause political challenges, especially if the longevity of refugees and asylum seekers staying in one place is a source of contention.<sup>144</sup> Moreover, refugees sometimes require specialized support, especially given the trauma that is often experienced before people arrive somewhere safer. If financial resources are scarce, governments will prioritize national citizens as a priority, meaning that refugees and asylum seekers are often the first to be excluded.<sup>145</sup>

138 Ibid.

139 Pruce, K. (2022). 'The Politics of Who Gets What and Why: Learning from the Targeting of Social Cash Transfers in Zambia' *The European Journal of Development Research* 35(1), accessed: 20th December 2023. Available here: <https://link.springer.com/article/10.1057/s41287-022-00540-2>.

140 Ibid.

141 Ibid.

142 UNICEF (2017). First 1000 Days, accessed: 18.01.2024. Available here: <https://www.unicef.org/southafrica/media/551/file/ZAF-First-1000-days-brief-2017.pdf>.

143 UNHCR (2021). Inclusion of Refugees in Government Social Protection Systems in Africa, accessed: 27.02.2024. Available here: <https://www.unhcr.org/sites/default/files/legacy-pdf/61bb42624.pdf>.

144 Ibid.

145 Ibid.

**Controversy sometimes exists around who is responsible for the care of refugees.** Often, humanitarian actors take responsibility for social protection for refugees, leading to the creation of two separate social protection systems in countries with significant refugee populations. Integrating refugees into national social protection systems can be a sustainable and cost-effective way to provide greater support to a larger number of people, however, it can be difficult to enact.<sup>146</sup> The support received by refugees and asylum seekers can be considered as humanitarian assistance, provided in the short term to populations affected by crises.<sup>147</sup> The protracted nature of refugee crises means that this approach is often not effective.<sup>148</sup>

**Social protection for refugees and asylum seekers illustrates the nexus between humanitarian assistance and mainstream social protection.** Humanitarian assistance can provide support very quickly and is designed to work in the crisis.<sup>149</sup> Social protection systems, especially those run by governments, usually have a larger reach and can be more cost-effective. When they work in silos, there is a risk that two separate systems will develop, iterating the importance of a unified approach.<sup>150</sup> Different countries have different ideas around who should receive humanitarian assistance vs national social protection programming, causing further complications. Coordinating humanitarian and social protection programming can enhance coverage, adequacy, and comprehensiveness of responses. There is also scope for humanitarian actors to support the inclusion of vulnerable groups into government-led programs, such as refugees and asylum seekers.<sup>151</sup> The coordination of systems would enable refugees and asylum seekers to access a range of support more effectively, rather than having to duplicate information across different agencies or service providers.<sup>152</sup>



In inclusion of certain **vulnerable groups**, such as refugees and asylum seekers, into national social protection systems is an incredibly important one. However, it is also an area that requires further research and analysis.

**In inclusion of certain vulnerable groups, such as refugees and asylum seekers, into national social protection systems is an incredibly important one.** However, it is also an area that requires further research and analysis. Considering how best to ensure the inclusion of everyone into national social protection programs will involve close coordination between humanitarian assistance and national social protection programs. Unfortunately, it was largely out of the scope of this work to consider the inclusion of refugees and asylum seekers, and as such, this study has focused on scaling up CSSP to those already included in social protection systems. Nonetheless, it is also important to note that the benefits from social protection programs can have far-reaching implications, often benefitting the wider community outside of direct beneficiaries.

**Once the general parameters of the Investment Case had been decided, the team focused on determining the package of interventions and understanding the individual country contexts.**

146 ILO (n.d.). Social Protection, accessed: 27.02.2024. Available here: <https://www.ilo.org/global/programmes-and-projects/prospects/themes/social-protection/lang--en/index.htm>.

147 Ibid.

148 Seyfert, K., and Quarterman, L. (2021). Social protection for migrants and refugees, accessed: 27.02.2024. Available here: [https://socialprotection.org/sites/default/files/publications\\_files/SPACE\\_Social%20protection%20for%20migrants%20and%20refugees.pdf](https://socialprotection.org/sites/default/files/publications_files/SPACE_Social%20protection%20for%20migrants%20and%20refugees.pdf).

149 UK Aid (2020). Identifying Practical Options for Linking Humanitarian Assistance and Social Protection in the COVID-19 Response, accessed: 27.02.2024. Available here: [https://socialprotection.org/sites/default/files/publications\\_files/SPACEI-1.PDF](https://socialprotection.org/sites/default/files/publications_files/SPACEI-1.PDF).

150 Ibid.

151 Ibid.

152

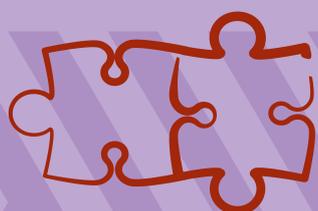
# 2. METHODS

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This section of the report outlines the approach and methodology that have been applied to this study. Firstly, the process of case study selection is outlined, describing how the countries and programmes of focus were identified.

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## 2. METHODS

This section of the report outlines the approach and methodology that have been applied to this study. Firstly, the process of case study selection is outlined, describing how the countries and programmes of focus were identified. Secondly, the discussion of data collection which includes the identification of key literature and stakeholders. Third, data analysis is discussed, with analytical procedures for the cost-benefit analysis and fiscal space analysis outlined in turn.

### 2.1. CASE STUDY SELECTION

Selecting countries and programmes of inquiry constituted the initial step of the study.

**Table 5: Country Selection Criteria**

Country	IMF WEO data availability <sup>153</sup>	Cash transfer impact studies <sup>154</sup>	CSSP intervention maturity <sup>155</sup>	Level of donor support (percentage of total expenditure)	Food Security Index Score <sup>156</sup>	Fragile States Index Score <sup>157</sup>	Poverty headcount ratio (%) <sup>158</sup>	Population aged 0 - 14 (%) <sup>159</sup>
Zambia	√	2	Fragmented	30%	43.5	81.8	61.4	43
Somalia <sup>160</sup>	X	0	Nascent	100%	N/A	111.9	73 <sup>161</sup>	47
Malawi	√	5	Fairly integrated	94%	48.1	83.2	70.1	43
Uganda	√	3	Fragmented	84%	47.7	91.5	42.2	45
Kenya	√	6	Fairly integrated	34%	53	87.8	29.4	38
Ethiopia	√	2	Fragmented	98%	44.5	100.4	27	40
Tanzania	√	2	Fragmented	89%	49.1	76.6	44.9	43

A preliminary evidence review was conducted in the inception phase, which included an overview of the CSSP landscape in each of the seven countries of interest. Several criteria were developed to prioritize countries, and the criteria were presented to Save the Children during a meeting on 25th August to agree on the countries. The table below presents these criteria and the available data points.

153 International Monetary Fund (2023) World Economic Outlook. Available at: <https://www.imf.org/en/Publications/WEO>

154 Studies collated by Genesis in the preliminary evidence review

155 USAID (2023). Available at: [https://pdf.usaid.gov/pdf\\_docs/PA00ZW24.pdf](https://pdf.usaid.gov/pdf_docs/PA00ZW24.pdf)

156 Economist Impact (2022) Global Food Security Index 2022. Available at: <https://impact.economist.com/sustainability/project/food-security-index/>

157 Fragile States Index (2023) Country Dashboard. Available at: <https://fragilestatesindex.org/country-data/>

158 World Bank (2023) Poverty and Inequality Platform. Available at: <https://pip.worldbank.org/>

159 United Nations Population Division (2022). World Population Prospects: 2022 Revision.

160 Somaliland may be treated as a separate country depending on the level of autonomy that is uncovered when assessing further existing CSSP measures.

161 Projection for 2023. Source: World Bank Macro Poverty Outlook (2023). Available at: <https://thedocs.worldbank.org/en/doc/bae48ff2fec5a869546775b3f010735-0500062021/related/mpo-som.pdf>

**The countries that are taken forward are Zambia, Somalia, Malawi, and Uganda.** This selection was based on the criteria developed above and consultations with the client. Save the Children identified Zambia and Somalia as key countries of interest. Zambia has made significant progress in increasing state funding for social protection programs, while Somalia, a conflict-affected country, stands to benefit greatly from well-structured CSSP, which could have a significant impact. Malawi has been selected because it provides a case study in the region of a fairly integrated social protection system; there are a decent number of impact evaluations that have been undertaken in the country; and poverty and food insecurity are high, implying a significant need for increased CSSP. Uganda has been selected given that a good level of data is available, and the need for CSSP is also deemed to be high, with a high proportion of children in the population and a high level of food insecurity. Whilst Kenya was a strong candidate with good data, Uganda was selected over Kenya given the higher rate of food insecurity in Uganda. Given the scale-up potential of each programme, for Somalia two major programmes were selected.

## 2.1.1 Program Selection

**Programmes in each country were then selected according to an additional number of criteria.** CSSP Programmes that were child-sensitive were important, particularly those targeting younger children, given the additional benefits associated with targeting this age group, as discussed in other parts of this report. Programmes with significant scale were also considered favorably, given that these programmes are already established within their respective countries, implying adequate political will for these programmes. Finally, programmes with existing “plus” elements were considered favorably, for example, programmes with an SBCC element, or those that facilitated links to social services. The programmes that were selected are outlined in each respective case study that makes up this report.

### 2.1.1.1 The Conditions for Scaling Up and Benefitting from Cash-Plus Programs

**When contemplating the expansion of CSSP, considering service availability within a country emerges as a crucial factor.** The efficacy of social protection initiatives hinges on the presence of relevant services.

For instance, a cash-plus program emphasizing improved healthcare outcomes can only yield benefits if healthcare facilities exist in the targeted regions. Therefore, when discussing the scale-up of selected programs, the availability of essential services must be a central consideration.



**Mobile transfers** prevent beneficiaries from having to travel very long distances to access funds.<sup>163</sup> They are also able to reach those people who do not have a bank account or access to formal financial institutions.<sup>164</sup>

**Utilizing mobile money transfers presents an efficient and cost-effective avenue for scaling up cash-plus programs.** Mobile transfers are estimated to reduce costs by 20% compared to manual transfers, offering beneficiaries greater awareness of how and where to allocate their funds.<sup>162</sup> Mobile transfers prevent beneficiaries from having to travel very long distances to access funds.<sup>163</sup> They are also able to reach those people who do not have a bank account or access to formal financial institutions.<sup>164</sup> In addition to being more efficient, mobile transfers can be accompanied by SBCC messaging via text or social media, increasing the coverage of critical messages.

**Therefore, an important consideration is whether the services would allow for the scale-up of mobile transfers.** These considerations include how many people have access to a mobile phone and whether network coverage is available. In 2022, 61% of people living in Africa had access to a mobile phone, and 90% were covered by a type of mobile network.<sup>165</sup> Taking into account these considerations on a country-by-country basis is invaluable.

162 Aker, J. C. et al. (2016). 'Payment Mechanisms and Antipoverty Programs: Evidence from a Mobile Money Cash Transfer Experiment in Niger,' *Economic Development and Cultural Change*, 65(1).

163 Hilger, A., et al. (2023). 'Improving the Cash Transfer Process with Mobile Technologies: Lessons from Mali', accessed: 12.01.2024. Available here: <https://blogs.worldbank.org/african/improving-cash-transfer-process-mobile-technologies-mali>.

164 Davidovic, S., et al. (2020). 'You've Got Money: Mobile Payments Help People During the Pandemic', accessed: 12.01.2024. Available here: <https://www.imf.org/en/Blogs/Articles/2020/06/22/blog-you-ve-got-money-mobile-payments-help-people-during-the-pandemic#:~:text=Mobile%20money%20is%20as%20an,customers%20can%20deposit%20or%20withdraw>.

165 International Telecommunication Union (2022). Facts and Figures 2022, accessed: 12.01.2024. Available here: <https://www.itu.int/itu-d/reports/statistics/2022/11/24/ff22-mobile-network-coverage/>.

**The availability of essential services is also paramount.** When considering the scale-up of CSSPs, it is important to consider whether education and health services are available and whether solid food supplies exist in a country. International benchmarks help ascertain service availability. The WHO recommends that a country has 44 doctors, midwives, and nurses per 10,000 people and that universal healthcare coverage should be available for all citizens.<sup>166</sup> Furthermore, regarding food supply, it is recommended that people eat around 0.75g of protein per kilo of body weight each day.<sup>167</sup> This averages out as 45g for a woman and 55g for a man.<sup>168</sup> The cost of a healthy diet is also imperative. The Food Systems Dashboard measures this as values that should be as close to 0 as possible.<sup>169</sup> For example, the cost of a healthy diet in South Africa is 1, whereas in Niger it is significantly more expensive at 4.1.<sup>170</sup>

**A further important measure is the availability of education services.** Enrollment rate into ECE should be as close to 100% as possible, and children should ideally attend for two years before primary education.<sup>171</sup> It is recommended that the pupil-teacher ratio be no higher than 10:1 in ECE and that the pupil-classroom ratio be no higher than 18:1.<sup>172</sup> For the benefits of scaling-up CSSP to be fully realized, it is imperative that service availability is taken into consideration.

**The service availability in each of the chosen countries is explored during the case studies section and influences the assumptions regarding the feasibility of the scale-up proposed under scenario A.**

## 2.2 DATA COLLECTION

**Data collection was necessary to conduct the cost-benefit analysis in the selected four countries.** For the cost-benefit analysis, data on intervention costs, impacts, baseline coverage rates, and respective goals of the interventions are needed. Plans to scale up the interventions were also necessary to help contextualize further plans for scale-up proposed in this study. Data was collected from online sources where available, with data requests being made to Save the Children country office counterparts and relevant programme implementers where data was not readily available. International literature was drawn upon to obtain data on inputs where these are not available after having undertaken data requests. This helped to fill data gaps by referring to the average impacts of effective child welfare programs in the region or the average transfer size that is effective in mitigating child poverty. The discussion of quantitative benefits in the following section of this report provides more information about this literature.



**Data collection** was necessary to conduct the cost-benefit analysis in the selected four countries. For the cost-benefit analysis, data on intervention costs, impacts, baseline coverage rates, and respective goals of the interventions are needed.

**Data was also collected for the fiscal space analysis.** This included budget data for each of the countries that are being studied and related legislation, policies, and strategies related to CSSP. This budget data allowed observation of expenditures on CSSP and existing financial and legislative commitments. On top of the analysis of government data, non-government financing data was gathered to ensure a complete picture of spending on CSSP. For both government and non-government data, efforts were initially made to collect this online, and requests were made to the relevant stakeholders for outstanding data needs. Further desk review was conducted at this stage to better appreciate the level of investment required to adequately and equitably finance CSSP, as well as to understand measures taken to increase the fiscal space for CSSP in each of the priority countries.

166 Lozano, R. (2022). 'Measuring the availability of human resources for health and its relationship to universal health coverage for 204 countries and territories from 1990 to 2019: a systematic analysis for the Global Burden of Disease Study 2019', *The Lancet* 399(10341), accessed: 12.01.2024. Available here: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9168805/>.

167 The British Heart Foundation (n.d.). Protein: what you need to know, accessed: 07.01.2024. Available here: <https://www.bhf.org.uk/information-support/heart-matters-magazine/nutrition/protein#:~:text=Most%20adults%20need%20around%200.75,%2C%20or%2055g%20for%20men.>

168 Ibid.

169 Food Systems Dashboard (2017). Affordability of a healthy diet: ratio of cost to food expenditures, accessed: 12.01.2024. Available here: <https://www.foodsystemsdashboard.org/indicators/affordability-of-a-healthy-diet-ratio-of-cost-to-food-expenditures-co-hd-fexp/map>.

170 Ibid.

171 Aggio, C., et al. (2023). *The Preschool Entitlement: A Locally Adaptable Policy Instrument to Expand and Improve Preschool Education*. (RTI Press Publication: Research Triangle Park).

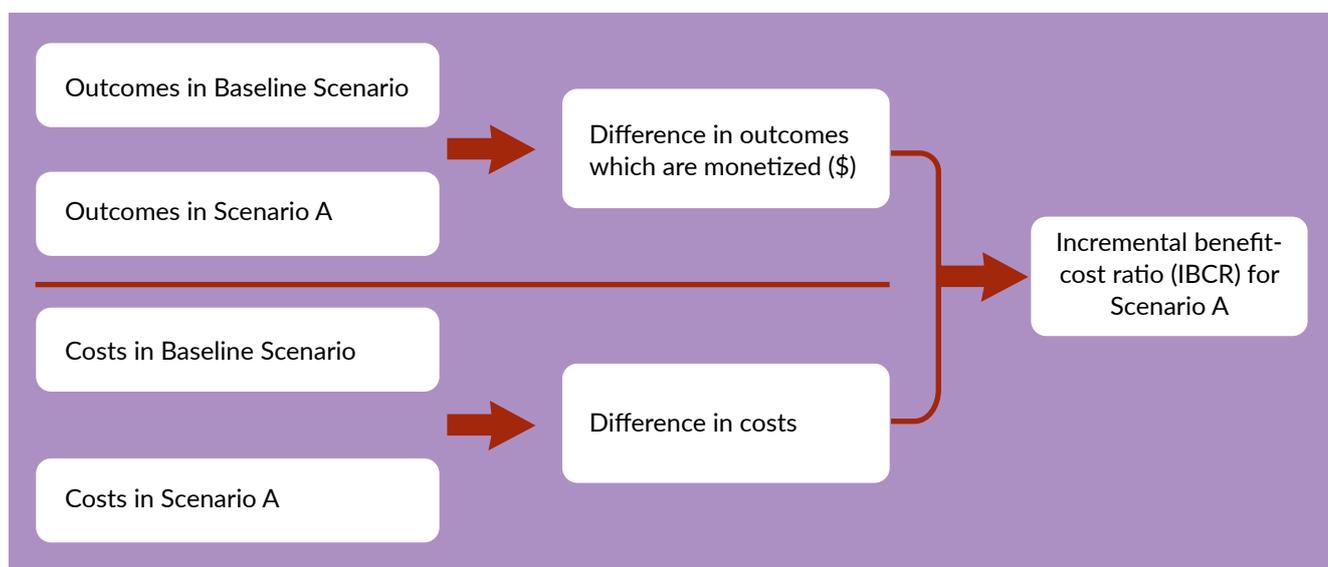
172 Ibid.

## 2.3 DATA ANALYSIS

**A key component of the Investment Case is the cost-benefit analysis (CBA).** A CBA is a method of economic evaluation that involves weighing the direct and indirect positive and negative impacts of an intervention or set of interventions (measured in costs and benefits). The outcome provides clear information to decision-makers on whether the intervention or package of interventions has a net benefit to society and therefore whether it is advisable to fund it.

**Our Investment Case provides the costs and benefits involved in scaling up coverage of the proposed interventions.** The analysis reports on the costs and benefits of each intervention, comparing different scenarios of scale-up, which are further discussed below. Each of these scenarios is also compared to a baseline scenario where the current rates of coverage for all our interventions in the package are not increased over the study time horizon. We then compare all the benefits and costs associated with the baseline scenario to all the benefits and costs associated with a scale-up scenario to obtain 'net' benefits and costs. These 'net' (or incremental) benefits and costs are compared to generate an incremental benefit-cost ratio (IBCR) for that scale-up scenario.

**Table 5: Schematic Representation of a Cost-Benefit Analysis Approach**



**Benefit-cost ratios are provided for a range of scale-up scenarios, over a set time horizon, with a social discounting rate applied.** The rate of coverage for each intervention and the speed at which they are scaled up to that level can vary across scenarios. This is decided in line with the various goals and targets of the relevant programmes in each country. Modeling takes place over a set time horizon with a social discounting rate applied to account for the present value of future returns. In this Investment Case, programs are scaled-up until they reach their maximum coverage in 2030, in line with the SDG target year. Benefits then continue to be accrued after the scale-up has been completed. The longer the time horizon for modeling, the greater the benefits are, given the benefits of interventions targeted at children continue to accrue over the course of their lives. However, the accuracy of projections diminishes over time. Thus, we report outputs up to 2060. A social discount rate (SDR) of 5% is applied to account for the present value of these benefits and report costs and benefits in discounted terms.

**The costing exercise allows for the development of cost-benefit ratios and cost-of-inaction figures for each intervention.** Costs are generated based on data made available about the size of transfers, targeting costs, and the recurrent and capital costs associated with the 'plus' element of the transfer. Where data is not available, assumptions are based on costing data available for other, comparable, programmes. This enables the development of benefit-cost ratios for each intervention. These are derived from total benefits and total costs, which are reported in USD for ease of comparability. Finally, the cost of inaction is reported to get a sense of the opportunity cost associated with not investing in the scale-up of the programmes in each respective country.

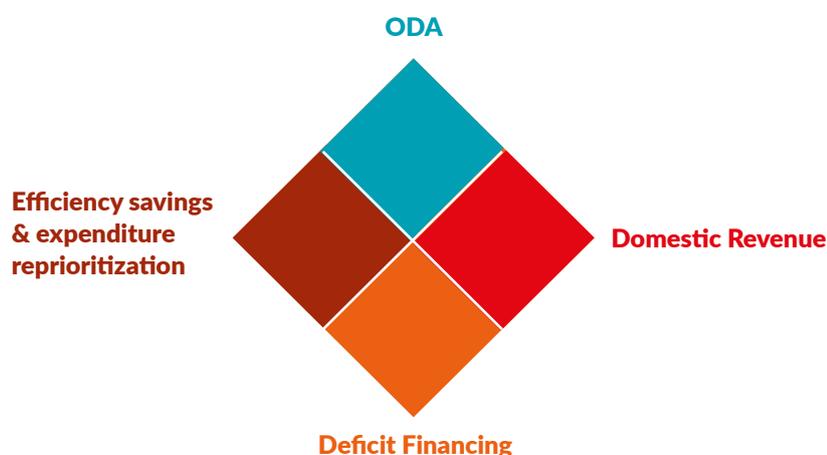
## 2.4 FISCAL SPACE ANALYSIS

### 2.4.1 Introduction

**Fiscal space is a multifaceted term that refers to the capacity of governments to raise revenue and allocate resources across competing priorities.**<sup>173</sup> In a broader sense, fiscal space encompasses a country's economic structure and growth rate, the government's ability to raise revenues, and the social and political choices reflected in resource allocation.<sup>174</sup> These choices are mediated through complex political processes influenced by various institutional interests competing for limited resources. Fiscal space can also be understood narrowly as the potential to increase allocation to a specific sector or set of linked priorities in the short or medium term.<sup>175</sup> In essence, fiscal space relates to governments' ability to undertake discretionary fiscal policy without jeopardizing the fiscal sustainability of the economy.

**Fiscal space analysis (FSA) is an approach that utilizes data and economic projections to model the availability of financial resources within government budgets and compares this with the costs of achieving national targets.** FSA provides evidence-based documentation to support budget negotiations and serves as an advocacy tool for mobilizing wider investment from stakeholders. It highlights financing gaps that may affect the ability of a sector to reach its goals and provides recommendations for different financing options. Fiscal space can be created in a number of ways, most commonly represented by the different corners of a fiscal space diamond. The fiscal space diamond is a framework that consists of four pathways to increase fiscal space; these include domestic revenue mobilization, deficit financing (borrowing), official development assistance (ODA), efficiency savings, and expenditure reprioritization as illustrated in the figure below. There are, however, other financing options that present opportunities for creating fiscal space. These are discussed in more detail in this section of the study.

**Figure 6: Fiscal Space Diamond**



### 2.4.2 Methodology

We use a Financial Programming Framework (FPF) which is a highly effective approach for fiscal space analysis, as it provides a comprehensive and systematic way to assess the interrelationships between the different sectors of the economy. The FPF integrates multiple economic sectors to comprehensively assess a country's fiscal capacity. It helps identify the limits and trade-offs of policy options, guiding informed decisions to optimize fiscal space and ensure macroeconomic stability. The FPF's adaptable, scenario-based approach evaluates the effects of different policies and shocks, aiding policymakers in customizing strategies that enhance fiscal capacity and meet economic goals.

173 Roy, R., & Heuty, A. (2009). *Fiscal Space: Policy Options for Financing Human Development*. Earthscan.

174 Heller, P. S. (2005). *Understanding Fiscal Space*. IMF Policy Discussion Paper, PDP/05/4. Available at: <https://www.imf.org/external/pubs/ft/pdp/2005/pdp04.pdf>

175 Ibid

### The FSA involves three steps:



The needs of the population and national goals will dictate the demands on social sector spending (social protection inclusive), and this leads to the costing side of the analysis. Where available, national costed plans provide the basis for the cost of the targets. Where they are not available, international norms are used.



A historic budget analysis of expenditure for sectors related to social protection is created, highlighting any gaps in budget lines. Using these and any forward-looking expenditure plans for the sectors, we provide a projection of the likely budget allocation to social protection.



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**This allows us to construct a baseline scenario and normative projections of likely fiscal space for social protection allocations.** The scale-up scenario then builds on the findings around the potential for further revenue generation. This relates to the various corners of the fiscal space diamond, i.e., deficit financing, ODA, domestic revenue mobilization, and efficiency savings.

### 2.4.3 Business-as-usual scenario

**The baseline scenario represents the current macroeconomic situation and policy stance.** It's essentially a projection of what would happen if the current trends in social protection expenditure continued, and no significant policy changes were made (the business-as-usual scenario). It constitutes the projections of available resources and resource needs as discussed above. It provides a reference point against which alternative scenarios can be compared. After the baseline scenario, financing options through different corners of the fiscal space diamond are considered.

## 2.4.4 Key Assumptions

**Table 6: Some Key Assumptions**

Indicator (s)	Assumption	
	Current policy	Target policy
<b>Social protection (SP) expenditures</b>	Assumed to remain in effect, with current SP expenditures based on actual expenditure shares of GGE / GDP.	Based on the World Bank estimate of average SSN spending for sub-Saharan African countries (i.e., up to 1.5% of GDP)
<b>Financing options</b>	Current policy	Target policy
<b>Domestic revenue mobilisation</b>	Assumed to remain in effect and revenue estimates (tax / non-tax) are based on actual collections as share of GDP	Based on national domestic revenue mobilisation strategy targets. Where unavailable, the regional sub-Saharan African average of 15% is used to benchmark revenue targets. For Zambia whose average is above 15% and does not have a DRM strategy with targets, the SADC average of about 21% of GDP is used as a benchmark.
<b>Official Development Assistance</b>	Assumed to reduce overtime, with current ODA based on actual on-budget receipts.	Stable and predictable ODA inflows in the medium term
<b>Deficit financing</b>	Current public debt to GDP assumptions pointing to high debt servicing burdens are assumed to hold and hence no further borrowing is proposed.	Based on debt relief and restructuring negotiations and options available to the specific countries and with particular creditors.
<b>Efficiency savings</b>	Not modeled due to data constraints and as well as limited quantifiable evidence related to inefficiency in cash-plus programming and service delivery.	N/A

## 2.4.5 Costing: Resource Needs

**Estimation of resource needs is an essential aspect of a fiscal space analysis as it gives a picture of the financial requirements for attaining policy targets and goals of a sector.** For the fiscal space analysis, we utilize the costing done in the cost-benefit analysis aspect of this study for scaling up cash-plus programs. Where there are gaps in the estimation of costs, we use some international norms and available evidence from sources such as the IMF and insights from national strategy documents to estimate resource needs for social protection relating to social protection.

### TOTAL POPULATION COSTS - INTERNATIONAL COSTING NORMS

A study by the World Bank titled “The State of social safety nets (SSN)” examines global trends in the social safety net/social assistance coverage, spending, and program performance. The scope of social protection in the study includes social safety nets/social assistance (non-contributory), Social insurance (contributory), and Labor market programs (contributory and non-contributory). The study finds that average expenditure on social safety nets i.e., social assistance for developing and transition countries was 1.5% of GDP. Although it is imperfect, this offers some form of a benchmark in estimating what resource needs / requirements look like. In our model, we therefore use this benchmark to estimate what the resource needs for the sector look like and calibrate these for the cash-plus programmes.

## 2.4.6 Elaboration on alternative financing options not modeled

### Efficiency Savings

**Put simply, inefficiency means not making the most of the resources available.** Efficiency savings can be boiled down to achieving one of two things: 1) getting better results with the same amount of investment and 2) achieving the same results with less investment. Enhancing efficiency involves bridging the gap between the current social protection performance and what could be achieved if resources were used more effectively. However, it's not just about cutting costs but also about getting more value from spending and using funds more efficiently in any sector. The primary focus is on getting value for money, which means controlling or reducing expenses without compromising results or, ideally, achieving better results from interventions with the same investment. Efficiency encompasses both the quality and quantity of outputs (like outcomes or services) relative to the input (cost). Another aspect of efficiency involves improving the overall global structure. This would entail Development Partners (DPs) streamlining the delivery of their funds and reporting requirements from recipient countries, reducing duplication.

**There is however little social protection-specific empirical data available that transforms assumptions about efficiencies into financial figures.** Additionally, to credibly analyze efficiency requires heavy reliance on data. For instance, it requires data on a system's current efficiency compared to its potential and a plan to transition toward greater efficiency. For this reason, we do not model the efficiency of the various sectors related to social protection. Further, attaining sectoral efficiency requires a long-term strategy that addresses the unique and sometimes country-specific bottlenecks hampering efficient service delivery in each sector. These may range from Public Financial Management (PFM) related bottlenecks to socio-cultural and political complexities.

### Innovative financing

**Given the small tax base across the countries in this study, innovative finance mechanisms present an important financing option to explore to support social protection initiatives.** Further, as the countries move towards a middle-income status, ODA is likely to become less available in the medium to long-term. However, there is already existing acknowledgment of innovative financing options as being key in the various national development plans and the Integrated National Financing Frameworks of these countries. While these mechanisms offer opportunities for funding from international markets mainly, they come with challenges, such as the need for strong contract management, monitoring, and evaluation. Learning from experiences elsewhere, is therefore crucial in maximizing the potential benefits and minimizing pitfalls of these innovative financing approaches, ensuring transparent agreements, effective oversight, and a strategic approach to social impact. These innovative financing options may among others, include the following:

- **Public-Private Partnerships (PPPs):** PPPs involve collaboration between the government and the private sector to finance and operate projects, potentially improving efficiency and expanding services. The respective national social protection policies of the countries studied here, specify PPPs as a crucial financing option for financing their policy goals.
- **Climate finance or Green Bonds:** Climate finance or Green Bonds are critical tools in financing shock-responsive social protection initiatives. Green Bonds, fixed-income instruments tailored for environmental projects like climate change and WASH initiatives, attract investors committed to sustainability. By issuing Green Bonds, funds are allocated to climate change mitigation, adaptation efforts, and essential water and sanitation programs in climate-vulnerable areas and communities. This strategic allocation of resources bolsters each country's resilience and sustainability while addressing social protection challenges exacerbated by climate shocks. Shock-responsive social protection programs can then be more effectively implemented with these strengthened foundations. These programs provide temporary or long-term assistance to vulnerable populations affected by climate disasters, helping them recover and rebuild their lives.
- **Impact bonds (IBs):** These represent a unique financing mechanism for social protection interventions, relying on private investment to fund upfront costs for service providers who are then held accountable for achieving predetermined outcomes. By aligning incentives between investors, service providers, and outcome payers, such as governments or donors, IBs promote collaboration, innovation, and early intervention strategies while emphasizing measurable results. Despite challenges such as complexity and outcome definition, IBs offer a promising avenue for addressing social issues, provided careful attention is given to contract design, stakeholder relationships, and contextual factors.

## Individual and Employer Contributions

Individual and employer contributions stand as a viable financing option for social protection, with individuals and employers contributing to a collective fund that supports various social welfare programs. However, limitations exist in the context of the highly informal nature of the economies of these countries, where a significant portion of the workforce is working without a proper contract and is not registered with social security. This poses a challenge to the universality and inclusivity of the social protection system, leaving a substantial portion of the workforce without adequate coverage. Additionally, monitoring and enforcement mechanisms remain a challenge in ensuring compliance and broadening the reach of individual and employer contributions for more effective social protection. However, there are key lessons to be learned.

## Leveraging Zakat to finance social protection

The leveraging of Zakat, a mandatory social contribution in Islam rooted in the belief that the affluent have a duty to assist those in need, for financing social protection presents both social and fiscal challenges. Zakat, primarily an Ibadah (worship), aims to alleviate poverty through wealth redistribution and promote social cohesion. A survey in South-central Somalia found that only 33% of households made religious contributions, with an average annual Zakat contribution of \$88. If this trend is mainstreamed, total domestic personal Zakat contributions would be around \$78 million in 2021, equivalent to 1% of GDP, lower than potential contributions in other Organisation of Islamic Corporation (OIC) countries. While international standards support corporate liability for Zakat, its management in Somalia is localized and varied. Many socio-economic challenges in the country make many Somalis ineligible for Zakat. The informal and private nature of Zakat payments in Somalia hinders estimating their actual or potential value. For these reasons along with the lack of concrete and detailed data on Zakat in Somalia, we do not model it in this study.



**Zakat**, primarily an Ibadah (worship), aims to alleviate poverty through wealth redistribution and promote social cohesion.

## A note on tax expenditures

Tax expenditures often granted as preferential tax treatment/incentives pose a significant challenge to revenue mobilization across the region including in the countries under study here. These so-called incentives often include revenue forgone by governments due to preferential tax treatments, exemptions, deductions, and incentives provided to certain sectors, activities, or individuals. The challenge lies in the poor targeting of such incentives, creating significant revenue leakages - undermining the effectiveness of the tax systems. In Uganda for example, tax expenditures were estimated to have amounted to about 1.56% of GDP, in the 2021/22 financial year, representing the spending average for SSA countries on SSN. In other words, this leakage alone could finance the proposed spending on cash-plus programmes for the country.

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# 3 BENEFITS OF CASH-PLUS



This section discusses the various benefits associated with cash-plus programmes globally. The benefits of cash-plus programs centre around poverty reduction and human capital development.



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## 3 BENEFITS OF CASH-PLUS

**This section discusses the various benefits associated with cash-plus programmes globally.** The benefits of cash-plus programs centre around poverty reduction and human capital development. Cash-plus programs are a key driver of poverty reduction both through increased consumption and through improved human development outcomes, which in turn reduce poverty.

The benefits examined in this investment case center on the economic multiplier effect of increased consumption resulting from additional cash, poverty reduction, health, education, and the establishment of a secure and safe environment for children. Accordingly, the initial portion of the document offers insights into the underlying significance of these domains for the well-being and development of children.

**Next, the report explores the quantifiable and qualitative benefits.** Quantifiable benefits are discussed first, including education and health effects, as well as the economic multiplier effect. These benefits are those that are used in our benefit model. A discussion of qualitative benefits follows this, which are also discussed in the context of the relevant case studies that follow. A qualitative discussion around cash-plus programs and poverty reduction, beyond the impacts of increased access to health and educational services and the multiplier effect, comes first. A qualitative discussion around health and education benefits is also included here, in addition to the quantitative elements of health and education. A section on a safe and secure environment is also included in the qualitative section.

**Customization is crucial in designing effective cash plus programs, considering the unique context of each implementation.** This leads to programme variations and, therefore, variations in the outcomes these programmes cause. Nonetheless, if a program focuses on specific benefits, such as nutrition, this is likely to have spillover effects into other parts of development, such as education or social benefits.<sup>176</sup> This is known as the social-education-economy-health nexus.<sup>177</sup> The argument is that healthier citizens are more likely to want to access education, well-educated citizens are more aware of the benefits of healthcare, and empowered citizens, through health and education, are more likely to contribute to economic growth.<sup>178</sup> Therefore, it is a reasonable assumption to suggest that the benefits of a cash-plus program are likely to be more comprehensive than originally perceived, due to these spillovers.

### 3.1 KEY DEVELOPMENTAL AREAS FOR CHILDREN

#### 3.1.1 Why is good physical and mental health so important for young children?

**Ensuring the health and well-being of young children and mothers is paramount to laying a strong foundation for life.** Early healthcare interventions play a pivotal role in shaping lifelong health practices.<sup>179</sup> Scientific research underscores the profound impact of early experiences and environments on genetic predispositions, influencing both physical and mental well-being throughout one's life.<sup>180</sup>

176 Cerf, M. (2023). 'The social-education-economy-health nexus, development and sustainability: perspectives from low- and middle-income and African countries' Discover Sustainability, accessed: 21st December 2023, available here: <https://link.springer.com/article/10.1007/s43621-023-00153-7>.

177 Ibid.

178 Ibid.

179 Center on the Developing Child (n.d.). Lifelong Health, accessed: 18th December 2023. Available here: <https://developingchild.harvard.edu/science/deep-dives/lifelong-health/>.

180 Ibid.

Research emphasizes several critical points:<sup>181</sup>

- **Physical Development:** Early experiences are imprinted on the body, creating memories that shape developmental trajectories.
- **Toxic Stress:** Adversity-induced toxic stress can disrupt stress response systems, affecting the architecture of the brain, cardiovascular system, immune system, and metabolic controls.
- **Long-term Impacts:** Physiological disruptions during early childhood can persist into adulthood, leading to lifelong impairments in physical and mental health.

**Early childhood has a significant impact on an individual's future health prospects.** Frequent, intensive, and persistent stress responses in early childhood can permanently calibrate systems, increasing the likelihood of health, mental health, and nutritional issues in the future.<sup>182</sup> This heightened stress at a young age damages the immune system, making children more susceptible to infections and prone to developing chronic inflammatory conditions and cardiovascular disease.<sup>183</sup> It also increases the risk of mental health problems as they age.<sup>184</sup>



### Box 3: The Impact of Adverse Experiences on Mental Health<sup>185</sup>

The prevalence of depression is markedly increased among those facing adversities related to poverty, homelessness, and exposure to violence. Adverse experiences in the first three years after birth are identified as a critical period associated with a higher risk of clinical depression in adulthood.

Adversity particularly impacts three crucial brain systems.<sup>186</sup>

- **Emotion and Regulation:** Influences the processing of fear, threat development, and stress response regulation.
- **Memory Systems:** Affect children's ability to learn and retain information.
- **Executive Function Systems:** Impact attention, impulse control, and higher-level cognitive skills, with implications for stress response regulation.

The younger a child is when they experience significant stress, the greater the likelihood that they will experience health problems later in life.<sup>187</sup>

Establishing conducive conditions in early childhood is essential for developing lifelong health practices and systems.<sup>188</sup> Key conditions include:<sup>189</sup>

- **Supportive Relationships:** Strengthening relationships between children and caregivers, promoting core life skills, and reducing stress sources through poverty alleviation and stable routines.
- **Accessible Healthcare:** Ensuring access to high-quality primary healthcare facilities, with a specific focus on maternal health before childbirth.

The younger a child is when they experience significant stress, the greater the likelihood that they will experience health problems later in life.<sup>187</sup>



181 Ibid.

182 Bicha, R., et al. (2020). Connecting the Brain to the Rest of the Body: *Early Childhood Development and Lifelong Health Are Deeply Intertwined: Working Paper No. 15.* (The National Scientific Council on the Developing Child: Harvard University), accessed: 18th December 2023. Available here: [https://harvardcenter.wpenginepowered.com/wp-content/uploads/2020/06/wp15\\_health\\_FINALv2.pdf](https://harvardcenter.wpenginepowered.com/wp-content/uploads/2020/06/wp15_health_FINALv2.pdf).

183 Ibid.

184 Ibid.

185 Ibid.

186 Ibid.

187 Ibid.

188 Center on the Developing Child at Harvard University (2016). From Best Practices to Breakthrough Impacts: A Science-Based Approach to Building a More Promising Future for Young Children and Families, accessed: 18th December. Available at: [https://harvardcenter.wpenginepowered.com/wp-content/uploads/2016/05/From\\_Best\\_Practices\\_to\\_Breakthrough\\_Impacts-4.pdf](https://harvardcenter.wpenginepowered.com/wp-content/uploads/2016/05/From_Best_Practices_to_Breakthrough_Impacts-4.pdf).

189 Ibid.

### 3.1.2 Why is Early Childhood Education So Important for Children?

**ECE is critical for young children and refers to the provision of education services before children join primary school.** Access to quality ECE services has a significant impact on a child's life. Available evidence suggests that there are strong correlations between adult incomes and educational levels on the one hand and on the other, early childhood development outcomes by the age of eight, or even as early as the age of five, particularly for disadvantaged children.<sup>190</sup> Studies show that high-quality ECE has the ability to:

- **Reduce primary school repetition rates;** which leads to increased years of schooling; which also frees up time for caregivers, usually women.<sup>191</sup>
- **Improve school readiness, socialization, and cognitive development** which enables children to progress further through the education system at a faster rate.<sup>192</sup> This is particularly true for children from low-income families, who are less likely to have access to pre-primary education services as well as to educational games, toys, and books at home.<sup>193</sup> They are also less likely to experience out-of-home educational experiences.<sup>194</sup>
- Equip a child with social skills that last throughout their lifetime; this can be particularly important for adolescents who rely on relationships to continue to develop a sense of belonging and well-being.<sup>195</sup>

**ECE is a crucial aspect of a strong and sustainable start in life.** Longitudinal studies show that children who participate in quality early childhood programmes experience multiple benefits, including improved test scores, graduation rates, decreased crime, and delinquency rates, and improved long-term income. When these benefits are monetized, the returns on investments can be enormous, reiterating the importance of investing in programs that ensure children are in education.<sup>196</sup>

### 3.1.3 Why is a Safe and Secure Environment so Important for Children?

**The early years of a child's life lay the groundwork for their future, influencing their growth, development, and overall well-being.** Central to this foundation are two vital components highlighted by the Nurturing Care Framework: 'responsive caregiving' and 'safety and security.'<sup>197</sup> The following section delves into the profound significance of cultivating a safe and secure environment for children, exploring the intricacies of responsive caregiving and the imperative need for security. These elements frequently coincide, as the cultivation of positive and healthy parenting practices typically influences the safety and security of a child's environment. Practicing positive parenting often means that caregivers understand the significance of maintaining a clean and healthy home for their children, simultaneously reducing the likelihood of the children growing up in an environment fraught with violence.

#### 3.1.3.1 Responsive Caregiving

Responsive caregiving is a cornerstone of nurturing a child's holistic development. It extends beyond meeting basic needs to encompass the ability to sensitively respond to a child's movements, sounds, gestures, and verbal requests.<sup>198</sup> This foundational element serves as a protective shield, guarding children against physical injuries and ensuring prompt identification and response to emerging health concerns. Moreover, responsive caregiving forms the bedrock for enriched learning experiences and the cultivation of trust and social relationships.<sup>199</sup>

190 UK Parliament. (2021). The impact of early childhood education and care on children's outcomes, and the sustainability of the sector. Accessed: 9th February 2023. Available here: <https://post.parliament.uk/the-impact-of-early-childhood-education-and-care-on-childrens-outcomes/>.

191 S. Martinex, S. Nandea and V. Pereira (2012). The promise of preschool in Africa: A randomised impact evaluation of early childhood development in rural Mozambique, (World Bank and Save the Children).

192 A. Earle, N. Milovantseva and J. Hermann (2018). 'Is free pre-primary education associated with increased primary school completion? A global study,' *International Journal of Child Care and Education Policy*, 12:13.

193 Bakken, L., Brown, N. and Downing, B. (2017). Early Childhood Education: The Long-Term Benefits. Accessed 5th January 2023. Available at <https://www.tandfonline.com/doi/pdf/10.1080/02568543.2016.1273285>

194 Ibid.

195 Bakken, L., Brown, N. and Downing, B. (2017). Early Childhood Education: The Long-Term Benefits. Accessed 18th January 2023. Available at <https://www.tandfonline.com/doi/pdf/10.1080/02568543.2016.1273285>.

196 P. Engle et al. (2011). 'Strategies for reducing inequalities and improving developmental outcomes for young children in low-income and middle-income countries,' *Lancet*, 378:9799, 1339-53.

197 UNICEF, et al. (2018). Nurturing Care for Early Childhood Development: A Framework for Helping Children Survive and Thrive to Transform Health and Human Potential, accessed 20th December 2023. Available here: <https://iris.who.int/bitstream/handle/10665/272603/9789241514064-eng.pdf>.

198 Ibid.

199 Ibid.

Research has identified key parenting behaviors integral to responsive caregiving as pivotal for ECD and subsequent educational development.<sup>200</sup>

- Early and frequent engagement in cognitively stimulating activities, such as reading and play, sets the stage for cognitive development.
- Sensitive and responsive interactions foster emotional intelligence.
- The provision of learning materials, including toys and books, further enriches the child's learning environment.

**Supportive parenting in early childhood has broader implications, contributing to gains in social skills and a reduction in challenging behaviors among children.**<sup>201</sup> Notably, it plays a crucial role in narrowing income-related development disparities, particularly for those growing up in poverty.<sup>202</sup> Early interventions that encourage key parenting behaviors have the potential to mitigate the risk of poorer language skills and socio-emotional outcomes, thereby enhancing a child's prospects for success in education.<sup>203</sup> Positive parenting also increases the likelihood that children will grow up in a safe, and secure environment. This is one free of violence and neglect, which fosters mutual relationships of trust and affection between children and caregivers.

### 3.1.3.2 Safety and Security

**The safety and security of a child's environment are fundamental prerequisites for their optimal development.**<sup>204</sup> This extends beyond protecting children from physical harm to shielding them from environmental risks, such as extreme poverty, air pollution, exposure to harmful chemicals, and the escalating threats posed by climate change-induced natural disasters.<sup>205</sup> A clean and hygienic household is crucial for a child's well-being, ensuring a conducive environment for growth.<sup>206</sup>

**Most critically, violence against children represents a grave threat to their safety and security.** Instances of harsh punishment involving sticks, belts, or other objects can induce fear and stress, leaving lasting imprints on a child's emotional, mental, and social well-being.<sup>207</sup> Children subjected to violence may exhibit withdrawal from adults or engage in aggressive behaviors towards their peers, establishing patterns that can endure into adulthood. Globally, toddlers often experience the highest levels of violent punishment, impacting them for the rest of their lives.<sup>208</sup>

**The consequences of exposure to an unsafe environment or violence during early childhood are profound and far-reaching.** Negative cognitive development, underachievement in education, and increased susceptibility to a range of non-communicable diseases in later life are among the outcomes of childhood exposure to violence.<sup>209</sup> Mental health ramifications, including depression, post-traumatic stress disorder, borderline personality disorder, anxiety, and substance abuse, are significantly more likely among children who have witnessed, or experienced, childhood violence.<sup>210</sup> These ramifications may persist across generations, perpetuating cycles of adversity.

- 200 Atkins, M., et al. (2019). 'Encouraging Parenting Behaviors That Promote Early Childhood Development Among Caregivers from Low-Income Urban Communities: A Randomized Statistic Group Comparison Trial of a Primary Care-Based Parenting Programme' *Maternal Child Health* 23(1), accessed: 20th December 2023. Available here: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6330143/>.
- 201 Hu Ying, B., et al. (2021). 'Supportive parenting and social and behavioral development: Does classroom emotional support moderate?' *Journal of Applied Developmental Psychology* 77(1), accessed: 20th December 2023. Available here: <https://www.sciencedirect.com/science/article/abs/pii/S0193397321000940>.
- 202 Ibid.
- 203 James, C. (2021). *Child Development - The Importance of Positive Attention* (Indiana University), accessed: 20th December 2023. Available here: <https://medicine.iu.edu/blogs/pediatrics/child-development--the-importance-of-positive-attention>.
- 204 UNICEF, et al. (2018). *Nurturing Care for Early Childhood Development: A Framework for Helping Children Survive and Thrive to Transform Health and Human Potential*, accessed 20th December 2023. Available here: <https://iris.who.int/bitstream/handle/10665/272603/9789241514064-eng.pdf>.
- 205 UNICEF (n.d.). *Children live in a safe and clean environment*, accessed: 20th December 2023. Available here: <https://www.unicef.org/lac/en/children-live-safe-and-clean-environment>.
- 206 Ibid.
- 207 UNICEF, et al. (2018). *Nurturing Care for Early Childhood Development: A Framework for Helping Children Survive and Thrive to Transform Health and Human Potential*, accessed 20th December 2023. Available here: <https://iris.who.int/bitstream/handle/10665/272603/9789241514064-eng.pdf>.
- 208 Ibid.
- 209 World Health Organisation (2022). *Violence Against Children*, accessed: 20th December 2023. Available here: <https://www.who.int/news-room/fact-sheets/detail/violence-against-children#:~:text=Impair%20brain%20and%20nervous%20system%20development.&text=As%20such%2C%20violence%20against%20children,educational%20and%20vocational%20under%20achievement>.
- 210 Benjelloun, G. (2020). *Hidden scars: how violence harms the mental health of children* (Special Representative of the Secretary-General on Violence Against Children) accessed 20th December 2023. Available here: [https://violenceagainstchildren.un.org/sites/violenceagainstchildren.un.org/files/documents/publications/final\\_hidden\\_scars\\_how\\_violence\\_harms\\_the\\_mental\\_health\\_of\\_children.pdf](https://violenceagainstchildren.un.org/sites/violenceagainstchildren.un.org/files/documents/publications/final_hidden_scars_how_violence_harms_the_mental_health_of_children.pdf).

**Positive parental behavior, stimulation, and play emerge as crucial mitigating factors against the consequences of violence and an unsafe environment.**<sup>211</sup> Interventions that focus on the mental health of caregivers, provide education on effective parenting and implement welfare initiatives play a pivotal role in breaking these cycles.<sup>212</sup> By addressing the root causes and consequences of violence, such interventions offer a lifeline for children and families, promoting healthier developmental trajectories.

**Despite the mounting evidence emphasizing the importance of a safe and stable environment for children, considerable challenges persist on a global scale.** Access to basic sanitation services remains inadequate for millions of people, and alarming statistics, such as the estimated billion children globally experiencing abuse, violence, or neglect, underscore the urgent need for comprehensive solutions.<sup>213</sup> In Africa, it is estimated that 183 million children are living in conflict zones, increasing the likelihood of children being exposed to violence or abuse significantly.<sup>214</sup> This complex scenario necessitates a multifaceted approach that combines international efforts, local initiatives, and community engagement to address the root causes and provide sustained support.



**Access to basic sanitation services** remains inadequate for millions of people, and alarming statistics, such as the estimated billion children globally experiencing abuse, violence, or neglect, underscore the urgent need for comprehensive solutions.<sup>213</sup>

## 3.2 QUANTIFIABLE BENEFITS

**This section reports on the quantifiable benefits of cash plus programmes that underlie the benefits modeling in this study.** Benefits with sufficient and robust international evidence are necessary to apply the findings to a separate case, such as those presented in this study. Given the availability of evidence to support this, the selected benefits have the greatest level of certainty around their impact. Benefits have also been selected based on their relevance to the target audience, in this case, children and their caregivers, rather than other potential target populations. Three types of benefits that are utilised in the benefits model are discussed in this section: health benefits, education benefits, and economic multiplier effects.

### 3.2.1 Education

**Quantitative education benefits focus on the increased amount of schooling that may result from a cash plus intervention.** One of the key pathways to increasing schooling is ensuring primary enrolment rates are increased. The effect of cash plus interventions on primary school enrolment has been studied in a variety of contexts. The most robust source of information on this pathway is from the World Bank, which conducted a meta-analysis of unconditional cash transfers on primary school enrolment, finding an overall effect size of 23%.<sup>215</sup> Other studies include a randomized experiment of *Bono de Desarrollo Humano* in Ecuador<sup>216</sup> and experimental evidence from Malawi's *Social Cash Transfer Programme*.<sup>217</sup> For our quantitative modeling, an unweighted average effect size of 15% is used.

**Increased enrollment in school leads to increased years of education, which in turn leads to an economic rate of return.** A recent multi-country analysis of the impact of preschool enrolment on educational attainment found that for every 10-percentage point increase in enrolment, there would be a subsequent 0.14-percentage point increase in the average years of schooling across the population. Increasing educational attainment can have a significant economic return. Studies show that increasing years of

211 Ibid.

212 Ibid.

213 UNICEF (n.d.). Children live in a safe and clean environment, accessed: 20th December 2023. Available here: <https://www.unicef.org/lac/en/children-live-safe-and-clean-environment>.

214 Save the Children (2023). 468 Million Children Live in Conflict Zones, New Figures from Save the Children Reveals, accessed: 20th December 2023. Available here: <https://www.savethechildren.org.uk/news/media-centre/press-releases/new-figures-millions-of-children-live-in-conflict-zones#:~:text=Save%20the%20Children's%20research%20also,conflict%20zones%20%E2%80%93%20around%20183%20million>.

215 Baird, S. (2014) Conditional, Unconditional and Everything in Between: A Systematic Review of the Effects of Cash Transfer Programs on Schooling Outcomes. Available at: <https://openknowledge.worldbank.org/server/api/core/bitstreams/c9f76e5b-ac70-50c0-ac1e-aec104bf356/content>

216 Shady, N. et al (2006) Cash transfers, conditions, school enrolment, and child work: Evidence from a randomized experiment in Ecuador. Available at: [https://books.google.co.uk/books?id=azbRXef5zOUC&printsec=frontcover&source=gbs\\_ge\\_summary\\_r&cad=0#v=onepage&q&f=false](https://books.google.co.uk/books?id=azbRXef5zOUC&printsec=frontcover&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false)

217 Kilburn, K. et al (2018) Short-term Impacts of an Unconditional Cash Transfer Program on Child Schooling: Experimental Evidence from Malawi. Available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5844286/#:~:text=Our%20findings%20indicate%20that%20the,particularly%20uniforms%20and%20school%20supplies>.

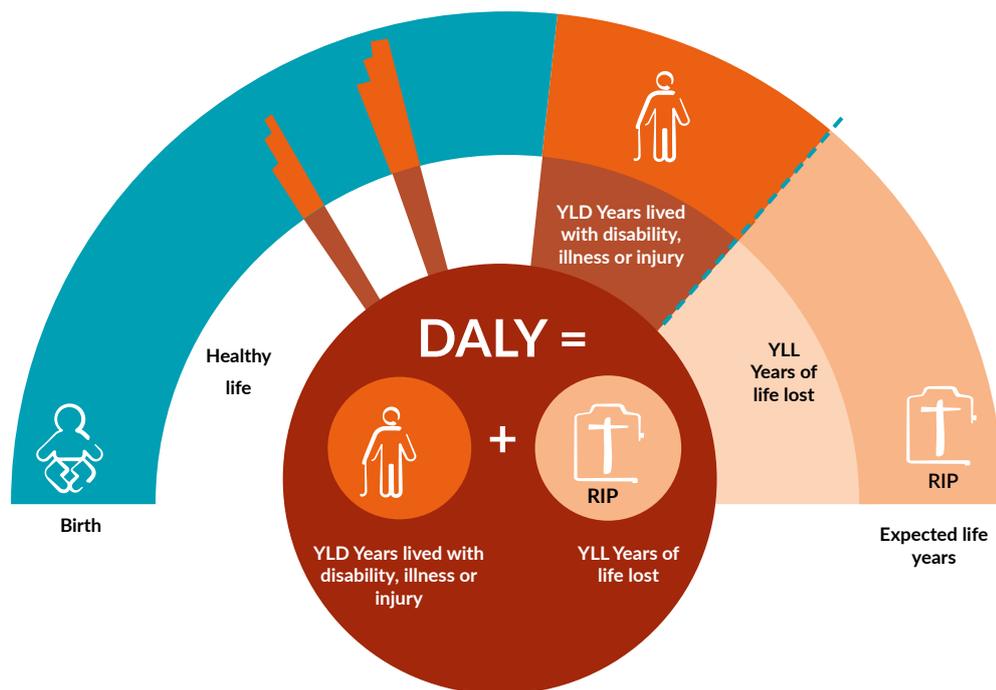
schooling is associated with an increase in productivity and lifetime earning potential. In East Africa as a whole, it is estimated that each additional year of education is equivalent to an 11% increase in lifetime earnings<sup>218</sup>

### 3.2.2 Health

**The most significant quantifiable long-term impacts of cash-plus programmes are found in the health sector.** Cash plus programmes demonstrate an impact on a range of health and nutrition behaviors. A total of five studies report an impact on exclusive breastfeeding, including studies in Burkina Faso, Malawi, Tanzania, South Africa, and Myanmar. An average effect size of 17% is used for the benefit modeling. Similarly, the impact of cash plus on the likelihood of moderate acute malnutrition (MAM) treatment is 19%, an average of two studies. A 47% impact on handwashing is reported in an average of two studies including a UNICEF study of NICHE in Kenya<sup>219</sup> and experimental evidence from Myanmar.<sup>220</sup> Finally, a meta-analysis of studies measuring the impact of cash plus programmes on the likelihood of birth in a healthcare facility found a 5% impact.<sup>221</sup>

**These health interventions each have effects on years of life lost (YLL) and years lived with a disability (YLD).** The impact of the respective interventions is captured by these two outcomes. Child lives saved by intervention contribute to YLL, and different diseases have a disability weight depending on their severity, which decides the disease's contribution to YLD. For example, stunting has a 'disability weight' of 0.002, according to IHME's Global Burden of Disease.<sup>222</sup> YLD and YLL of each disease are then added together to calculate "disability-adjusted life years" (DALYs).

Figure 7: Calculating Disability Adjusted Life Years<sup>223</sup>



218 Authors calculation based on data cited in G. Pscharopoulos and H. A. Patrinos (2018). 'Returns to Investment in Education: A Decennial Review of the Global Literature,' Education Economics, Vo. 26, No. 5, pp. 1-4.

219 UNICEF (2022) Addressing Child Poverty, Nutrition, and Protection. Available at: <https://www.unicef.org/esa/media/12531/file/Kenya-SP-Nutrition-Case-Study-2022.pdf>

220 Field, E. et al (2021) Are Behavioral Change Interventions Needed To Make Cash Transfer Programs Work For Children? Experimental Evidence From Myanmar. Available at: [https://www.nber.org/system/files/working\\_papers/w28443/w28443.pdf](https://www.nber.org/system/files/working_papers/w28443/w28443.pdf)

221 Hunter, B. et al (2017) The effects of cash transfers and vouchers on the use and quality of maternity care services: A systematic review. Available at: <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0173068>

222 IHME (2019) Global Burden of Disease. Available at: <https://www.healthdata.org/research-analysis/gbd>

223 Nuffield Trust (2019) Using DALYs to understand young people's health. Available at: <https://www.nuffieldtrust.org.uk/resource/using-dalys-to-understand-young-people-s-health>

An advantage of converting diseases into DALY is that they are directly comparable to one another, quantifiable, and monetizable. Assigning a monetary unit to a DALY account for the productivity loss resulting from poor health or death. The WHO proposes that one DALY can be assigned a monetary value of 1.55 times GDP per capita in any given country, due to the productivity losses that result.<sup>224</sup> This figure is used to calculate the economic value of health interventions within the benefits modeling.



A recent multi-country analysis of the **impact of preschool enrolment** on educational attainment found that for every 10% point increase in enrolment, there would be a subsequent 0.14% point increase in the average years of schooling across the population.

### 3.2.3 The Economic Multiplier

The economic multiplier effect results from the increased consumption from cash plus programmes. Assumptions about the size of the effect derive from the World Bank policy paper of 2023.<sup>225</sup> Of the cash transfers studied in the paper, those measuring impacts on consumption are considered, and an average effect of 1.93 is taken. This multiplier is used for the foundation of the poverty reduction benefits in the model.

This is the most effective way to model the poverty reduction benefits of cash plus programs, particularly those caused by cash transfers. Cash transfers alleviate poverty by supplementing the income of the poorest households, which enables them to increase their consumption of food and other basic items.<sup>226</sup> This increase in consumption has been proven to increase access to essential services such as health and education, reducing poverty through improved developmental outcomes.

## 3.3 QUALITATIVE BENEFITS

Cash plus programs offer a diverse array of benefits that often extend beyond quantifiable metrics. This makes it challenging to precisely model their impact. Nonetheless, it is imperative that these qualitative benefits be considered within this report. This section delves into the qualitative advantages associated with cash plus programs, with a specific focus on their significant effects on children aged between 0 and 6. The discussion encompasses health benefits, additional educational advantages, impacts on parenting behavior, and the reduction of child violence.

Key qualitative benefits to discuss:

1. **Poverty Reduction:**
  - Cash-plus programs have been proven to have a significant impact on poverty reduction. This is largely caused by increased consumption, aided by SBCC components that provide financial literacy and support.
2. **Health Benefits:**
  - Cash plus programs have shown positive effects on nutrition and mental health outcomes, contributing to the overall well-being of targeted populations.
3. **Educational Benefits:**
  - The impact of cash plus programmes extends to educational outcomes and quality, providing additional support for children's learning and development.
4. **Safe and Secure Environment:**
  - Cash plus programmes influence parenting behavior positively, fostering an environment conducive to the holistic growth of children.
  - Implementing cash plus programmes has demonstrated a reduction in child violence, promoting safer and more secure environments for children.

It is important to note that the largest wealth of knowledge currently surrounds health and nutrition.

224 WHO Regional Office for Africa (2019) The indirect cost of illness in Africa. Available at: <https://www.afro.who.int/sites/default/files/2019-03/Productivity%20cost%20of%20illness%202019-03-21.pdf>

225 Gassmann, F. et al (2023) Is the Magic Happening? A Systematic Literature Review of the Economic Multiplier of Cash Transfers. Available at: <https://openknowledge.worldbank.org/server/api/core/bitstreams/b6556138-bfba-4cc4-abf7-723694bb90e5/content>

226 Independent Commission for Aid (2017). The effects of DFID's cash transfer programs on poverty and vulnerability, accessed: 22nd December 2023. Available here: <https://icai.independent.gov.uk/wp-content/uploads/ICAI-Review-The-effects-of-DFID%E2%80%99s-cash-transfer-programmes-on-poverty-and-vulnerability-1.pdf>.

A significant amount of research has gone into exploring the impact of cash-plus programs on health and nutrition, illustrating its significant potential. Results are less clear for education, positive parenting, and child safety, largely because fewer studies have been conducted. Nonetheless, initial research indicates the potential benefits in these areas, and this report makes the case that they should be explored further.

**This section is designed to provide a comprehensive overview of potential benefits which serves as a baseline for scaling up initiatives in any given context.**

### 3.3.1 Poverty Reduction

**A plethora of evidence has determined the link between cash-plus programs and poverty reduction.** Most recently, research conducted by UNICEF Innocenti found that poverty-reduction measures were significantly better in households receiving cash-plus programs than those who were not.<sup>227</sup> Moreover, 10 of the 16 measures were significantly better in households receiving cash-plus programs, compared to those just receiving cash, highlighting the important role of the 'plus' elements.<sup>228</sup>

**The section above discussed the poverty reduction benefits of cash-plus programs included in the model.** These benefits are caused by the economic multiplier, which models the impact of increased consumption caused by the additional financial resources a family receives from a cash transfer.

**Nonetheless, there are additional poverty reduction benefits produced by cash transfer programs that are discussed here.** Crucially, the SBCC component of cash-plus programs often provides financial literacy, sessions that have demonstrated notable effectiveness in aiding parents and caregivers in managing their financial resources. This is crucial for alleviating chronic poverty and assisting caregivers to spend the additional resources provided by cash transfers effectively.

**Financial education can enhance household investments dedicated to children, thereby fortifying their prospects**<sup>229</sup> Equipping parents with financial knowledge enables them to formulate long-term plans for their families, fostering confidence and adept resource utilization.<sup>230</sup> This proves particularly significant for families previously constrained by financial limitations, where investing in the comprehensive needs of a young child becomes especially challenging. Intriguingly, financial education exhibits a strong correlation with an enhanced ability to navigate emergency expenses and withstand income shocks, a factor of considerable importance in regions experiencing heightened impacts of climate change.<sup>231</sup>

### 3.3.2 Health and Nutrition for Young Children

**Cash plus programs serve as a dynamic platform for fostering an environment conducive to promoting optimal health, mental well-being, and nutritional outcomes for children.** In comparison to unconditional cash transfer programs, cash plus initiatives embody a holistic approach to social protection, yielding more nuanced and multifaceted outcomes.<sup>232</sup> The distinguishing feature of cash plus programs lies in their incorporation of an additional, often referred to as the 'plus,' component, which is strategically tailored to provide supplementary support and training, particularly addressing issues such as child health. This 'soft' support aims to incentivize families to actively engage with healthcare services for their children while simultaneously cultivating healthy habits related to health and nutrition. A pertinent illustration of this approach is found in Yemen, where mothers benefited from malnutrition screening and participated in monthly educational sessions focused on healthy child-feeding practices and sanitation.<sup>233</sup> Notably, these targeted interventions demonstrated positive impacts on mitigating malnutrition, enhancing dietary diversity, and promoting early breastfeeding practices.<sup>234</sup>

227 UNICEF (2023). What Works to Improve Outcomes for Children? Accessed: 12.01.2024. Available here: [https://www.unicef-irc.org/publications/pdf/What\\_Works\\_to\\_Improve\\_Outcomes\\_for\\_Children.pdf](https://www.unicef-irc.org/publications/pdf/What_Works_to_Improve_Outcomes_for_Children.pdf).

228 Ibid.

229 Save the Children (2017). 'Cash Plus' Programs for Children, accessed: 20th December 2023. Available here: <https://resourcecentre.savethechildren.net/document/cash-plus-programmes-children/#:~:text=These%20interventions%20combine%20household%20cash,both%20development%20and%20humanitarian%20contexts.>

230 Ibid.

231 Ibid.

232 Pajula, J. (2022). Can 'Cash Plus' Improve Maternal and Child Health in Fragile and Conflict-Affected States? Accessed: 18th December 2023. Available here: <https://research.tuni.fi/ghsp/blog/can-cash-plus-improve-maternal-and-child-health/>.

233 Ibid.

234 Ibid.

**Cash transfers play a pivotal role in empowering women economically**, enabling them to independently make decisions regarding the health and nutrition of their children.<sup>235</sup> This newfound autonomy allows caregivers to strategically allocate resources for health-specific interventions, avoiding dictated choices.<sup>236</sup> The broader economic freedom afforded by cash plus programs significantly enhances the likelihood that families can access healthcare, either through acquiring health insurance or directly funding primary healthcare services.<sup>237</sup> Substantial evidence indicates that this leads to heightened vaccination rates for children, improved treatment for childhood illnesses, and increased utilization of pre- and antenatal care services.

Studies further demonstrate that cash transfers contribute to improved household hygiene, promoting daily practices such as teeth brushing and soap usage.<sup>238</sup> A study from Mexico reveals that cash transfers have the potential to reduce stress levels for children, thereby mitigating the adverse impact on early brain development caused by stressful early childhood conditions.<sup>239</sup>

#### Box 4: Health Impacts from Cash-Plus Programmes<sup>240</sup>

##### **LEAP Programme in Ghana**

The cash plus programme led to a significant increase in the number of households with health insurance. This led to an increase in access and use of healthcare services.

##### **Mchniji Social cash Transfer in Malawi**

Beneficiaries of the Mchniji Social Cash Transfer were more likely to take a bath, use soap and brush their teeth on a daily basis.



**The economic empowerment derived from cash plus programs provides families with the flexibility to allocate more resources to food.** Notably, evidence suggests that, when engaged in cash plus programs, beneficiaries tend to use the money to purchase a diverse range of foods for their children, emphasizing dietary variety.<sup>241</sup> Extensive research consistently highlights positive nutritional outcomes, particularly across Africa.<sup>242</sup> However, it is essential to note that while many programs report significant reductions in malnutrition and stunting, the evidence can sometimes yield mixed results, and nutritional benefits are not universally guaranteed.<sup>243</sup> As was discussed in the previous section, the cost of a healthy diet is imperative to the realization of nutritional benefits, as is the length of time the transfer is provided for.

235 Mbonye, P. (2023). UNICEF Cash Plus Programme boosting health of children during the first 1,000 days of life, accessed: 18th December 2023. Available here: <https://www.unicef.org/sudan/stories/unicefs-cash-plus-programme-boosting-health-children-during-first-1000-days-life>.

236 Maara, J., et al. (2023). 'Impacts of cash transfer and 'cash plus' programmes on self-perceived stress in Africa: Evidence from Ghana, Malawi, and Tanzania' Population Health, accessed: 18th December 2023. Available here: <https://pdf.sciencedirectassets.com/>.

237 Groot, R., et al. (2015). Cash Transfers and Child Nutrition: What We Know and What We Need to Know, (Office of Research Working Papers: UNICEF), accessed: 18th December 2023. Available here: [https://www.unicef-irc.org/publications/pdf/Social%20protection%20and%20nutrition\\_layout.pdf](https://www.unicef-irc.org/publications/pdf/Social%20protection%20and%20nutrition_layout.pdf).

238 Ibid.

239 Ibid.

240 Groot, R., et al. (2015). Cash Transfers and Child Nutrition: What We Know and What We Need to Know, (Office of Research Working Papers: UNICEF), accessed: 18th December 2023. Available here: [https://www.unicef-irc.org/publications/pdf/Social%20protection%20and%20nutrition\\_layout.pdf](https://www.unicef-irc.org/publications/pdf/Social%20protection%20and%20nutrition_layout.pdf). And Adamba, C., et al. (2018). Ghana LEAP 1000 Programme: Endline Evaluation Report, accessed: 18th December 2023. Available here: <https://www.unicef-irc.org/files/documents/d-4108-LEAP-1000-Report.pdf>.

241 Ibid.

242 Ibid.

243 Maffioli, E. et al. (2019). LEGACY Program: Randomized Controlled Trial: Endline Report. (Livelihoods and Food Security Fund, Save the Children, and Innovations for Poverty Action: LIFT Publications), accessed: 18th December 2023. Available here: <https://www.lift-fund.org/en/mcct-randomized-controlled-trial-endline-report>.



### Box 5: Example of the Nutrition Impacts of Cash-plus Programmes <sup>244</sup>

#### **Merankabandi Program, Burundi**

This program found that beneficiaries had lower stunting rates than non-beneficiaries. They also had access to more food than non-beneficiary households and were more likely to be breastfed.

#### **NICHE Program, Kenya**

The NICHE program had a positive impact on young children's diets, early initiation of breastfeeding, exclusive breastfeeding and WASH indicators. There were also some positive impacts on stunting rates.

#### **Child Grant Program, Mozambique**

This program had a positive impact on various determinants of child nutrition including child diets (meal frequency, diet diversity, consumption of animal source foods etc), and household food insecurity.

**The additional support provided by cash plus, including access to services, education on health and nutrition, SBCC, and health insurance, encourages families to adopt healthy habits and prioritize health and nutrition.**<sup>245</sup> This includes prioritizing interventions such as growth monitoring, antenatal care, and dietary diversity.<sup>246</sup> Evaluations from Tanzania found that the cash plus program improved knowledge and access to health services and an understanding of why it is so important to prioritize health.<sup>247</sup> Significant research exists on the impacts of cash plus programs and dietary diversity, in almost all cases diet diversity improves with the program which has a significant impact on nutritional outcomes for children.<sup>248</sup>

### 3.3.3 Mental Health

**Extensive research has been conducted to assess the impact of unconditional cash transfers on mental health.** The findings indicate a generally positive influence on mental health outcomes, albeit with some studies reporting mixed results.<sup>249</sup> Araya et al. conducted a meta-analysis, revealing a positive impact in 85% of studies on at least one measure of mental health in children and young people.<sup>250</sup> Importantly, there was no evidence suggesting a negative impact on mental health outcomes for this demographic.<sup>251</sup> A review of the Social Cash Transfer in Malawi highlighted stress reduction, particularly in self-perceived stress, among beneficiaries.<sup>252</sup> This aligns with a similar evaluation in Malawi, where both conditional and unconditional cash transfers alleviated psychological distress in school-aged girls.<sup>253</sup> Notably, higher-value cash transfers were more likely to yield a significant impact on mental health.<sup>254</sup> In Somaliland, the CSSP Pilot noted a significant impact on caregivers' mental health.<sup>255</sup>

244 UNICEF (2023). Synthesis of learning from the integration of social protection and nutrition, Learning from six government-led and UNICEF supported cash plus programs in Eastern and Southern Africa, accessed: 30th January 2024. Available here: <https://www.unicef.org/esa/media/12516/file/Synthesis-SP-Nutrition-Case-Studies-2022.pdf>.

245 Mbonye, P. (2023). UNICEF Cash Plus Programme boosting health of children during the first 1,000 days of life, accessed: 18th December 2023. Available here: <https://www.unicef.org/sudan/stories/unicefs-cash-plus-programme-boosting-health-children-during-first-1000-days-life>.

246 Mbonye, P. (2023). UNICEF Cash Plus Programme boosting health of children during the first 1,000 days of life, accessed: 18th December 2023. Available here: <https://www.unicef.org/sudan/stories/unicefs-cash-plus-programme-boosting-health-children-during-first-1000-days-life>.

247 UNICEF (2018). When cash alone is not enough: the transformative power of cash plus programmes, accessed: 18th December 2023. Available here: <https://www.unicef-irc.org/article/1792-when-cash-alone-is-not-enough-the-transformative-power-of-cash-plus-programmes.html>.

248 Groot, R., et al. (2015). *Cash Transfers and Child Nutrition: What We Know and What We Need to Know*, (Office of Research Working Papers: UNICEF), accessed: 18th December 2023. Available here: [https://www.unicef-irc.org/publications/pdf/Social%20protection%20and%20nutrition\\_layout.pdf](https://www.unicef-irc.org/publications/pdf/Social%20protection%20and%20nutrition_layout.pdf).

249 Araya, R. et al. (2021). 'The impact of cash transfers of mental health in children and young people in low- and middle-income countries: a systematic review and meta-analysis' *BMJ Global Health*, 10(6), accessed: 18th December 2023. Available here: <https://eprints.lse.ac.uk/110325/1/e004661.full.pdf>.

250 Ibid.

251 Ibid.

252 Maara, J., et al. (2023). 'Impacts of cash transfer and 'cash plus' programmes on self-perceived stress in Africa: Evidence from Ghana, Malawi, and Tanzania' *Population Health*, accessed: 18th December 2023. Available here: <https://pdf.sciencedirectassets.com/>.

253 Ibid.

254 Araya, R. et al. (2021). 'The impact of cash transfers of mental health in children and young people in low- and middle-income countries: a systematic review and meta-analysis' *BMJ Global Health*, 10(6), accessed: 18th December 2023. Available here: <https://eprints.lse.ac.uk/110325/1/e004661.full.pdf>.

255 Impact Evaluation of the Child Sensitive Social Protection Project in Somaliland, accessed: 30th January 2024.

**Box 6: Mental health Impacts from cash-plus Programmes** <sup>256</sup>**SCTP, Malawi**

The program found that cash transfers reduced the self-perceived stress of beneficiaries, indicating that cash transfers can have a positive impact on mental health outcomes.

**CSSP Pilot, Somaliland**

A recent evaluation of the program noted that the cash-plus program had a significant impact on the mental health of caregivers, making them more inclined to practice positive parenting techniques.

**Cash transfer programs targeting child outcomes can also positively influence maternal mental health.**

A study in Nigeria found that mothers receiving cash transfers and access to healthcare services during pregnancy and childbirth were significantly less likely to experience postpartum depression.<sup>257</sup> Recognizing the profound link between maternal mental health and early childhood development adds significance to such findings.<sup>258</sup>

**Nevertheless, the impact of cash-related programs on mental health is not universal.** Araya et al. noted that no study demonstrated a positive impact on all mental health outcomes, and cash transfers did not appear to affect depressive symptoms in children uniformly.<sup>259</sup> Furthermore, the contextual variation in social and cultural factors significantly influences program effectiveness.<sup>260</sup> Conditional cash transfers, in some instances, may exacerbate mental health outcomes, especially when imposed burdens fall disproportionately on specific groups, such as women.<sup>261</sup>

**Recent evidence underscores the potential of cash plus programs, albeit with a nascent body of research.**

These programs, combining financial support with additional assistance and without enforced conditions, exhibit promise for unlocking enhanced mental health benefits, most notably in non-clinical settings.<sup>262</sup> The adaptability of cash plus programs to specific contexts ensures the provision of contextually specific mental health support. For instance, in Nepal, a tailored parenting program within a cash plus initiative had a significant impact on maternal mental health. As research in this area continues to evolve, the potential of such innovative approaches becomes increasingly apparent.<sup>263</sup>

### 3.3.4 Early Childhood Education

**This section delves into the realm of ECE.** Initially, it elucidates the critical significance of children participating in high-quality ECE, delineating both the immediate and enduring advantages of such engagement. Subsequently, it expounds on the positive influences that cash-plus programs can exert on ECE, encompassing enhancements in accessibility and enrolment. Furthermore, the discourse delves into the consequential impact that cash-plus programs can wield on elevating the quality of ECE.

256 Maara, J. (2023). Impacts of cash transfer and 'cash plus' programs on self-perceived stress in Africa: Evidence from Ghana, Malawi, and Tanzania, accessed: 30th January 2024. Save the Children (2022). Impact Evaluation of the Child Sensitive Social Protection Project in Somaliland, accessed: 30th January 2024.

257 Okeke, E. (2020). 'Money and my mind: Maternal cash transfers and mental health' Health Economics, accessed: 18th December 2023. Available here: <https://onlinelibrary.wiley.com/doi/pdf/10.1002/hec.4398>.

258 Ibid.

259 Ibid.

260 Ibid.

261 Araya, R., et al. (2023). 'Potential mechanisms by which cash transfer programmes could improve mental health and life chances of young people: A conceptual framework and lines of enquiry for research and policy,' Cambridge Prisms: Global Mental Health, accessed: 18th December 2023. Available here: [https://www.cambridge.org/core/services/aop-cambridge-core/content/view/14DA948E403648292F288C3777317C7D/S2054425123000043a.pdf/potential\\_mechanisms\\_by\\_which\\_cash\\_transfer\\_programmes\\_could\\_improve\\_the\\_mental\\_health\\_and\\_life\\_chances\\_of\\_young\\_people\\_a\\_conceptual\\_framework\\_and\\_lines\\_of\\_enquiry\\_for\\_research\\_and\\_policy.pdf](https://www.cambridge.org/core/services/aop-cambridge-core/content/view/14DA948E403648292F288C3777317C7D/S2054425123000043a.pdf/potential_mechanisms_by_which_cash_transfer_programmes_could_improve_the_mental_health_and_life_chances_of_young_people_a_conceptual_framework_and_lines_of_enquiry_for_research_and_policy.pdf).

262 Araya, R. et al. (2021). 'The impact of cash transfers of mental health in children and young people in low- and middle-income countries: a systematic review and meta-analysis' BMJ Global Health, 10(6), accessed: 18th December 2023. Available here: <https://eprints.lse.ac.uk/110325/1/e004661.full.pdf>.

263 UNICEF (2021). Gender-responsive 'cash plus' programming: lessons from practice in LMICs, accessed: 18th December 2023. Available here: <https://www.unicef.org/media/123741/file/Gender-Responsive%20%E2%80%9CCash%20Plus%E2%80%9D%20Programming.pdf>.

Cash transfer programs have historically been acknowledged as a valuable instrument for enhancing school enrolment, although research indicates a relatively modest impact on learning outcomes. Recent studies propose that the integration of cash with additional components holds the potential for more substantial effects, not only on school enrolment but also on learning achievements.<sup>264</sup> This is generally attributed to two key factors:

- **SBCC Programs Encouraging Education Prioritization:**
  - SBCC programs can effectively educate both parents and children about the significance of education, fostering a commitment to prioritizing school-related activities within the household.
- **Enhanced Access to Educational Services:**
  - Support for families in accessing educational services increases the likelihood of children remaining in school for extended durations, contributing positively to overall educational outcomes.

**Research findings underscore the efficacy of cash-plus programs in convincing parents and caregivers about the importance of education.** Noteworthy examples include the *Chile Solidario* program in Chile, where strong relationships between social workers and families proved imperative for achieving positive educational outcomes.<sup>265</sup> Similarly, the Integrated Nutrition Social Cash Transfer (IN-SCT) Pilot in Ethiopia



A study in Nigeria found that **mothers receiving cash transfers** and access to healthcare services during pregnancy and childbirth were significantly less likely to experience postpartum depression.<sup>257</sup>

incorporated SBCC modules, resulting in improved knowledge and practices related to education.<sup>266</sup> However, the significance of social workers and the quality of their relationships with families emerged as crucial factors influencing program impact.<sup>267</sup> While evidence specifically addressing ECE is limited, it can be inferred that engaging parents on the importance of ECE has the potential to yield significant benefits.

**The prioritization of education is shown to have a direct impact on educational attainment and outcomes.** Research in Tanzania, for instance, reveals that the Social Safety Net effectively enhanced literacy rates, school attendance, and educational attainment.<sup>268</sup> Furthermore, the educational impact is likely to be more pronounced

for younger children, with programs demonstrating a greater influence on primary school completion compared to secondary education.<sup>269</sup> A cash transfer program in Morocco demonstrated a considerable impact on school enrolment, accompanied by increased time dedicated to school-related activities at home, a critical factor for positive education outcomes.<sup>270</sup>

**Preliminary research indicates the potential benefits of cash-plus programs on education, however further research is warranted.** Preliminary findings suggest that engaging parents in the importance of education, coupled with providing financial and logistical support, proves worthwhile. These actions are more likely to stimulate child enrolment in school and encourage caregivers to prioritize education, potentially leading to improved learning outcomes through increased attention to homework, supplementary schooling, and meaningful interactions with their children.

264 Abdulai, A-G., et al. (2017). How to Make 'Cash Plus' Work: Linking Cash Transfers to Services and Sectors, accessed: 21st December 2023. Available here: <https://www.unicef-irc.org/publications/pdf/IDS%20WP%20Rev%20Jan%202018.pdf>.

265 Ibid.

266 Ibid.

267 Ibid.

268 UNICEF (2020). Impact of the United Republic of Tanzania's Productive Social Safety Net on Child Labor and Education, accessed: 21st December 2023. Available here: <https://www.unicef-irc.org/publications/pdf/IDS%20WP%20Rev%20Jan%202018.pdf>.

269 Ibid.

270 Evans, D. K., Gale, C., and Kosec, K. (2021). The Educational Impacts of Cash Transfer for Children with Multiple Indicators of Vulnerability, accessed: 21st December 2023. Available here: <https://cgdev.org/sites/default/files/educational-impacts-cash-transfers-children-multiple-indicators-vulnerability-revised-march2021.pdf>.

### 3.3.5 Safe and Secure Environments

**Parenting programs often play a pivotal role as a key element within cash-plus initiatives, constituting the 'plus' component of these programs.** They frequently engage caregivers, especially when the cash-plus program targets young children. This facet aims to achieve positive outcomes by enhancing knowledge, raising awareness, and influencing attitudes and practices related to specific issues. The focus is often on parenting practices, instructing, and involving parents in providing the optimal foundation for their child. Typically spanning several months, the training covers diverse topics in each session.

**Parenting education programs contribute to fostering positive relationships between children and parents, promoting child development, and significantly impacting the psychosocial well-being of parents.**<sup>271</sup> Research indicates that such programs enhance the home environment for the entire family.<sup>272</sup>

Ways in which parenting programs can improve outcomes for children include:

- Instructing parents on interacting with their children, and promoting healthy relationships through strong and positive communication skills, with a particular focus on reducing violence within families.
- Focusing on financial literacy and education to empower parents and caregivers in managing financial resources and savings, thereby mitigating the risk of child safety associated with poverty.

**The SBCC component of a cash-plus program often leverages parenting programs to positively impact engagements between caregivers and children.**

The long-term impacts of this often result in improved cognitive development for children, and improvements in socioemotional skills. Cash-plus programs have the ability to increase knowledge and practices of appropriate child care among parents and caregivers.<sup>273</sup> In Rwanda, a home visiting program promotes early childhood development (ECD) through 12 sessions delivered around responsive parenting, building resilience and reducing family violence.<sup>274</sup> After delivering the sessions, the program found a significant increase in the engagement of fathers. The program found that fathers were 2.5 times more likely to have positively engaged with their children in the last 24 hours, compared with fathers who had not experienced the program.<sup>275</sup> The study also found significant reductions in violence within families and reduced reports of intimate partner violence.<sup>276</sup> Most importantly, families were visited a year after the program had ended and the impacts were found to have continued.<sup>277</sup> In Burundi, the relationships built between case managers and beneficiaries were crucial for the uptake of positive messages.<sup>278</sup>



In Rwanda, a **home visiting program** promotes early childhood development (ECD) through 12 sessions delivered around responsive parenting, building resilience and reducing family violence.<sup>274</sup>

**A focal point of SBCC often centers on the reduction of violence against children (VAC) and intimate partner violence (IPC).** An expanding body of evidence underscores a notably positive correlation between cash transfers and the mitigation of violence against women and children.<sup>279</sup> In Niger, the SBCC component

271 Barlow, J., and Coren, E. (2017). 'The Effectiveness of Parenting Programs: A Review of Campbell Reviews' Research on Social Work Practice 28(1), accessed: 20th December 2023. Available here: <https://journals.sagepub.com/doi/abs/10.1177/1049731517725184>.

272 Ibid.

273 Save the Children (2017). 'Cash Plus' Programs for Children', accessed: 20th December 2023. Available here: <https://resourcecentre.savethechildren.net/document/cash-plus-programmes-children/#:~:text=These%20interventions%20combine%20household%20cash,both%20development%20and%20humanitarian%20contexts>.

274 Jensen, C. KG., et al. (2020). 'Effect of a home-visiting parenting program to promote early childhood development and prevent violence: a cluster-randomized trial in Rwanda', BMJ Global Health, accessed: 20th December 2023. Available here: <https://gh.bmj.com/content/bmjgh/6/1/e003508.full.pdf>.

275 Ibid.

276 Ibid.

277 Ibid.

278 Cluver, L. et al. (2021). 'Effectiveness of cash-plus programs on early childhood outcomes compared to cash transfers alone: A systematic review and meta-analysis in low- and middle-income countries', Plos Medicine, accessed: 20th December 2023. Available here: <https://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1003698>.

279 Heinemann, A., and Rawal, P. (2022). Could digital cash transfers help tackle gender-based violence? Accessed 20th December 2023. Available here: <https://blogs.worldbank.org/developmenttalk/could-digital-cash-transfers-help-tackle-gender-based-violence#:~:text=to%20prevent%20GBV-,A%20growing%20body%20of%20evidence%20finds%20that%20cash%20transfers%20reduce,transfers%20on%20intimate%20partner%20violence>.

of the cash transfer program found a significant reduction in violent discipline.<sup>280</sup> This correlation is believed to stem from the alleviation of poverty and food insecurity, achieved by empowering women and enhancing their social capital.<sup>281</sup> While cash-plus programs are relatively recent, emerging evidence suggests their potential to amplify these benefits. In the Philippines, a 12-session parenting program implemented alongside a conditional cash transfer resulted in a substantial 48% reduction in the risk of physical abuse and a 49% reduction in the risk of neglect.<sup>282</sup> The augmented educational and empowerment impacts within cash-plus programs are likely to contribute significantly to a broader reduction in violence.



### Box 7: Cash-plus Programs and their Impact on Child Protection<sup>283</sup>

#### **The Cash-Plus Program, Niger**

The SBCC component of the cash-plus program focussed on child protection as one pillar. It found a substantial reduction in violent discipline from caregivers on the program.

#### **The Cash-Plus Program, Burundi**

The role of case managers and their strong interpersonal relationships with participants proved crucial to the uptake of messages and positive behavior.

**Cash-plus programs offer a diverse array of advantages that contribute to establishing a safe and secure environment for children.** The benefits of SBCC within cash-plus programs are frequently contingent on the specific context, resulting in considerable variation. While this section has highlighted some potential benefits that can enhance conditions for children, it is essential to acknowledge that, in certain instances, limited evidence exists due to the innovative nature of cash-plus programs. Consequently, it is imperative to undertake further research to comprehensively understand the benefits associated with cash-plus initiatives.

280 Cluver, L. et al. (2021). 'Effectiveness of cash-plus programs on early childhood outcomes compared to cash transfers alone: A systematic review and meta-analysis in low- and middle-income countries', Plos Medicine, accessed: 20th December 2023. Available here: <https://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1003698>.

281 UNICEF (2021). Can social protection simultaneously reduce violence against children and violence against women? Accessed: 20th December 2023. Available here: <https://www.unicef-irc.org/evidence-for-action/5-studies-showing-pathways-for-reductions-in-violence-against-children-and-violence-against-women>.

282 UNICEF (2021). Can social protection simultaneously reduce violence against children and violence against women? Accessed: 20th December 2023. Available here: <https://www.unicef-irc.org/evidence-for-action/5-studies-showing-pathways-for-reductions-in-violence-against-children-and-violence-against-women>.

283 Cluver, L. et al. (2021). 'Effectiveness of cash-plus programmes on early childhood outcomes compared to cash transfers alone: A systematic review and meta-analysis in low- and middle-income countries', Plos Medicine, accessed: 20th December 2023. Available here: <https://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1003698>.



# UGANDA



The Government of Uganda (GoU) has demonstrated a recent commitment to CSSP. The Vision for Social Security outlines comprehensive proposals, particularly emphasizing child-focused schemes. A pivotal component is the advocacy for a universal Child Grant, initially targeting children aged 0-2.



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## 4 UGANDA

The Government of Uganda (GoU) has demonstrated a recent commitment to CSSP. The Vision for Social Security outlines comprehensive proposals, particularly emphasizing child-focused schemes. A pivotal component is the advocacy for a universal Child Grant, initially targeting children aged 0-2 with gradual expansion to encompass more children while ensuring continuity for existing recipients.<sup>284</sup>

Historically, Uganda's social protection system prioritized coverage for the elderly, making this shift towards a child-sensitive approach noteworthy. Additionally, the GoU has incrementally raised expenditure on social protection and coverage rates have seen a steady incline.

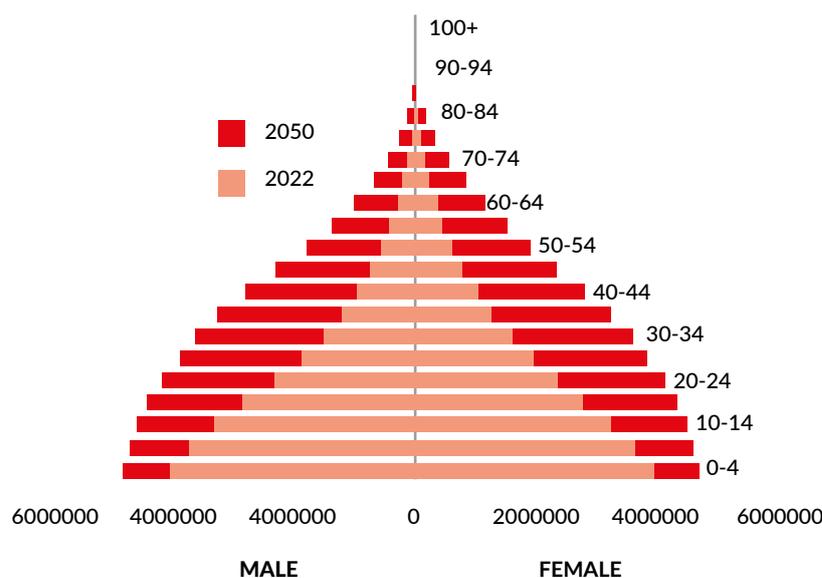
### 4.1 CONTEXT

The following section examines the CSSP landscape in Uganda. It begins by articulating the rationale for prioritizing CSSP, presented through an analysis of the country's socio-economic indicators. Subsequently, it examines the pertinent policies, legislation, and governance structures that delineate the social protection system for children, scrutinizing the financial mechanisms, available programmes, and efficacy of access.

#### 4.1.1 Why it is essential to invest in CSSP

In Uganda, the imperative to prioritize CSSP is underscored by the nation's distinctive demographic landscape. This is characterized by a substantial youth demographic comprising 46% of the population.

Figure 8 : Population Pyramid <sup>285</sup>



284 Ebitu, J. (2020). Overview of Uganda's Social Protection System (The Ministry of Gender, Labor, and Social Development), accessed: 17th December 2023. Available here: <https://mglsd.go.ug/wp-content/uploads/2020/11/James-Ebitu-draft-PPT-24Nov2020-Final.pdf>.

285 Adapted from the World Population Prospects.

This demographic composition is further compounded by a notably high poverty rate of 42.2%.<sup>286</sup> Socioeconomic indicators in Uganda underscore the critical need for a robust and comprehensive child-sensitive social protection system. Notably, 25.4% of children across the country are stunted, and 56% are living in multidimensional poverty.<sup>287</sup> The mortality rate for the under 5s surpasses that of its neighboring countries such as Kenya and Rwanda, registration at 42 per 1,000 births in Uganda compared to 39 and 37 respectively.<sup>288</sup> Uganda hosts the largest refugee population in Africa, 60% of whom are living in poverty.<sup>289</sup> To harness the economic potential of its youthful population, Uganda must strategically invest in CSSP, ensuring that these children can contribute to economic growth as they transition into the working-age demographic. While the country is making admirable progress on the SDGs, major challenges remain, especially in regard to poverty, health and well-being, and education.<sup>290</sup> The table below provides further socio-economic indicators in Uganda. Indicators have been compared to those in comparable countries to build the case for continued and increased investment in CSSP in Uganda.

**Table 7: Socio Economic Indicators in Uganda** <sup>291</sup>

Socio Economic Indicators at a Glance		Data Year	Regional Comparisons
<b>Inequality (as measured through the Gini Coefficient)</b>	0.43	2019	Rwanda: 0.44 Tanzania: 0.4
<b>Multidimensional Child Poverty Rate</b>	56%	2020	Africa: 40%
<b>Youth Unemployment Rate</b>	6.60%	2022	Sub-Saharan Africa: 12.4%
<b>Youth Working in the Informal Sector</b>	90%	2021	Sub-Saharan Africa: 85%
<b>Life Expectancy</b>	63	2021	Rwanda: 66 Tanzania: 66
<b>Mortality Rate, under 5s, per 1,000 births</b>	42	2021	Rwanda: 30 Tanzania: 34
<b>Stunting Rates</b>	25.40%	2022	Kenya: 17.6% Rwanda: 33.1%
<b>Literacy Rates</b>	81%	2022	Rwanda: 87% Tanzania: 88%
<b>Primary School Enrolment Ratio (% Gross)</b>	106%	2017	Tanzania: 96% Rwanda: 135%
<b>Gender Inequality Index</b>	0.53	2021	Tanzania: 0.560 Kenya: 0.506

## 4.1.2 Policies, Legislation, and Governance

Uganda has consistently demonstrated a steadfast commitment to social protection in recent years. The country's commitment to CSSP is embedded in its 1995 constitution, recognizing the right of every child to access social security and an adequate standard of living. Aligning with global aspirations, Uganda's dedication to achieving the Sustainable Development Goals (SDGs) by 2030 necessitates a heightened focus

286 Tran, A., et al. (2021). Child-Sensitive Social Protection in Uganda, accessed: 19th December 2023. Available here: <https://www.developmentpathways.co.uk/wp-content/uploads/2021/11/CSSP-final-report-ALL1.pdf>.

287 Ibid.

288 The World Bank (2023). The World Bank Data, accessed 17th December 2023. Available here: <https://data.worldbank.org/indicator/SH.DYN.MORT?locations=RW>.

289 Ebitu, J. (2020). Overview of Uganda's Social Protection System (The Ministry of Gender, Labor, and Social Development), accessed: 17th December 2023. Available here: <https://mglsd.go.ug/wp-content/uploads/2020/11/James-Ebitu-draft-PPT-24Nov2020-Final.pdf>.

290 Sustainable Development Goals (2023). Uganda: Sub-Saharan Africa, accessed: 19th December 2023. Available here: <https://dashboards.sdgindex.org/profiles/uganda>.

291 The World Bank (2023). The World Bank Data, accessed 15th December 2023. Available here: <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=UG>. UNDP (2021). Gender Inequality Index, accessed: 15th December 2023. Available here: <https://hdr.undp.org/data-center/documentation-and-downloads>. UNICEF (2020). Going Beyond Monetary Poverty: Uganda's Multidimensional Poverty Profile, accessed 15th December 2023. Available here: <https://www.unicef.org/esa/media/6146/file/UNICEF-Uganda-Multi-dimensional-child-poverty-2020.pdf>. Hague, S., et al. (2023). Good news or Bad News for Africa: Recent Trends in Monetary Child Poverty in Sub-Saharan Africa, accessed: 19th December 2023. Available here: <https://www.unicef.org/esa/media/13246/file/UNICEF-ESA-Policy-Note-Sub-Saharan-Africa-Child-Poverty-2023.pdf>.

on increased investment in social protection, particularly for children. The creation of the National Child Policy in 2020 symbolizes the government's dedication to mainstreaming social protection interventions targeting children and families. The commitment extends across all sectors, programs, plans, and budgets, reflecting the goal of a holistic and integrated approach to social protection.

**2015 saw the formulation of the National Social Protection Policy, a cornerstone in the national agenda.** It defined social protection; splitting it into social security and social care services.<sup>292</sup> Social security encompasses direct income support mechanisms, initiatives such as the Senior Citizens Grant, and social insurance. Social care services cover the social care systems, including services for children and adults.<sup>293</sup> The policy also emphasizes the life cycle approach, recognizing specific vulnerabilities across early childhood, school age, youth, the working age, and old age.<sup>294</sup> It looked to expand and enhance all forms of social protection while also strengthening the institutional framework for social protection service delivery.<sup>295</sup> Additionally, a 'Vision for Social Security' outlines Uganda's goal of developing a national multi-tiered social security system by 2030, integral to realizing Vision 2040 as outlined in the Third National Development Plan.



**The governance of Uganda's social protection sector is decentralized** across various ministries. Overall coordination and frameworks are led by the Ministry of Gender, Labor, and Social Development (MGLSD), with funding and coordination overseen by the Ministry of Finance, Planning, and Economic Development (MoFPED).<sup>302</sup>

**The Vision for Social Security includes proposals for inclusive child-focused schemes.** Central to these proposals is the introduction of a universal child benefit and a dedicated child disability benefit, seamlessly integrated into a system of inclusive income support programmes spanning the entire lifecycle.<sup>296</sup> Analysis suggests that this can be financed through tax contributions, projecting a cumulative cost of 1.5% GDP by the fiscal year of 2030/2031.<sup>297</sup> A key facet of the proposed strategy involves the phased implementation of a child benefit, commencing with provisions for children aged 0-2.<sup>298</sup> In order to keep costs manageable, only an eligible proportion of the population would receive the grant in the first year, 30%. This would cover 6.6% of children in 2023/2024, rising to 62% in 2030/2031.<sup>299</sup> This incremental approach ensures the ongoing inclusion of children each year, without any exclusions, culminating in significant coverage for all children by the target year of 2030/2031.<sup>300</sup> This

visionary approach not only underscores the commitment to social security but also aligns with a strategic and sustainable trajectory, laying the foundation for comprehensive and equitable support for children throughout their formative years.

## UGX 112 billion

**In 2023/2024, for the first time since 2017/2018, the social protection sector is receiving external funding from the World Bank, amounting to UGX 112 billion.**<sup>312</sup>

292 Ebitu, J. (2020). Overview of Uganda's Social Protection System (The Ministry of Gender, Labor, and Social Development), accessed: 17th December 2023. Available here: <https://mglsd.go.ug/wp-content/uploads/2020/11/James-Ebitu-draft-PPT-24Nov2020-Final.pdf>.

293 Ibid.

294 Ibid.

295 Ibid.

296 Ibid.

297 Tran, A., et al. (2021). Child-Sensitive Social Protection in Uganda, accessed: 19th December 2023. Available here: <https://www.developmentpathways.co.uk/wp-content/uploads/2021/11/CSSP-final-report-ALL1.pdf>. The Child Benefit would reach 1.7 million children in the first year and is estimated to cost 1.5% of GDP. It is likely the grant would equate to a similar amount as the Senior Citizens Grant: USD \$7 a month.

298 Ibid.

299 Ibid.

300 Ibid.

**Table 8: The Social Protection Policy Framework**

2003	The National Food and Nutrition Policy			
2004	The National OVC Policy			
2006	The National Child Labour Policy	The National Policy on Disability		
2007	The Uganda Gender Policy			
2009	The National Policy for Older Persons			
2010	The National Health Policy	The National Policy for Disaster Preparedness and Management	The National Health Policy	Expanding Social Protection ESP
2011	The National HIV/AIDS Policy	Equity Promotion Strategy		
2012	The Special Needs and Inclusive Education Policy			
2013	Uganda Vision 2040			
2015	The National Social Protection Policy			
2017	National Child Policy	The National Policy for Disaster Preparedness and Management		

**The governance of Uganda's social protection sector is decentralized across various ministries.** Overall coordination and frameworks are led by the Ministry of Gender, Labor, and Social Development (MGLSD), with funding and coordination overseen by the Ministry of Finance, Planning, and Economic Development (MoFPED).<sup>301</sup> As the custodian of public finance management, the MoFPED holds the final decision-making powers and has an essential role in the approval of social protection policies.<sup>302</sup> Specific schemes, such as the Civil Service Pension Scheme, fall under the purview of the Ministry of Public Service.<sup>303</sup> The delivery of direct income support is primarily managed by the MGLSD and the Office of the Prime Minister (OPM).<sup>304</sup> The MGLSD administers the Senior Citizens' Grant and has policy and strategic oversight of the National Social Security Fund (NSSF).<sup>305</sup> The OPM administers the Labor-Intensive Public Works Programme (LIPW) under the Northern Uganda Social Action Fund (NUSAF) and the Development Response to Displacement Impacts Project (DRDIP).<sup>306</sup> There are no government direct income support schemes currently targeted at children.<sup>307</sup> The figure below further explains the delivery of direct income support schemes.

### 4.1.3 Spending on CSSP in Uganda

**Spending on social protection in Uganda has been steadily improving in recent years but remains below the lower middle-income group average.** In the financial year (FY) 2023/2024, Uganda allocated 0.17% of its GDP to social protection, a rise from 0.10% in FY 2019/2020, but considerably below the 1.5% average for similar economies.<sup>308</sup> This amount includes funding for NUSAF 3, DRDIP, and the SCG. On-budget financing almost exclusively originates from the Government of Uganda's resources. However, in 2023/2024, for the first time since 2017/2018, the social protection sector is receiving external funding

301 Tran, A., et al. (2021). Child-Sensitive Social Protection in Uganda, accessed: 19th December 2023. Available here: <https://www.developmentpathways.co.uk/wp-content/uploads/2021/11/CSSP-final-report-ALL1.pdf>.

302 Ibid.

303 Ibid.

304 Ibid.

305 Ibid.

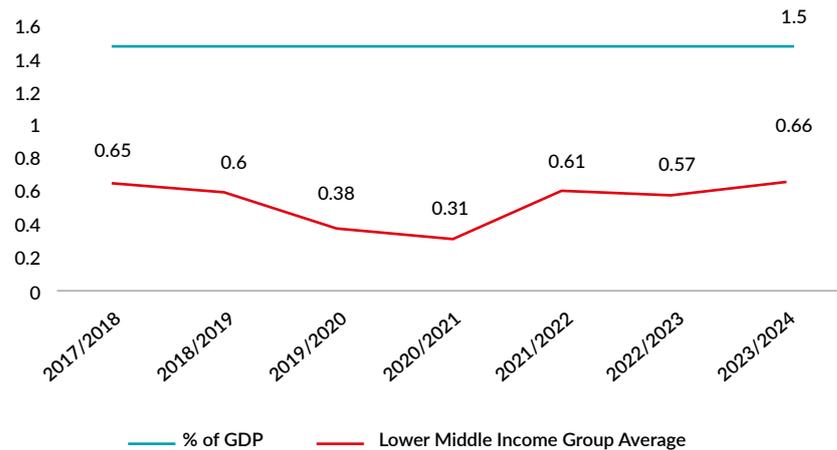
306 Ibid.

307 Ibid.

308 UNICEF (2023). Securing Public Investment in Social Protection | Financial Year 2023/24, (Kampala: UNICEF), accessed: 17th December 2023. Available here: <https://www.unicef.org/esa/media/13266/file/UNICEF-Uganda-Social-Protection-Budget-Brief-2023-2024.pdf>.

from the World Bank, amounting to UGX 112 billion.<sup>309</sup> This equates to 36.2% of the social protection budget or 0.24% of GDP.<sup>310</sup> Factors contributing to this disparity include slow sector growth and limited coverage across significant swathes of the population.<sup>311</sup> Social protection spending per capita has increased to USD 4.31 annually, an uptick from USD 3.44 in FY 2022/23, attributed to an increase in external financing.<sup>312</sup> The MGLSD spearheads social protection funding, constituting 92.7% of the FY 2023/2024 budget. The remaining funds are allocated to the Equal Opportunities Commission and local governments, although local governments only received 2.2% of the social protection budget in FY 2023/2024. An overarching challenge exists in budget execution, as releases from both the government and external financing have remained suboptimal in recent years.<sup>313</sup>

**Figure 9: Percentage of GDP Spent on Social Protection** <sup>314</sup>



**Spending on social protection directed at children is lower.** The Government of Uganda invests 0.06% of its GDP in social protection, benefiting children indirectly through regular income transfers.<sup>315</sup> These indirect impacts come from the tax-funded SCG. Other CSSP programs, directly impacting children, are entirely funded by ODA. The CSSP programs in the West Nile and the Girls Empowering Girls Social Protection Programme are positive steps, contributing approximately 5% of total investments into direct income support.<sup>316</sup> There is room for improvement, with total spending on social protection at 0.5% of GDP and investment in direct income support (social assistance) at 0.09%, lagging behind neighboring countries.<sup>317</sup> It was recommended by the 2023 UNICEF budget brief that Uganda should look to spend at least 1% of GDP on social protection, with a prioritization of children and families.<sup>318</sup> Despite the challenges posed by the COVID-19 pandemic, there remains an opportunity for the government to enhance its investment in social protection in order to promote economic recovery and human capital development.<sup>319</sup>

309 Ibid.

310 Ibid.

311 Ibid.

312 Ibid.

313 Ibid.

314 Adapted from: UNICEF (2023). Securing Public Investment in Social Protection I Financial Year 2023/24, (Kampala: UNICEF), accessed: 17th December 2023. Available here: <https://www.unicef.org/esa/media/13266/file/UNICEF-Uganda-Social-Protection-Budget-Brief-2023-2024.pdf>.

315 Tran, A., et al. (2021). Child-Sensitive Social Protection in Uganda, accessed: 19th December 2023. Available here: <https://www.developmentpathways.co.uk/wp-content/uploads/2021/11/CSSP-final-report-ALL1.pdf>.

316 Ibid. The remaining 95% of investment goes towards funding the SCG and NUSAF.

317 Ibid.

318 UNICEF (2023). Securing Public Investment in Social Protection I Financial Year 2023/24, (Kampala: UNICEF), accessed: 17th December 2023. Available here: <https://www.unicef.org/esa/media/13266/file/UNICEF-Uganda-Social-Protection-Budget-Brief-2023-2024.pdf>.

319 Tran, A., et al. (2021). Child-Sensitive Social Protection in Uganda, accessed: 19th December 2023. Available here: <https://www.developmentpathways.co.uk/wp-content/uploads/2021/11/CSSP-final-report-ALL1.pdf>.

## 4.1.4 Programmes

Presently, the government lacks dedicated social protection programmes directly tailored for children. The sole nationwide initiative is the Senior Citizens' Grant (SCG), a universal social pension offering USD 7 to older citizens aged over 80.<sup>320</sup> This report deems an adequate cash transfer to be one that constitutes 30% of the international poverty line, or USD 76.60. The SCG is considerably below this amount, however, it is roughly the same amount as 30% of Uganda's national poverty line, or USD 8.70. This suggests potential positive effects on children. However, Uganda's national poverty line has not been updated since the 1990s, indicating that it is not reflective of the current living standards. Research has also raised questions about the grant's ability to tackle food insecurity, particularly for children.<sup>321</sup> For the SCG to be effective, it is crucial to work towards providing an adequate transfer value. Generating evidence on the impact of CSSP could work towards encouraging the SCG to become more child-sensitive in the future.

**For working-age families, the primary schemes are LIPWs, encompassing programmes like the NUSAF and DRDIP.**<sup>322</sup> These initiatives provide income transfers in exchange for labor and asset creation, typically contingent on completing 54 days of work.<sup>323</sup> Notably, 10% of funds for NUSAF and the DRDIP are earmarked to support individuals unable to work; however, this allocation remains underutilized annually.<sup>324</sup> DRDIP focuses on targeting beneficiaries from refugee or host communities. The Uganda Women Entrepreneurship Program (UWEP) aims to improve access to financial services for women and equip them with skills for enterprise growth, value addition, and the marketing of their products and services.<sup>325</sup>

**Young people are targeted by the Youth Livelihood Program (YLP).** The overall objective of this program to empower the target youth in Uganda, enabling them to harness their socioeconomic potential and increase their employment opportunities and income levels.<sup>326</sup> The program targets young people aged between 18 and 30, with a particular focus on: dropouts from school and training institutions, young people living on the street, single parents, those with a disability, and young people who have not had the chance to attend formal education.<sup>327</sup>

**There are two child-focused programmes that are supported by development partners and have been implemented into the government system.** These are the Girls Empowering Girls Social Protection Programme for Adolescent Girls, and the Child-Sensitive Social Protection programme in refugee hosting districts in the West Nile.<sup>328</sup>

### Box 8: CSSP in Uganda <sup>329</sup>

#### **The Child-Sensitive Social Protection Programme in the West Nile**

This is a five-year programme which includes a nutrition-sensitive cash transfer as well as a health system strengthening component. The scheme includes training on health, education, and hygiene and sanitation as well as financial literacy training and linkages to other services. Families are required to save 30% of the cash transfer.

#### **The Girls Empowering Girls Social Protection Programme for Adolescent Girls**

This programme currently reaches 1,500 girls, 750 of which are in school but in danger of not transitioning to secondary, and 750 of which who have dropped out of school. The programme includes a cash transfer for each family, as well as peer-to-peer mentoring and links to health services.



320 Ibid.

321 Kakande, J., et al. (2021). 'The Potential Contribution of Senior Citizen's Grant (SCG) Towards Nutrition Outcomes in Older Persons' Households in Uganda' accessed 19th December 2023. Available here: <https://iopscience.iop.org/article/10.1088/1755-1315/810/1/012035/meta#:text=Study%20findings%20indicated%20that%20SCG,using%20a%20multi%2Dsectoral%20approach>.

322 Ibid.

323 Ibid.

324 Ibid.

325 Ministry of Gender, Labor, and Social Development (n.d.). Uganda Women Entrepreneurship Program (UWEP), accessed: 25.01.2024. Available here: <https://mglsd.go.ug/uwep/>

326 Republic of Uganda (2013). Youth Livelihood Program, accessed: 25.01.2024.

327 Ibid.

328 Ibid.

329 Tran, A., et al. (2021). Child-Sensitive Social Protection in Uganda, accessed: 19th December 2023. Available here: <https://www.developmentpathways.co.uk/wp-content/uploads/2021/11/CSSP-final-report-ALL1.pdf>.

**The Child-Sensitive Social Protection Program in the West Nile (also known as NutriCash) includes a nutrition-sensitive cash transfer and a health-strengthening component.** The program incorporates a range of SBCC elements focused on health, education, hygiene and sanitation.<sup>330</sup> Additional “plus” elements include linkages, referrals, and financial literacy training. Beneficiaries must be part of the DRDIP and women must be pregnant, lactating or have a child under the age of two.<sup>331</sup> Due to its alignment with DRDIP, the program is focused on refugee and hosting communities in the West Nile.

### 4.1.5 Access and Coverage

**Despite ongoing initiatives, the current social protection coverage of children remains low.** Merely 6.5% of children have access to social protection, trailing behind the sub-Saharan Africa average of 10.5% and the East Africa average of 11.53%.<sup>332</sup> According to the ILO’s Africa Social Protection Clock, in the most optimistic scenario, Uganda is predicted to reach 14.43% coverage by 2025, significantly below the ILO’s target of 40%.<sup>333</sup> By the same year, Tanzania is forecast to reach 27.07% and Kenya 34.07%.<sup>334</sup> It is imperative that Uganda prioritizes scaling up social protection programmes so this gap does not continue to widen.

**Existing programmes primarily target specific vulnerable demographics, such as impoverished families or refugee-hosting communities.**<sup>335</sup> NutriCash only covers children in the West Nile in refugee and host communities, whereas the Girls Empowering Girls program covers a small number of adolescent girls in Kampala.<sup>336</sup> Other access to social protection for other children is channelled indirectly through initiatives like the SCG, an approach that overlooks nuanced vulnerabilities like gender, disabilities, or geographical location.<sup>337</sup> The SCG is supposed to reach all Ugandans over the age of 80; however, concerns have been raised about the targeting process and high exclusion rates.<sup>338</sup> This emphasizes the need for a more inclusive and expansive CSSP framework.<sup>339</sup>

**Comprehensive care and support services for children are lacking. Access to services remains ad hoc and reliant on services provided by civil society and faith-based organizations.**<sup>340</sup> Over 4,000 organizations provide care to orphans and vulnerable children.<sup>341</sup> The MGLSD collects data on these services through the Orphans and Vulnerable Children Management Information System, however, capacity constraints restrict the effectiveness of this system.<sup>342</sup>

**However, proposals such as the Child Benefit and Child Disability Grant suggest a strong political will to improve coverage for children.** Further recommendations include lowering the age of the SCG to increase the number of children indirectly covered by the programme.<sup>343</sup> Such adjustments would expand the number of children covered and increase the number whose specific vulnerabilities are being targeted. 3.5% of children between the ages of 2-4 live with a disability in Uganda, and therefore the introduction of a Disability Grant has the potential to provide them with the specific support that they need.<sup>344</sup> These proposals, coupled with the expansion of the Child Sensitive Social Protection programme and the Girls Empowering Girls programme, have the potential to significantly increase Uganda’s CSSP system and coverage. This Investment Case chose to focus on scaling-up NutriCash due to its focus on young children

330 Ibid.

331 Ibid.

332 Ibid.

333 ILO. (2023). Africa Social Protection Clock, by World Data Lab, accessed 19th December 2023. Available here: <https://africasocialprotection.io/#map>. The research predicts a business as useful scenario, a scale up scenario to reach 40% by 2025, a scenario where coverage stagnates.

334 Ibid.

335 Ibid.

336 Ibid.

337 Ibid.

338 Elezaji, E., et al. (2023). Social Assistance Targeting in Uganda: Implications for Social Cohesion in Communities, accessed: 19th December 2023. Available here: <https://www.unicef.org/uganda/media/15851/file/Social%20assistance%20targeting%20in%20Uganda.pdf>.

339 Ibid.

340 Ibid.

341 Ibid.

342 Ibid.

343 Ibid.

344 UNICEF (2023). *Securing Public Investment in Social Protection I* Financial Year 2023/24, (Kampala: UNICEF), accessed: 17th December 2023. Available here: <https://www.unicef.org/esa/media/13266/file/UNICEF-Uganda-Social-Protection-Budget-Brief-2023-2024.pdf>.

and its strong blueprint for cash-plus programs. Further details on the reason behind this selection can be found below.

## 4.1.6 Conclusion

CSSP is a right set out in Uganda's laws, as well as other international and regional agreements Uganda is party to, making it a necessity. By aligning policies, legislation, governance structures, spending, and program accessibility, Uganda can establish a robust CSSP system that nurtures the well-being and potential of its youth. As the nation strives to achieve its development goals, a comprehensive and inclusive CSSP framework will play a pivotal role in fostering a resilient, healthy, and skilled population, thereby laying the foundation for sustained growth and prosperity.

## 4.2 PROGRAM SELECTION

### 4.2.1 The Conditions for Scaling-up and Benefitting from Cash-plus Programs in Uganda

**It is important to consider cash plus programmes in the context of the country they are happening in.** In Uganda, the NutriCash program targets refugee and host communities in the West Nile, one of the country's poorest areas.<sup>345</sup> While the primary objective is to improve health and nutrition outcomes, research suggests far-reaching benefits. The program integrates cash transfers with additional training, financial literacy campaigns, SBCC, and access to additional services.

**Initiating a large-scale expansion of a program necessitates a robust infrastructure to facilitate such growth.** Presently, the NutriCash program disburses funds through cash or agency banking, a viable approach for its current pilot phase. However, for significant scalability, exploring efficiency enhancements becomes crucial. Optimal efficiency in fund distribution is achieved through mobile money transfers, a method that obviates the need for beneficiaries to travel and minimizes staffing and administrative complexities.

**The potential sustainability of mobile money transfers is underscored by their efficacy, especially in a context where the program is poised for substantial expansion.** In Uganda, where 98% of the population enjoys mobile phone coverage and 70% possess mobile phone subscriptions, the infrastructure is conducive to supporting the scalability of a cash transfer program.<sup>346</sup> However, a critical caveat must be considered: the need to prevent the exclusion of the poorest 30% of the population, who may lack access to mobile phones.

**Ensuring inclusivity in the scale-up process is paramount, recognizing that those in the lower socio-economic strata may not possess mobile phones.** Addressing this challenge requires a deliberate strategy to provide access to mobile phones for all beneficiaries, guaranteeing that the scale-up is equitable and does not inadvertently marginalize those who stand to benefit the most. Consequently, as the program advances, attention to the accessibility of mobile phones becomes a pivotal consideration to uphold the program's commitment to reaching and positively impacting all segments of the population.

**A national identity card is required to access social protection in Uganda, but this is not available to everyone.** Those living in rural areas struggle to access ID cards due to limited infrastructure. The government has been doing work to resolve this through schemes such as decentralising the National Identification and Registration Authority (NIRA) services and conducting outreach programs. Despite these efforts challenges remain, in part due to the distance between NIRA offices and rural communities, and the need for greater sensitization on the importance of owning a National ID. Refugees are also able to access identification documents and require this to access social protection. Significant progress has been



In Uganda, **98% of the population enjoys mobile phone coverage** and **70% possess mobile phone subscriptions...**<sup>346</sup>

345 Adjumani, et al. (2023). *Review of the Social and Behavior Change Communication Approaches for the NutriCash Intervention in the West Nile region*. The Government of Uganda, World Food Program, and Save the Children.

346 Reference missing

made to address access to sim cards and mobile money services for refugees, particularly in rural areas, but challenges do remain. It is imperative that this process is simplified to ensure that everyone in Uganda can access social protection.

**To fully realize the program's benefits in Uganda, it is imperative that essential services are readily available.** Currently, Uganda faces challenges in its healthcare sector, with only 1.58 doctors and 16.86 nurses and midwives per 10,000 people, far below the recommended 44.5 professionals per 10,000 people according to the Global Burden of Disease study in 2019.<sup>347</sup> Furthermore, only 49% of Ugandans are covered by essential healthcare services, which is higher than the average for Africa at 44% but could be improved.<sup>348</sup> This emphasizes the need to scale up the NutriCash program in terms of service availability or to also consider scaling up healthcare infrastructure and improving system capacity.



Only 49% of Ugandans are covered by **essential healthcare services**, which is higher than the average for Africa at 44% but could be improved.<sup>355</sup> This emphasizes the need to scale up the NutriCash program in terms of service availability or to also consider scaling up healthcare infrastructure and improving system capacity.

**It is crucial to acknowledge the existing limitations in Uganda's mental health care infrastructure, which constrains the potential impact of cash plus programs.** Nationally, the availability of mental health

professionals is scarce, with only one psychiatrist per one million people, primarily concentrated in urban centers and often engaged in academic roles.<sup>349</sup> The COVID-19 pandemic further exacerbated this situation, with mental health units repurposed as COVID-19 isolation facilities, diminishing the provision of mental health care services.<sup>350</sup>

**When addressing nutritional outcomes, it is important to assess the availability of diverse and nutritious food supplies.** Uganda's strong food supply, with 564g of fruits and vegetables available per person per day, positions it well above the African average of 291g.<sup>351</sup> The country also maintains a reasonable protein supply at 53.3g per person per day.<sup>352</sup> Despite these favourable figures, it is essential to recognize the recommended protein intake for men and women, and continued attention to the sustainability of food supplies is vital for the enduring success of cash plus programs.

**Educational services must also be considered.** The enrolment rate for ECE in Uganda remains low, at just 15.5%.<sup>353</sup> In comparison, the average enrolment rate across Sub-Saharan Africa is 32%.<sup>354</sup> The pupil-teacher ratio for ECE is 22:1, below the recommended amount of 10:1, but higher than the African average of 34:1.<sup>355</sup> Evidence suggests that most preschools in the country are privately run, and that community-based ECD centers receive little state funding.<sup>356</sup> The benefits of cash-plus programs can only be fully realized if service availability allows for it. Therefore, it is imperative that attention also be paid to scaling up ECE services and infrastructure.

- 347 World Health Organization (n.d.). Nursing and midwifery personnel (per 10,000 population), accessed: 18th December 2023. Available here: [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/nursing-and-midwifery-personnel-\(per-10-000-population\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/nursing-and-midwifery-personnel-(per-10-000-population)). And World Health Organization (n.d.). Medical Doctors (per 10,000 population), accessed: 18th December 2023. Available here: [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-\(per-10-000-population\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-(per-10-000-population)). Global Burden of Disease (2019).
- 348 World Health Organization (n.d.). Nursing and midwifery personnel (per 10,000 population), accessed: 18th December 2023. Available here: [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/nursing-and-midwifery-personnel-\(per-10-000-population\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/nursing-and-midwifery-personnel-(per-10-000-population)). And World Health Organization (n.d.). Medical Doctors (per 10,000 population), accessed: 18th December 2023. Available here: [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-\(per-10-000-population\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-(per-10-000-population)).
- 349 Kaggwa, M. (2022). 'Mental Health Care in Uganda' The Lancet, accessed: 18th December 2023. Available here: [https://doi.org/10.1016/S2215-0366\(22\)00305-4](https://doi.org/10.1016/S2215-0366(22)00305-4).
- 350 Ibid.
- 351 Ibid.
- 352 Ibid.
- 353 UNICEF (2023). On the occasion of the second national early childhood care and education symposium, accessed 21st December 2023. Available here: <https://www.unicef.org/uganda/press-releases/occasion-second-national-early-childhood-care-and-education-symposium#:~:text=The%20net%20enrolment%20ratio%20for,data%20shows%20a%20rising%20trend>. Statistics accessed from the Education Management Information System.
- 354 Psacharopoulos, G. (2020). Preschool education in sub-Saharan Africa, accessed: 21st December 2023. Available here: [https://copenhagencensus.com/sites/default/files/preschool\\_education\\_in\\_sub-saharan\\_africa.pdf](https://copenhagencensus.com/sites/default/files/preschool_education_in_sub-saharan_africa.pdf).
- 355 UIS Statistics (2023). Education, accessed: 21st December 2023. Available here: <http://data.uis.unesco.org/#>.
- 356 UNICEF (n.d.). Early childhood development, accessed: 21st December 2023. Available here: <https://www.unicef.org/uganda/what-we-do/earlychildhood-development>.

**It is important to tailor programs to the specific context.** Cash plus programs, offering qualitative benefits that transcend measurable outcomes, significantly contribute to the overall well-being of targeted populations. Tailoring these programs to specific contexts, incorporating key design recommendations, and addressing infrastructure and service gaps are critical for maximizing their positive impact.

## 4.2.2 Program Selection

**NutriCash is a “cash plus” social protection programme that is focused on children under two pregnant and breastfeeding mothers in the West Nile region.** “Cash plus” programmes, also known as integrated social protection, are the combination of cash transfers with complementary programmes that are designed to generate additional benefits for households.<sup>357</sup> NutriCash is a “cash plus” programme because it combines a monthly payment of UGX 48,000 (14 USD) with intensive campaigns to enable families to adopt habits that improve their lifestyle, health, and nutrition.<sup>358</sup> In particular, it aims to improve nutrition outcomes, with a focus on stunting. It was launched in November 2021 by the Office of the Prime Minister, although the core of NutriCash is funded by Sida and implemented by the WFP Uganda in partnership with OPM/DRDIP.<sup>359</sup> It focuses on West Nile since it is the region with over half of Uganda’s 1.5 million refugees. It forms part of the OPM-led DRDIP through which districts that host large numbers of refugees receive support to ease pressure on resources and social services.

**This programme was selected for this study due to its blueprint as a successful cash-plus program.** The study focuses on child sensitive social protection; NutriCash targets pregnant mothers and children under two. This recognizes the importance of the first 1,000 days in a child’s life, which is when the foundations of optimum health, growth, and neurodevelopment across the lifespan are established.<sup>360</sup> It also recognizes the strong rates of return that can emerge from investing in the early years. In addition, the programme’s “plus” elements focus on improving nutrition, which is particularly important in the context of Uganda. According to the last Demographic and Health Survey where data disaggregated by region was available, West Nile’s stunting rate was 37.8% of children under five.<sup>361</sup> There is a need to scale-up NutriCash from its pilot state to reach these beneficiaries. Moreover, the program currently provides cash transfers regularly, another key attribute of a successful cash transfer program.

**Evidence garnered from the scaling-up of NutriCash holds the potential to inspire ongoing government commitment and action toward prioritizing CSSP.** This is especially significant in light of the government’s intention to implement a Child Grant. Government ownership of CSSP programs is crucial for their scalability and sustainability. Thus, further evidence of the impact of cash-plus initiatives will play a pivotal role in advocating for government ownership of CSSP.

**NutriCash also has other design features that make it a suitable program for selection.** According to Uganda’s national poverty line, the value of the cash transfer is reasonable. As stated previously, this report considers 30% of the household poverty line to be an adequate cash transfer. According to Uganda’s national poverty, the NutriCash transfer exceeds this amount. However, it should be noted that it is below the international poverty line, leaving room for the adequacy to be improved.

## 4.2.3 Scaling up NutriCash

**The current coverage of NutriCash is not sufficient to address the challenges it aims to tackle.** NutriCash is currently 0.4% of the target population, or approximately 13,742 beneficiaries. There are approximately 2.4 million stunted children in Uganda<sup>362</sup>, and over 1.5 million refugees.<sup>363</sup> The scale of the challenge requires increased scale-up from NutriCash to come closer to addressing the need it seeks to address. Thus, this investment case proposes a scale up of NutriCash to increase its coverage and increase the capacity of the programme to address this need.

357 UNICEF Office of Research (no date) Cash Plus. Available at: <https://www.unicef-irc.org/research/cash-plus/>

358 UNICEF (2021) Sweden and Uganda partner to improve nutrition in West Nile. Available at: <https://www.unicef.org/uganda/press-releases/sweden-and-uganda-partner-improve-nutrition-west-nile>

359 ibid

360 UNICEF Office of Research (2013) The first 1,000 days of life: The brain’s window of opportunity. Available at: <https://www.unicef-irc.org/article/958-the-first-1000-days-of-life-the-brains-window-of-opportunity.html>

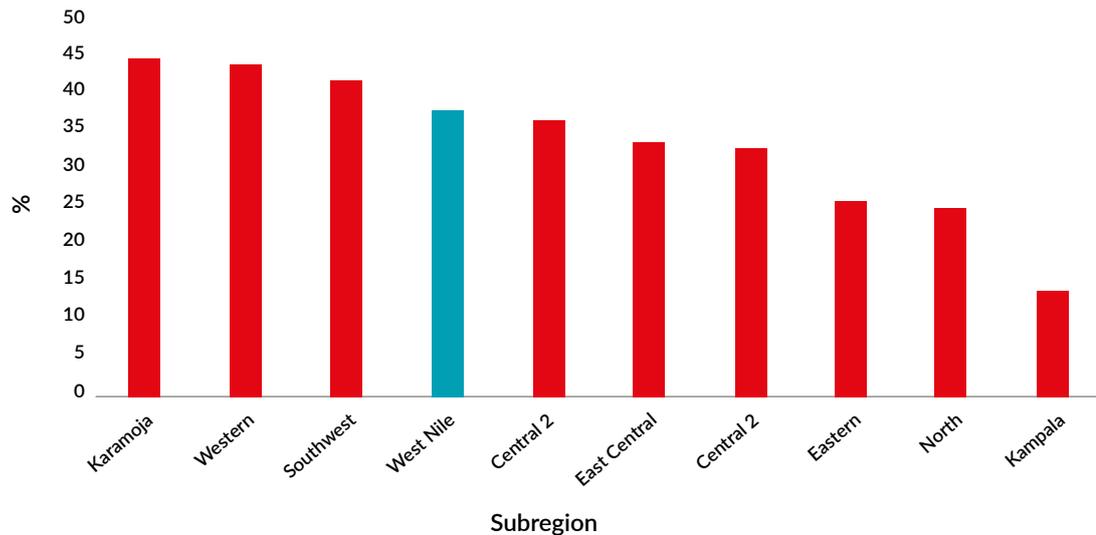
361 Uganda Bureau of Statistics (2011) Demographic and Health Survey. Available at: <https://dhsprogram.com/publications/publication-fr264-dhs-final-reports.cfm>

362 UNICEF (no date) Nutrition, Uganda. Available at: <https://www.unicef.org/uganda/what-we-do/nutrition#:~:text=Malnutrition%20threatens%20to%20destroy%20a,bearing%20Dage%20women%20are%20anemic.>

363 UNHCR (no date) Uganda. Available at: [https://reporting.unhcr.org/operational/operations/uganda#:~:text=Uganda%2C%20Africa%20s%20largest%20refugee,%2C%20and%20Burundi%20\(3%25\).](https://reporting.unhcr.org/operational/operations/uganda#:~:text=Uganda%2C%20Africa%20s%20largest%20refugee,%2C%20and%20Burundi%20(3%25).)

**Development of scale-up scenarios requires consideration of need among the target population and the current targeting approach of the program.** The scale-up must ensure it responds to a specific need present in the target population and is aligned with current targeting approaches. NutriCash currently aims to cover pregnant or lactating women or women with children under two who are covered by DRDIP. DRDIP seeks to reach people living in poverty in refugee and hosting communities, which are concentrated in the North and West of the country, particularly West Nile. The objective of NutriCash is to improve nutrition outcomes, specifically stunting. Internationally, there is an SDG target to decrease stunting to 50% by 2030. There is also a high level of stunting in Uganda, particularly among regions in the North and West of the country.

**Figure 10: Stunting rate Among Under-fives by Region in Uganda, Percentage**



**Secondly, the scenarios must ensure that implementation capacities are considered.** To ensure the implementation of the scale-up, they must be sensitive to existing service coverage and availability. In this case, the scale-up requires additional administrative capacity to distribute the cash transfer appropriately. Furthermore, the scale-up of BCC is also necessary to encourage greater health and nutrition habits, which will also require additional administrative capacities. The scale-up does not rely on significant additional resources on social services.

**Given the above considerations, two scale-up scenarios have been considered for NutriCash.**<sup>364</sup> The first scale-up scenario, Scenario A, proposes to expand coverage of the programme to all pregnant mothers and 0–1-year-olds in the West Nile subregion. This approach remains aligned with the targeting approach of NutriCash and this region has one of the highest stunting rates in the country, at 37.8%, and half of the country's 1.5 million refugees. A scale-up to all the target population in West Nile constitutes a scale-up of **5.5%** of the nationwide target population. This scale-up scenario is also selected since it makes sense to start scaling where the programme is already taking place, for ease of implementation. The second scale-up scenario, Scenario B, considers expanding the programme to include other regions that have high stunting rates, or high levels of refugees and host communities. West Nile, Southwestern, and Western subregions all have high stunting rates compared to the nationwide average and have a high proportion of the country's refugees. While Karamoja does not have a significant number of refugees, it does have the country's highest stunting rate. Therefore, Scenario B includes the target population of Karamoja, Western, Southwestern, and West Nile subregions, which is **32%** coverage.<sup>365</sup> This approach also remains aligned with the approach taken by NutriCash and DRDIP, but also focuses on reaching international targets such as the SDGs and retains a child-focused approach.

<sup>364</sup> There is potential to include a third scale up scenario to universal coverage in line with the child benefit proposals in the Ministry of Gender, Labor and Social Development's Vision for Social Protection and Draft Vision for Social Security

<sup>365</sup> Other options for targeting were considered. However, a blanket approach for selected subregions with high stunting rates was selected given that the program focuses on averting stunting cases, and targeting specifically to stunted children, or children at risk of stunting, would either involve high cost or high inaccuracy. More information on targeting methods considered is found in the context section of this report.

**Table 9: NutriCash scale-up Scenarios**

Intervention	Target, Scale-up A	Target, Scale-up B	Target Year	Baseline
NutriCash, Coverage of 0- and 1-year-olds.	5.5%	32%	2030	0.4%

Whilst there are limited CSSP systems and infrastructure in place, there are other existing programmes that can be leveraged to help reduce costs and increase the ease of scale-up. CSSP is relatively limited in Uganda, making the need for the scale-up of NutriCash so important, particularly in regions with high stunting levels and refugees. However, there are a few mechanisms that could be utilized. For example, the OPM-led DRDIP which is the support mechanism for refugee host communities, could be utilised in terms of targeting refugee populations and host communities. This could ensure that scale-up to other subregions outside of West Nile would have some existing infrastructure to increase the ease of the scale-up. There may also be an opportunity to collaborate with proposals from the Ministry of Gender, Labor, and Social Development to introduce a universal child benefit, as proposed in their *Vision for Social Protection*.

The largest opportunity lies in collaborating with the SCG, which is well-embedded in Uganda and a substantial program that enjoys cross-party support. Utilizing NutriCash to build on the SCG, could allow the government to take ownership of the program, generating increased CSSP across Uganda. Moreover, the SCG has an elaborate delivery and payment system that could be utilized to increase the number of children the program is able to reach. Scaling up NutriCash will help generate more evidence on the importance of CSSP, paving the way for increased collaboration in the future and perhaps leading to a more child-sensitive SCG.

## 4.2.4 Scaling Up NutriCash in Uganda

The benefit assessment for Uganda focused on applying the benefit pathways to the NutriCash scale-up. The benefits captured focused on three outcome areas: education, health, and poverty reduction. Details of these benefits are captured in the overarching methodology section which accompanies this case study. The monetary benefits are captured under each of the outcome areas, as well as non-monetary benefits where relevant. The overall benefits of the programme are highlighted first, before delving into the specific outcome areas in turn.

### 4.2.4.1 Aggregated Benefits

Scaling up coverage of the NutriCash programme is found to have impressive benefits, in both monetary and non-monetary terms. The tables below indicate the non-monetary and monetary benefits from each of the scale-up scenarios. Both types are reported at three points at which these benefits are realized: 2030, 2045, and 2060. This is significant for certain types of benefit, such as additional years of schooling, given that the monetary benefit is not realized from this until beneficiaries reach working age. The monetary figures are 'discounted,' which reflects the fact that benefits received in the future are less valuable than those received today. Benefits are significant for both scale-up scenarios. As a reminder, scale-up scenario A refers to the West Nile scale-up and reaches 5.5% coverage by 2030, and scale-up scenario B refers to the wider scale-up of subregions with high stunting rates and reaches 32% coverage by 2030.

**Table 10: Aggregated Benefits of Scale-up Scenarios**

<b>Scale-up Scenario A</b>			
	<b>Total (Discounted)</b>		
<b>Non-monetary</b>	<b>2030</b>	<b>2045</b>	<b>2060</b>
Additional years of schooling	147,118	728,348	1,340,666
Child lives saved	1,132	6,384	8,511
Stunting cases averted	1,392	10,040	13,225
<b>Monetary</b>			
Additional GDP from additional years of schooling (USD)	-	26,188,615	115,459,899
Additional GDP from DALYs (USD)	127,394,011	744,854,932	1,614,714,263
Additional GDP from the economic multiplier (USD)	207,053,918	1,025,076,505	1,886,851,381
<b>Total additional GDP (USD)</b>	<b>334,447,928</b>	<b>1,796,120,052</b>	<b>3,617,025,543</b>

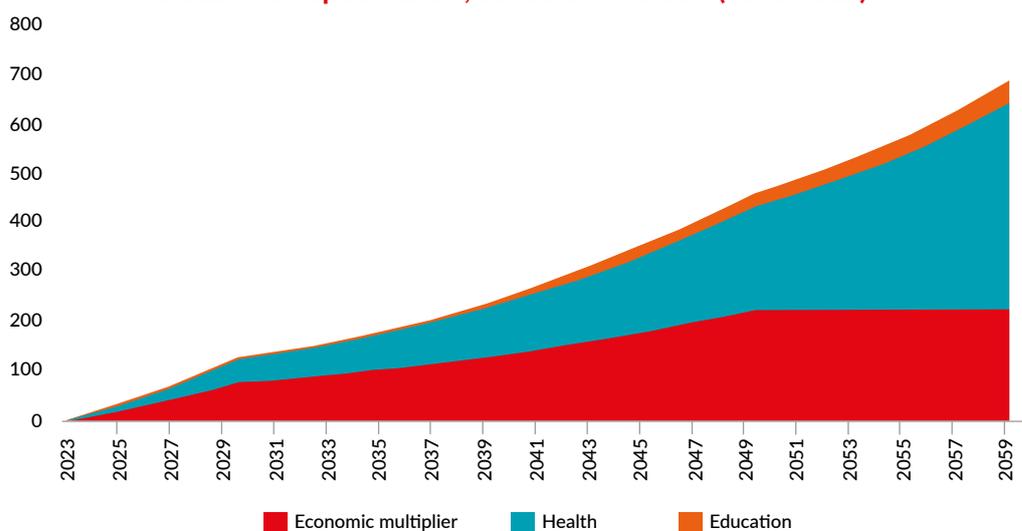
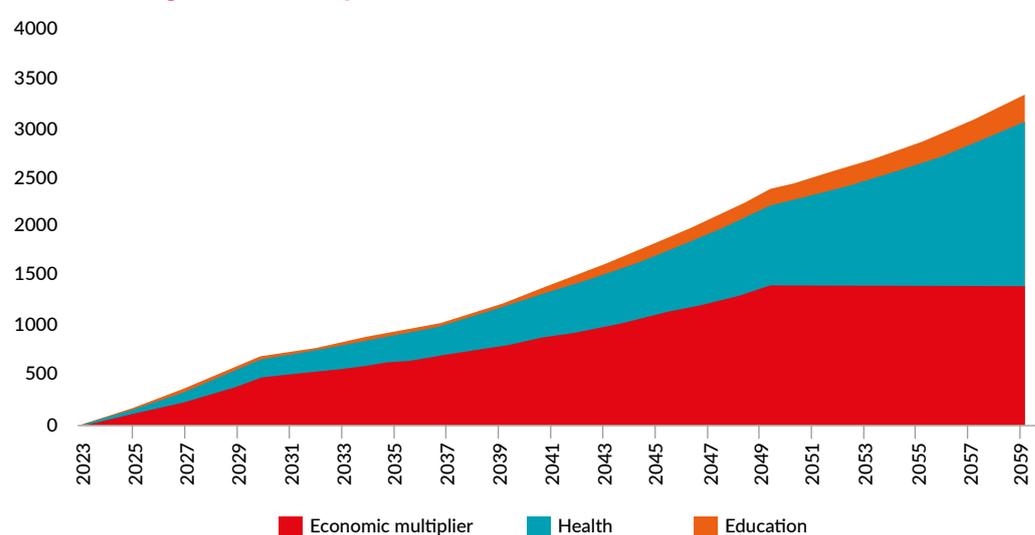
  

<b>Scale-up Scenario B</b>			
	<b>Total (Discounted)</b>		
<b>Non-monetary</b>	<b>2030</b>	<b>2045</b>	<b>2060</b>
Additional years of schooling	913,691	4,523,477	8,326,333
Child lives saved	7,014	39,556	52,735
Stunting cases averted	8,625	62,209	81,943
<b>Monetary</b>			
Additional GDP from additional years of schooling (USD)	-	167,185,314	721,613,104
Additional GDP from DALYs (USD)	789,343,282	4,615,179,577	10,004,896,215
Additional GDP from the economic multiplier (USD)	1,285,928,030	6,366,335,041	11,718,469,801
<b>Total additional GDP (USD)</b>	<b>2,075,271,313</b>	<b>11,148,699,932</b>	<b>22,444,979,120</b>

### 4.2.3.2 Monetary Benefits

The NutriCash scale-up contributes significantly to overall GDP in each of the respective scenarios. The total impact of Scenario A is close to **USD 3.5 billion**, which between 2023 and 2060 constitutes a contribution to Uganda's GDP of **0.03%** for Scenario A and **0.2%** for Scenario B.

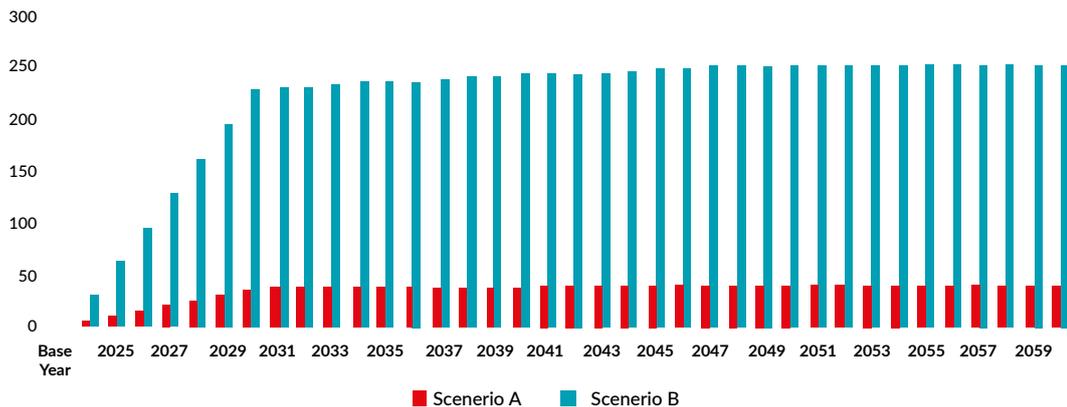
The graphs that follow visualize the contribution to GDP of the respective scenarios. Each shows the relative contributions of health, education, and economic multiplier benefits derived from the NutriCash scale up. As demonstrated in the graph, benefits from the economic multiplier and improved health increase significantly as the intervention reaches more people until it reaches full scale by 2030. Benefits continue to increase, partly due to an increasing population of 0–1-year-olds in Uganda. By the mid-2030s, beneficiaries enter the labor market, therefore gains from their improved education kick in and increase as a greater number of years are worked and more beneficiaries enter the labor market. By 2050, the population of 0–1-year-olds begins to stagnate, meaning the number of beneficiaries of the programme remains steady. This explains why the impact of the economic multiplier begins to slow down, whereas health and education gains continue to increase as the benefits from improved health and education continue beyond the period at which the programme is available to beneficiaries.

**Table 11: Scale up Scenario A, Contribution to GDP (million USD)****Figure 12: Scale up Scenario B, Contribution to GDP (million USD)**

### 4.2.3.3 Non-monetary benefits

#### 4.2.3.3.1 Education

**Additional years of schooling are derived from the cash plus intervention in Uganda. By 2060, 1,340,666 additional years of schooling will have been received in Scenario A, and 8,326,333 in Scenario B.** The average year of schooling currently stands at 6.8 years.<sup>366</sup> The average years of schooling will be increased to **6.81** in Scenario A and **6.87** in Scenario B as a result of the NutriCash scale-up, all other things being equal. Whilst these impacts are relatively small, there is significant potential to increase this further if the programme continues to increase its reach, along with other programmes that boost years of schooling.

**Figure 13: Additional Years of Schooling Created by the Scale-up, Thousands**

#### 4.2.3.4 Qualitative Benefits

**Presently, the NutriCash program’s ‘plus’ component primarily emphasizes nutrition and health outcomes.** However, owing to the interconnected realms of social, educational, economic, and health factors, it is conceivable that the SBCC component of NutriCash is exerting influence on additional educational outcomes for children.<sup>367</sup> In addition to educating parents on health and nutrition, evidence from NutriCash indicates a substantial contribution to the empowerment of women, positively impacting their self-confidence. The latest annual report reveals that some women, upon participating in the program, felt empowered to actively ‘contribute to their family’s well-being.’

**This empowerment, facilitated through close engagement with social workers and access to key services, is likely prompting families to prioritize education for their children.** Empowerment has been recognized as a pivotal catalyst, instilling confidence in individuals and families, thereby encouraging the utilization of essential services such as healthcare and education. Consequently, it is reasonable to posit that NutriCash is exerting an influence on educational outcomes by empowering beneficiaries and disseminating education on health and nutrition.

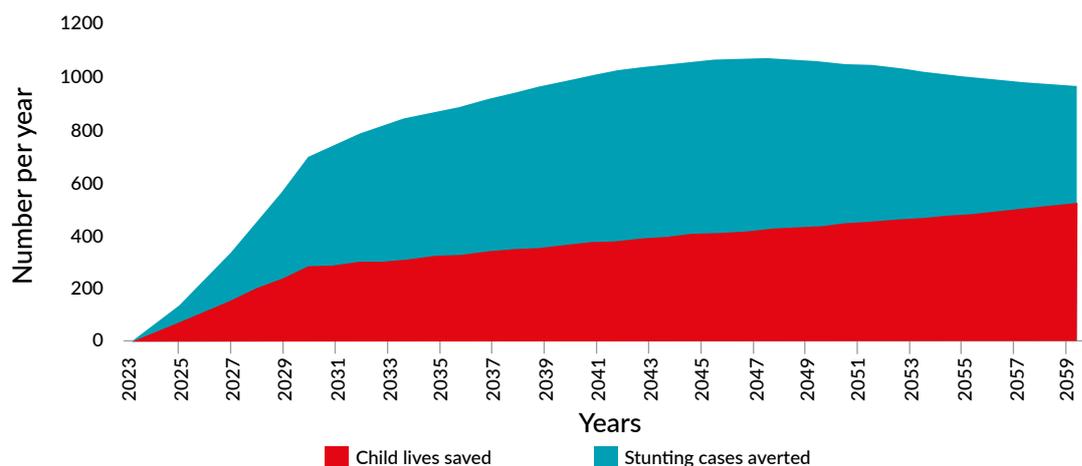
**Nevertheless, further research is imperative to precisely gauge this impact.** An assessment of children’s enrolment levels in the program and conversations with beneficiaries regarding their perspectives on the significance of education would be beneficial in understanding the extent of these spill-over effects. An alternative approach could involve expanding the parameters of the SBCC component of NutriCash to incorporate additional teachings on the importance of education, likely yielding a substantial positive impact on educational outcomes.

##### 4.2.3.4.1 Health

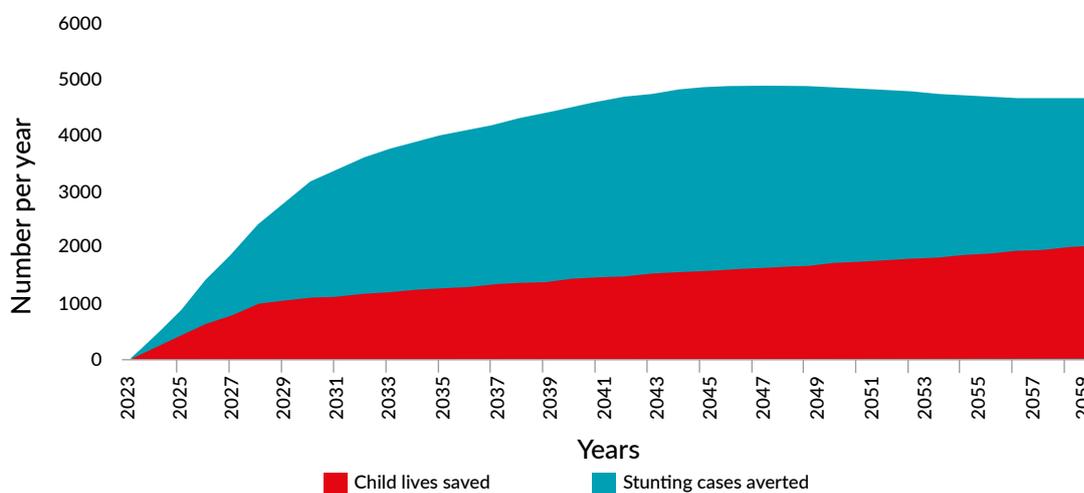
**The health benefits that accrue from the scale-up of the cash-plus intervention are noted in the figures below.** These benefits are expressed in terms of child lives saved and stunting cases averted. During the scale-up of the intervention, up to 2030, the increase in child lives saved and stunting cases averted is significant, before increasing more gradually up to 2060. The number of stunting cases averted peaks around 2046, given the decreasing number of stunting cases overall in the population projected at this time, as well as a slowdown in population increases. In total, more than **8,000** child lives are saved in Scenario A, and more than **52,000** child lives are saved in Scenario B.

367 Cerf, M. (2023). ‘The social-education-economy-health nexus, development, and sustainability: perspectives from low- and middle-income and African countries’, Discover Sustainability, accessed: 21st December 2023. Available here: <https://link.springer.com/article/10.1007/s43621-023-00153-7>.

**Figure 14: Scenario A, Non-monetary Health Benefits**



**Figure 15: Scenario B, Non-monetary Health Benefits**



The NutriCash program underwent a comprehensive evaluation in 2022, particularly focusing on the SBCC element.<sup>368</sup> Direct engagement with beneficiaries revealed notable improvements in health and nutrition outcomes. The program positively influenced women’s choices, leading to increased childbirths in healthcare facilities, and ensuring proper medical attention. Participants highlighted heightened awareness of good healthcare practices, especially in child health and breastfeeding. A young mother interviewed by the World Food Program stated that the support had made her feel comfortable trying breastfeeding, despite previous fears.<sup>369</sup> The program’s ability to provide economic empowerment reduced stress for women, enabling them to become more involved in the outcomes for their families.<sup>370</sup>

**Box 7: Evidence from the Beneficiaries of NutriCash<sup>371</sup>**

‘Truly Nutricash has helped us improve on health, my children are healthy, strong.’



368 Adjumani, et al. (2023). *Review of the Social and Behavior Change Communication Approaches for the NutriCash Intervention in the West Nile region*. The Government of Uganda, World Food Program, and Save the Children.

369 Akumu, P. and Nguyen, D. (2023). ‘I feel like the proudest mother in the world’: WFP supports breastfeeding in Uganda, accessed: 18th December 2023. Available here: <https://www.wfp.org/stories/i-feel-proudest-mother-world-wfp-supports-breastfeeding-uganda>.

370 Ibid.

371 Adjumani, et al. (2023). *Review of the Social and Behavior Change Communication Approaches for the NutriCash Intervention in the West Nile region*. The Government of Uganda, World Food Program, and Save the Children.

**Nutricash has demonstrated a positive impact on nutrition outcomes for children.** Participants who were engaged during the evaluation reported improved diets characterized by greater balance and variety.<sup>372</sup> The program's emphasis on nutrition education empowered women to understand the importance of maintaining a balanced diet and proper hygiene while feeding their children.<sup>373</sup> Education on gardening further enhances food variety, making it easier for caregivers to provide their families with a more diverse range of available foods.<sup>374</sup> This reiterates the importance of service and system availability in determining the success of cash-plus programs.<sup>375</sup> The Nutricash program, through its 'plus' element, engages families on the significance of health and nutrition, providing tools to maximize benefits. Overall, the program is evidently contributing significantly to health and nutrition improvements in the region.

## Mental Health

**Mental health challenges in Uganda are a notable concern, as evidenced by a 2022 systematic review.**<sup>376</sup> This revealed that 22.9% of children in the country grapple with mental health disorders, with anxiety and depression prevailing as the most common issues.<sup>377</sup> The formative years play a pivotal role in shaping a child's mental health trajectory, emphasizing the importance of fostering safe, secure, and stable environments during early childhood.<sup>378</sup> The nexus between poverty and mental health becomes apparent as economic hardship exerts considerable strain on both the psychological and physical well-being of individuals.<sup>379</sup>

**The Nutricash program is undoubtedly having some positive impacts on mental health outcomes.** The evaluation of the Nutricash program in Uganda underscores its capacity to alleviate financial stress for families. Beneficiaries reported that the initiative enabled them to meet essential needs, such as paying school fees and accessing nutritious, balanced foods.<sup>380</sup> Implicit in these outcomes is the potential indirect impact on beneficiaries' mental health, as the program eases financial burdens and enhances families' access to health and nutrition services.<sup>381</sup>

**Moreover, the initiative is exerting a notable influence on the empowerment and enhancement of self-confidence among its recipients.** This is indicated by the words of the beneficiaries themselves.<sup>382</sup> Substantial evidence underscores the connection between self-esteem and mental health, with positive self-esteem demonstrating a direct correlation with diminished symptoms of anxiety and depression.<sup>383</sup> It is widely acknowledged that robust self-esteem plays a pivotal role in fostering positive mental health and overall well-being.<sup>384</sup> Consequently, the capacity of NutriCash to contribute to the empowerment and bolstering of self-confidence among women strongly implies a consequential positive impact on their mental health.

**While the expansion of the NutriCash program is likely to yield positive indirect impacts on mental health, the inherent limitations of the mental health care system in Uganda pose challenges.** As it was stated earlier in the report, the scarcity of mental health professionals, coupled with the strain on resources during

372 Ibid.

373 Ibid.

374 Ibid.

375 Ibid.

376 Aromatarias, E., Munn, Z. and Opio, J. (2022). 'Prevalence of Mental Disorders in Uganda: A Systematic Review and Meta-Analysis,' accessed: 18th December 2023. Available here: [https://pubmed.ncbi.nlm.nih.gov/34427855/#:~:text=Overall%20and%20with%20moderate%20level,%25%20%2D%2025.9%25\)%%20in%20adults.](https://pubmed.ncbi.nlm.nih.gov/34427855/#:~:text=Overall%20and%20with%20moderate%20level,%25%20%2D%2025.9%25)%%20in%20adults.)

377 Ibid.

378 Bicha, R., et al. (2020). Connecting the Brain to the Rest of the Body: Early Childhood Development and Lifelong Health Are Deeply Intertwined: Working Paper No. 15. (The National Scientific Council on the Developing Child: Harvard University), accessed: 18th December 2023. Available here: [https://harvardcenter.wpenginpowered.com/wp-content/uploads/2020/06/wp15\\_health\\_FINALv2.pdf](https://harvardcenter.wpenginpowered.com/wp-content/uploads/2020/06/wp15_health_FINALv2.pdf).

379 Ibid.

380 Adjumani, et al. (2023). *Review of the Social and Behavior Change Communication Approaches for the NutriCash Intervention in the West Nile region.* The Government of Uganda, World Food Program, and Save the Children.

381 Ibid.

382 Save the Children (2023). Annual Report on the Implementation of Social Behavior Change Communication (SBCC) WFP Child Sensitive Social Protection Interventions in the West Nile Region.

383 Henriksen, I., et al. (2017). 'The role of self-esteem in the development of psychiatric problems: a three-year prospective study in a clinical sample of adolescents.' *Child Adolesc Psychiatry Mental Health*, accessed: 21st December 2023. Available here: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5747942/>.

384 Goldman, R., and Vanbuskirk, S. (2023). Why It's Important to Have High Self-Esteem, accessed: 21st December 2023. Available here: <https://www.verywellmind.com/why-it-s-important-to-have-high-self-esteem-5094127>.

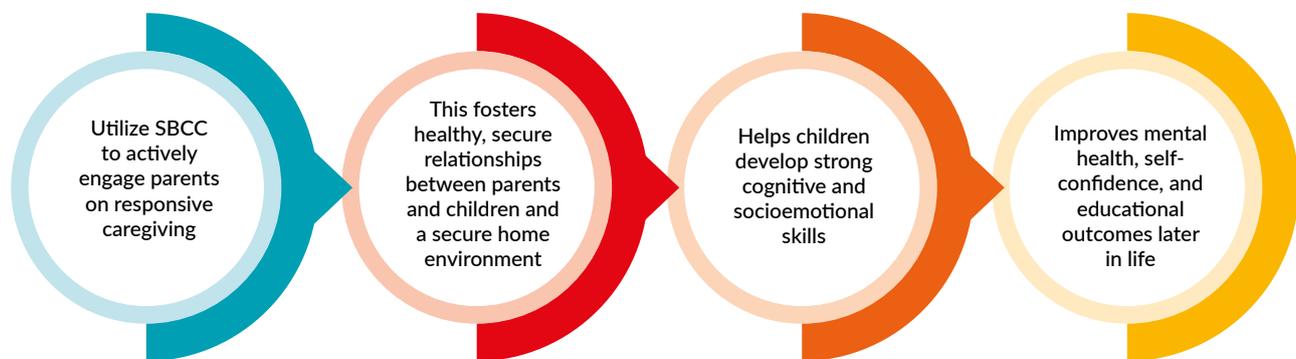
the pandemic, underscores the need for a comprehensive approach. If the ‘plus’ component of the program were broadened to incorporate mental health-specific education and training, the existing system might struggle to adequately support individuals requiring additional mental health assistance. This reiterates the intricate interplay between social protection programs and the availability of essential services.

#### 4.2.3.5 A Safe and Secure Environment

**The cash-plus elements of NutriCash have been noted to improve the safety and stability of home environments.** Its current primary objectives center on enhancing nutritional outcomes for pregnant and lactating women, as well as young children. The program is actively engaging beneficiaries in close proximity, employing various modules that emphasize improved parenting practices to create a secure environment for children. Much of this work focuses on cultivating a clean environment for children. Training modules cover aspects such as caring for sick children and education on good WASH and nutrition practices.<sup>385</sup> Beneficiaries noted that they felt more confident in their ability to provide a clean, safe, environment for their children. Basic hygiene practices within the home, such as children cleaning their teeth and regularly washing, improved and caregivers stated that the educational modules had helped them understand the importance of these things.

**The program also focuses on increasing male participation in the home.** In an effort to enhance involvement, the program has established Male Action Groups to stimulate male participation and has conducted at-home visits to convey health and nutrition messages.<sup>386</sup> According to feedback from the annual report, male beneficiaries have shown a positive response, pledging increased support for pregnant women and women with young children.<sup>387</sup> Women interviewed expressed feeling empowered and more confident in their decision-making following their engagement with the program.<sup>388</sup> Notably, the significance of these outcomes is underscored for refugee women, who may have encountered considerable trauma. Consequently, there is potential for considerable impacts on the cognitive and socioemotional benefits experienced by children, with enduring effects throughout their lifetime.

**Figure 16: The Benefits of Responsive Caregiving**



##### 4.2.3.5.1 Cost Assessment

**The cost assessment for NutriCash considered the scale-up of various costing inputs to derive an overall cost of the programme.** Costing inputs received by programme implementers were broken down according to the cash component and the nutrition BCC (the “plus” component). The cash transfer costs included the value of the cash transfer, annual transportation costs, and the annual remuneration of staff. The “plus” component costs included training, meetings and workshops, equipment costs, and rent and running costs. Aside from inflation, the cash transfer value remained the same at USD 12 per month.

385 Lesson plan for the program, provided by Save the Children.

386 Save the Children (2022). Annual Report on the Implementation of Social Behavior Communication (SBCC) WFP Child-Sensitive Social Protection Interventions in the West Nile Region. Accessed: 20th December 2023.

387 Ibid.

388 Ibid.

The figures below outline the cost components of NutriCash over time. In every scenario, the costs of the programme grow, due to increases in inflation and increase in the size of the target population. In Scenarios A and B, costs grow fastest as the scale-up increases up to 2030, then level out to become back in line with increases in inflation and the target population. Small economies of scale were accounted for in the administration costs.

In each scenario, the vast majority of the expense is on the cash transfer. In both scale-up scenarios, in 2023, around 86% of the cost of the programme is expected to be cash that is received directly by beneficiaries. The remaining costs are expected to be 3% on transportation, 6% on staff costs, and 5% on “plus” programme components. Based on international literature, the study has assumed economies of scale will occur as the program is scaled up.<sup>389</sup> This assumption has been made based on well-established, larger social protection programs that spend roughly 3% of their budget on admin costs.<sup>390</sup> Due to the smaller scale-up, it is assumed that costs will not reduce to reach 3%. Therefore, it assumes that staff costs will reduce until they are 5% of the total budget by 2060.

Figure 17: Cost of NutriCash, Baseline Scenario (million USD)

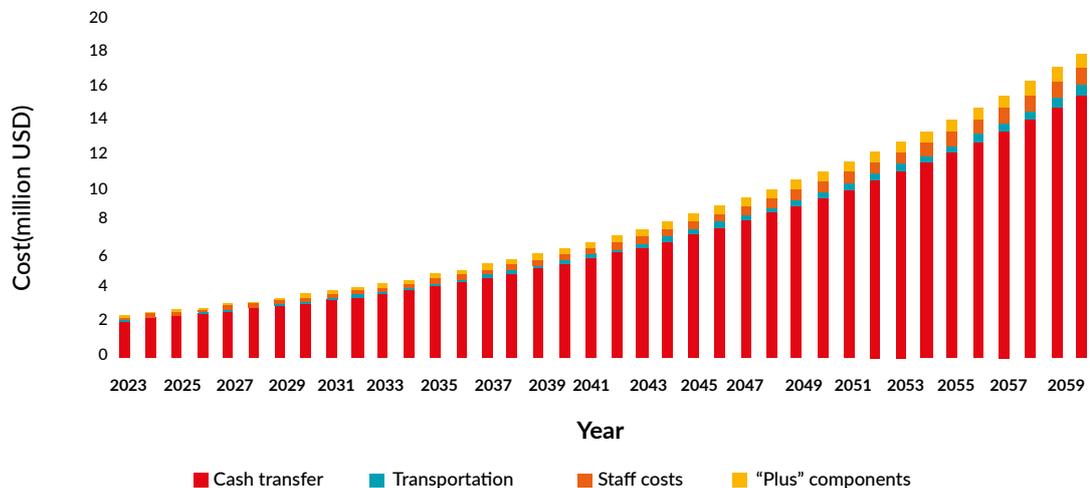
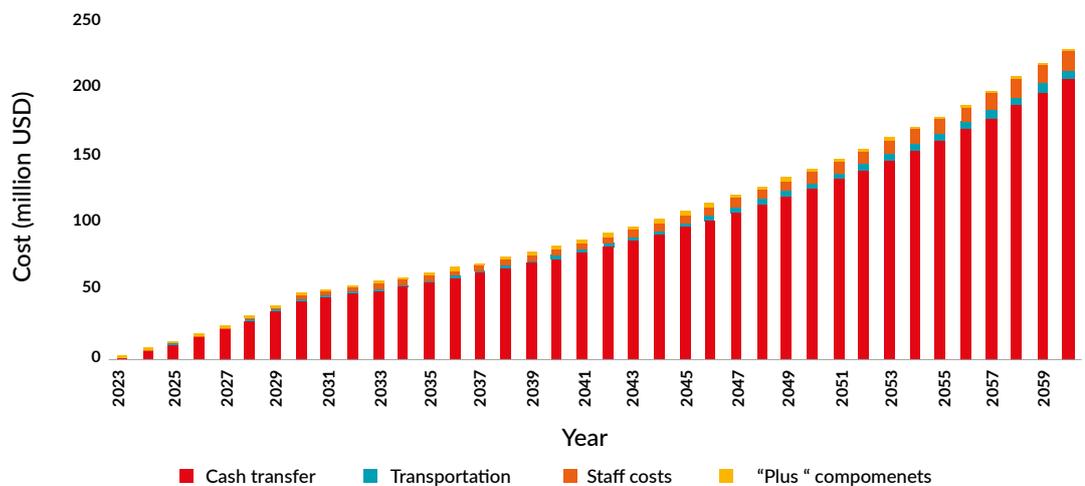
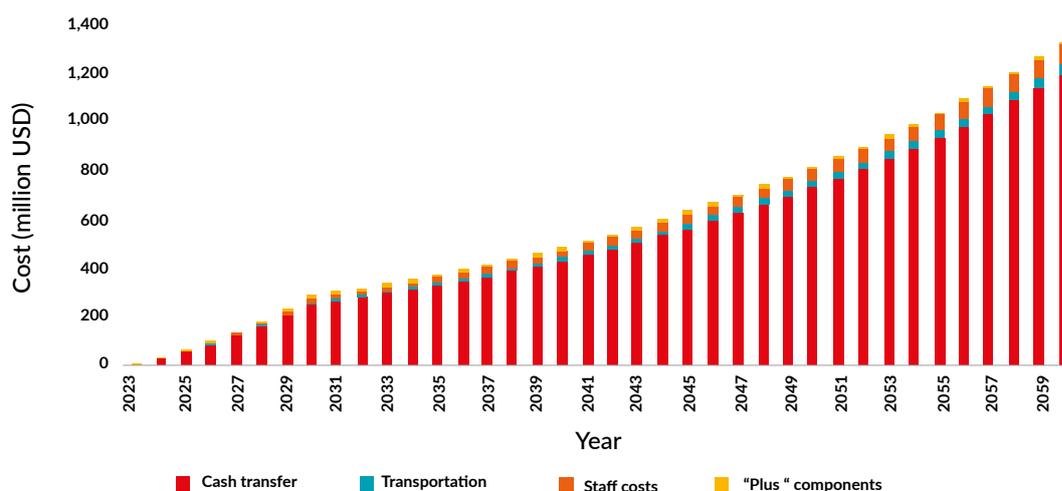


Figure 18: Cost of NutriCash, Scale-up Scenario A (million USD)



389 Cecchini, S., et al. (2020). Estimates of the cost of cash transfers under the National Policy on Social Protection and Promotion in Haiti, accessed: 22.01.2024. Available here: <https://repositorio.cepal.org/server/api/core/bitstreams/836f2877-6640-4a35-8f9f-2a8dbf2e4ce9/content>.

390 Ibid. and Oritz, I. et al. (2017). Universal Social Protection Floors: Costing Estimates and Affordability in 57 Lower Income Countries, accessed: 22.01.2024. Available here: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---soc\\_sec/documents/publication/wcms\\_614407.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_614407.pdf)

**Figure 19: Cost of NutriCash, Scale-up Scenario B (million USD)**

The total cost of the programme for each scenario is presented in the table below. The table displays costs by year at which they will be spent. By 2060, Scenario A will cost an additional USD 1,084 million, and scenario B will cost an additional USD 6,761 million. These amounts are on top of the current budget allocations.

**Table 11: Cost of NutriCash by Scale-up Scenario (million USD)**

	2023 - 2030	2023 - 2045	2023 - 2060
<b>Baseline</b>	20	60	102
<b>Scenario A total cost</b>	142	665	1,186
<b>Scenario A additional cost</b>	122	595	1,084
<b>Scenario B total cost</b>	781	3,770	6,862
<b>Scenario B additional cost</b>	761	3,710	6,760

## 4.3 COST-BENEFIT ANALYSIS

This section of the report brings together the benefits assessment and the costing exercise to produce benefit-cost ratios (BCRs) and a cost of inaction (COI). The BCR shows the relationship between the relative costs and benefits of the NutriCash scale-up, expressed in monetary terms. If the BCR is greater than 1.0, the scale-up is expected to deliver a positive net present value to the economy. The cost-benefit analysis also incorporates a COI, which is the opportunity cost associated with not scaling up NutriCash. Both the BCR and the COI are reported below, for each scale-up scenario, and by timeframe.

**Table 12: NutriCash, cost-Benefit Analysis by Scale-up Scenario**

Scenario	Indicator	2023 - 30	2023 - 45	2023 - 60
Scale up Scenario A	Total additional monetary benefits, discounted (million USD)	334	1796	3617
	Total additional costs, discounted (million USD)	122	595	1084
	Benefit Cost Ratio (BCR)	3.3		
	Cost of inaction (COI) (million USD)	212	1201	2533
Scale up Scenario B	Total additional monetary benefits, discounted (million USD)	2075	11,149	22,445
	Total additional costs, discounted (million USD)	761	3711	6761
	Benefit Cost Ratio (BCR)	3.3		
	Cost of inaction (COI) (million USD)	1314	7438	15,684

**Both scenarios include positive benefit-cost ratios, indicating that the NutriCash scale-up is an investment that represents good value for money.** By 2060, scaling up the programme to all of West Nile (Scenario A) will deliver a benefit-cost ratio of 3.3. This means that for every \$1 invested in the NutriCash programme, the benefits to society will equate to **\$3.30**. Similarly, for Scenario B, which sees the programme scaled up to West Nile, Karamoja, Western and Southwestern sub-regions, every \$1 invested returns **\$3.30** in societal benefits by 2060.

**This benefit includes both short-term and lifelong benefits.** The short-term benefits are primarily seen through poverty reduction, via the economic multiplier effect generated through increased consumption by beneficiary families, as well as the lifelong benefits of the improved education and healthcare of the 0-1-year-olds. Given the additional qualitative benefits of the programme that are not captured in the quantitative analysis, this estimate is conservative, with the actual figure very likely to be higher than this, and likely to be significantly higher.

**Whilst both report positive BCRs, the COI is significantly higher for Scenario B.** The opportunity cost of not investing in the NutriCash scale-up equates to **2,533 million USD** for Scenario A and **15,684 million USD** for Scenario B. These figures reflect that significant economic benefits will be foregone if these investments are not made. Across both scale-up scenarios, the COI is greater over longer time horizons. This is a result of additional benefits accruing at a much faster rate than costs, translating into a greater loss of opportunity over the long-term. Given that both report positive BCRs, and the COI is significantly higher for Scenario B, the more ambitious Scenario B is the preferred option for scale-up should the fiscal space be adequate.

**Alongside the significant monetary cost-of-inaction, not investing in CSSP will have non-monetary impacts as well.** The Investment Case articulates the substantial education and health benefits that will be gained with investment in CSSP. However, if investment does not occur, then these gains will never be realized. In the case of additional years of schooling, this means that over 1.3 million additional years of schooling will never be realized in Scenario A and over 8 million additional years of schooling in Scenario B. In health, over 8,000 children are estimated to lose their lives in Scenario A if investment does not happen, in Scenario B this could be as many as 52,000. If additional investment into CSSP continues to not occur, it is likely that these non-monetary COIs will continue to grow.

### **The Adequacy of Transfer**

**This study also considered the adequacy of the cash transfer values.** Throughout the study, cash transfer values remained constant, however, it is recognized that increasing the value until they are 'adequate' is likely to increase the benefits gained. As iterated above, an adequate cash transfer is considered to be one that is at least 30% of the international poverty line (\$2.15), which was determined to be USD 76.60.<sup>391</sup> **This study, therefore, modeled increasing the value of the NutriCash transfer from USD 12 to USD 76.60. From these calculations, it was determined that increasing the value of the cash transfer could increase the cost-benefit ratio by 1.15 times.**

391 World Bank. Further information on how this was calculated can be found in the introduction sections of this report.

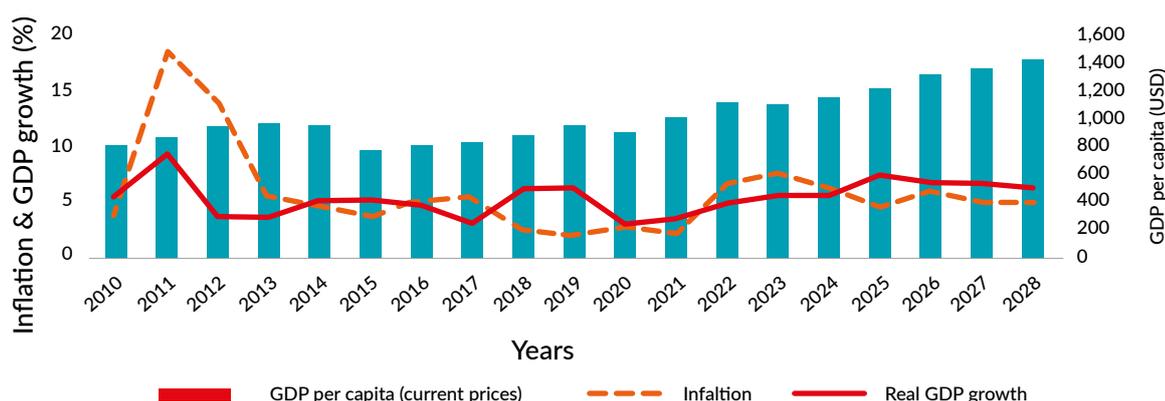
## 4.3.1 Fiscal Space Analysis

### 4.3.1.1 Macroeconomic Overview

The Ugandan economy has demonstrated resilience amid various shocks ranging from the pandemic to the effects of ongoing global tensions. GDP growth outpaced both sub-Saharan Africa and global averages from 2010 to 2021 (averaging 5%), compared to about 3.1% in sub-Saharan Africa (SSA) and 2.9% globally over the same period.<sup>392</sup> The annual headline inflation rate has also declined, reaching 2.4% in October 2023 from 9.2% in February 2023,<sup>393</sup> driven by a slowdown in price increases for goods, such as sugar, iron sheets, and refined cooking oil.<sup>394</sup> However, despite the positive growth trajectory, GDP per capita has grown much slower, partly due to high population growth rates, which have averaged around 3% over the last decade.<sup>395</sup>

Additionally, as of October 2022, the nominal value of public debt reached about 49% of GDP.<sup>396</sup> Public debt remains manageable and is expected to increase in the medium term, peaking at around 53% before gradually declining to the government's target of 50% by the end of the financial year 2024/25.<sup>397</sup> Nonetheless, public debt servicing continues to place a strain on domestic revenues, with total debt service (both domestic and external) accounting for an average of 37% of domestic revenues during the first four months of the financial year 2022/23.<sup>398</sup> However, the positive macroeconomic outlook, the country's potential transition into an oil producer in the coming years, and the gradual shift to private sector-led growth present potential for additional budgetary room.

Figure 20: Trends in Uganda's real GDP Growth, Inflation, and GDP per Capita (2010 - 2028)<sup>399</sup>



### 4.3.1.2 Social Protection Spending: Available Resources

Estimating the resources available for social protection ideally requires a look at expenditures in the sectors relevant to social protection. These typically encompass the social sectors i.e., health and child protection, among others. However, here, we look explicitly at the consolidated social protection resources in the national budget, which incorporates any social protection-related spending from other sectors as well. The following figure illustrates this based on the most recent social protection budget brief.<sup>400</sup>

392 World Bank Data (2021). GDP growth (annual %) - Uganda. Available at: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=UG>

393 Ministry of Finance and Economic Development (2023). Performance of the economy report. Available at: <https://www.finance.go.ug/sites/default/files/reports/POE-2023-10-OCT.pdf>

394 Ibid

395 World Bank Data (2021). Population growth (annual %) - Uganda. Available at: <https://data.worldbank.org/indicator/SP.POP.GROW?end=2021&locations=UG&start=2005>

396 Bank of Uganda (2022). State of the Economy Report, December 2022. Available at: <https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/publications/QuarterlyStateofEconomy/publications/Quarterly-Economic-Reports/2022/Dec/State-of-the-Economy-December-2022.pdf>

397 Ibid

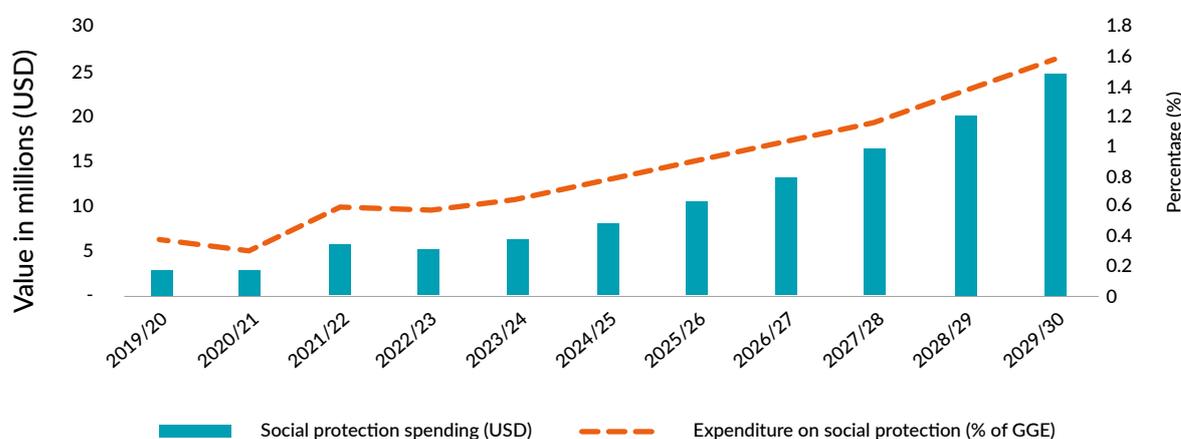
398 Ibid

399 IMF (2023). Uganda at a glance. Available at: <https://www.imf.org/en/Countries/UGA>

400 The Uganda National Social Protection Policy defines social protection as a system that is comprised of two pillars: social security and social care and support services. Social security is defined as protective and preventive interventions to mitigate factors that lead to income shocks and affect consumption. On the other hand, Social Care and Support Services are a range of services that provide care, support, protection and empowerment to vulnerable individuals who are unable to care for themselves entirely.

Available evidence suggests that social protection spending increased from 0.38% of general government expenditure (GGE), or 0.11% of GDP in the 2019/20 financial year to 0.66% of GGE or 0.17% of GDP in 2023/24. This represents an increase from USD 29 million to about USD 65 million. Spending is estimated at about USD 92 million in the 2024/25 financial year, largely driven by funding from the World Bank for the GROW project.<sup>401</sup> The social protection budget brief also indicates that between 2017/18 and 2022/23, on-budget ODA for social protection was 100% from government revenues – highlighting the NRM government’s commitment to human capital development (a key pillar of the NDP III) through investing in the social welfare of the population and CSSP despite a constrained fiscal environment. In the 2023/24 financial year, 32% of on-budget ODA for the sector came from external financing (entirely from the World Bank GROW project) and 68% through government revenues. These budgetary allocations are then projected through the medium term, taking into account the observed trends in spending throughout the sector. The indicators projected are the social protection spending as a share of GGE and the main assumption underpinning these projections is that social protection spending will continue to grow at the same pace as currently observed.<sup>402</sup> However, it is important to note that, factors such as unemployment, losses, and damages in agriculture due to climate change and global inflation might make specific groups more vulnerable and require Government to scale.

**Figure 21: Trends in Social Protection Spending**



### 4.3.1.3 Alternative Financing Options not Modelled (Uganda – specific)

#### 4.3.1.3.1 Debt Relief / Restructuring

**Debt relief and restructuring can play crucial roles in addressing fiscal constraints, particularly in the context of limited fiscal space for social protection initiatives.** Debt relief involves the reduction or forgiveness of a country’s outstanding debt, alleviating the burden on its fiscal resources. This frees out funding that was previously reallocated to debt servicing, which can be repurposed toward essential social protection programs, such as cash transfer programs among others. On the other hand, debt restructuring involves adjusting the terms of existing debt, such as extending the grace or the repayment period or renegotiating interest rates. This allows for a more effective management of debt, freeing up resources that can be channelled into providing essential social protection services. These approaches however require finding avenues to effectively negotiate such terms with the country’s major lenders. For instance, multilateral/bilateral negotiations for debt relief and or restructuring can be linked to social protection needs (or social sector needs more generally) and international development goals such as the SDGs. One such initiative was the World Bank’s Debt Service Suspension Initiative (DSSI). This involved bilateral official creditors, for a limited period, suspending debt service payments from the poorest countries (73 low- and lower-

401 UNICEF (2023). SECURING PUBLIC INVESTMENT IN SOCIAL PROTECTION UGANDA BUDGET BRIEF | FINANCIAL YEAR 2023/24. Available at: <https://www.unicef.org/uganda/media/15956/file/Social%20Protection%20Budget%20Brief%20.pdf>

402 We conduct a trend analysis of growth in social protection spending % of GGE between the 2017/18 to 2023/24 financial years and use the this as a benchmark to guide the pace at which the projected spending in the medium term (until the 2029/30 financial year). These projections are further guided by a consistent macroeconomic framework based on the IMF macroeconomic projections for Uganda.

middle-income countries).<sup>403</sup> Uganda was a participant of this suspension, and this helped the country during its fight against the COVID-19 pandemic and recovery efforts. However, given Uganda’s sustainable debt outlook in the medium term, we do not think this is likely to take place. Further, the government is committed to and currently implementing the objectives set out in the chart for fiscal responsibility, among which includes fiscal prudence, with debt estimated to decline to the region of 40-43% in the medium term.

### 4.3.1.3.2 Innovative financing

#### Box 7: Scope For Climate Finance for Social Protection in Uganda

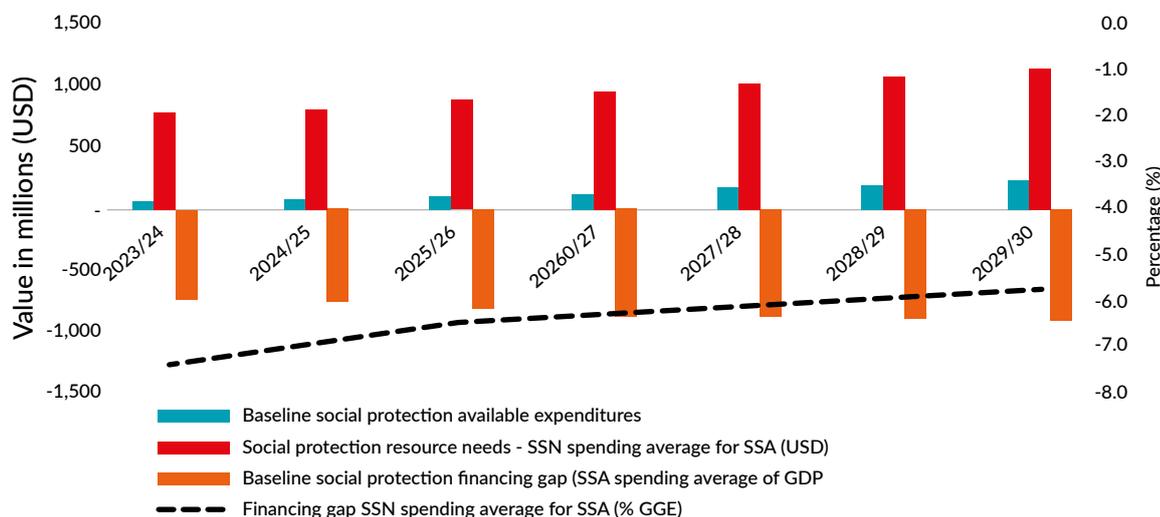
The government of Uganda aims to commit 30% of national resources and secure 70% from international sources to implement climate actions, requiring approximately \$3.9 billion by 2030 or \$258 million per year.<sup>404</sup> The National Budget Framework Paper for 2023/2024<sup>405</sup> indicates that, the votes mapped under the Natural resources, Environment, Climate Change, Land and Water Management Programme have been allocated a total budget of Shs 547 billion, of which 269 billion is domestic funding and Shs 279 billion is external financing. Despite this allocation in the 2023/2024, funding falls short of targets due to fiscal constraints exacerbated by the Covid-19 pandemic. To bridge the gap, Uganda can leverage international climate funds like the Global Environment Facility and the World Bank Group, which delivered a record \$31.7 billion for climate action in developing countries in 2022, supporting projects such as the Benban Solar Park in Egypt.<sup>406</sup>



### 4.3.1.5 Baseline scenario

Under the normative scenario, the social protection financing gap is projected to increase from an estimated **USD 721 million** in 2023 to an estimated **USD 900 million** in 2030 using the 1.5% of GDP regional spending average to benchmark resource needs.

Figure 22: Projected Financing Gap for Social Protection Under Different Spending Targets (billion USD)



403 World Bank (2022). Debt Service Suspension Initiative. Available at: <https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative>

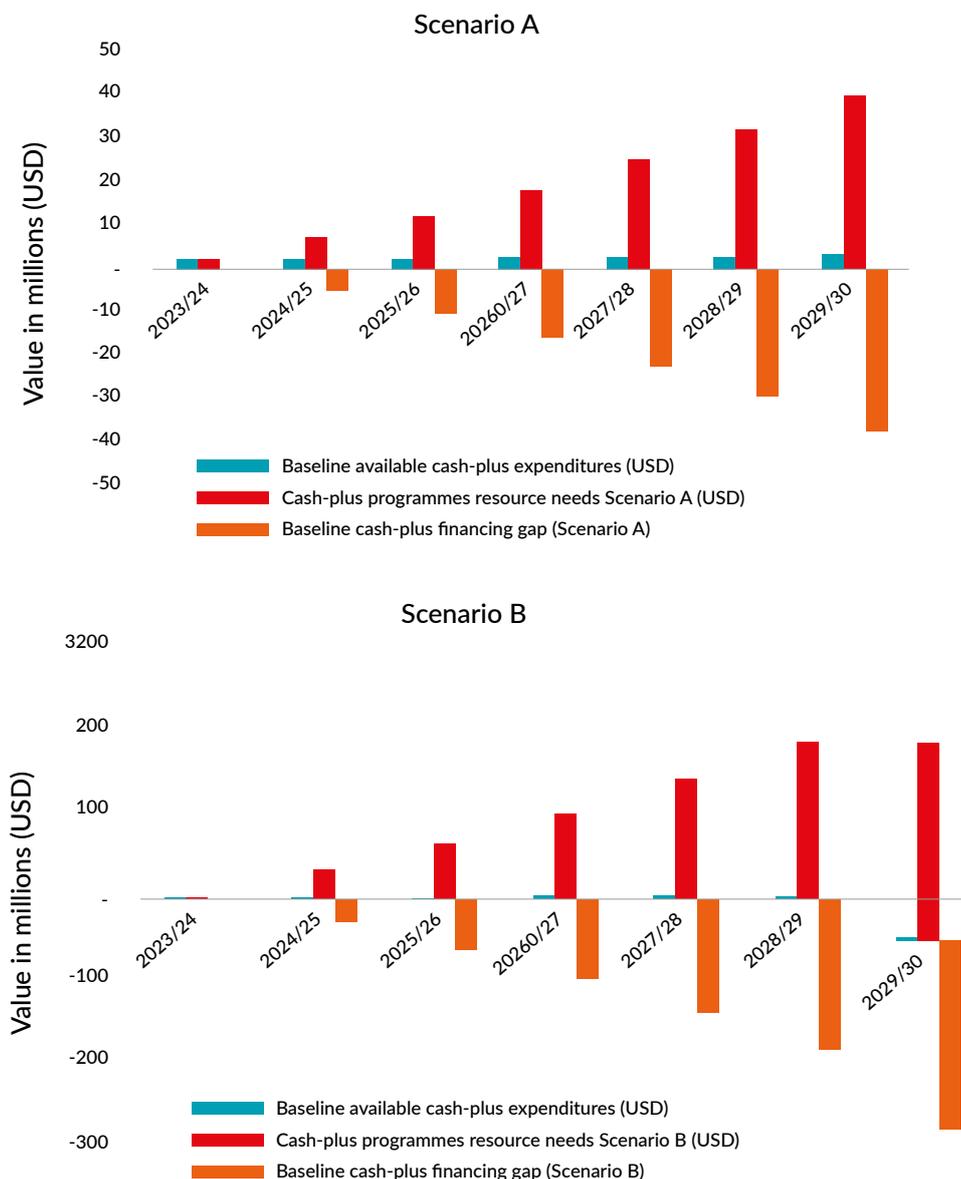
404 Economic Policy and Research Centre (2023). How can Uganda meet its climate change financing needs? Available at: <https://eprcug.org/eprc-in-the-news/how-can-uganda-meet-its-climate-change-financing-needs/>

405 MoFPED (2023). Uganda Budget Information: National Budget Framework Paper 2023/24. Available at: [https://budget.finance.go.ug/sites/default/files/National%20Budget%20docs/National%20Budget%20Framework%20Paper%20FY%202023-24\\_0.pdf](https://budget.finance.go.ug/sites/default/files/National%20Budget%20docs/National%20Budget%20Framework%20Paper%20FY%202023-24_0.pdf)

406 Economic Policy and Research Centre (2023). How can Uganda meet its climate change financing needs? Available at: <https://eprcug.org/eprc-in-the-news/how-can-uganda-meet-its-climate-change-financing-needs/>

**Narrowing the analysis to the cash-plus programme resource needs and costs, the estimated financing gaps vary under the two scenarios, i.e., the financing gap is much bigger under scenario B, where the target cash-plus coverage is 32% by 2030 (including the West Nile, Western, Karamoja, and Southwestern sub-regions) compared to under scenario A, where the target coverage is about 5.5% (in the West Nile sub-region only). Under scenario A, the financing gap is estimated to increase from a baseline of **USD 2.6 million** in 2023/24 to an estimated **USD 37 million** by 2029/30 whereas under scenario B, the increase is from **USD 32 million** in 2023/24 to about **USD 231 million** by 2029/30.**

**Figure 23: Projected Financing Gap for Cash-plus Programmes under Scenarios A and B (USD millions)**



#### 4.3.1.6 Financing Options

##### 4.3.1.6.1 Domestic Revenue Mobilisation (DRM) and Reallocation

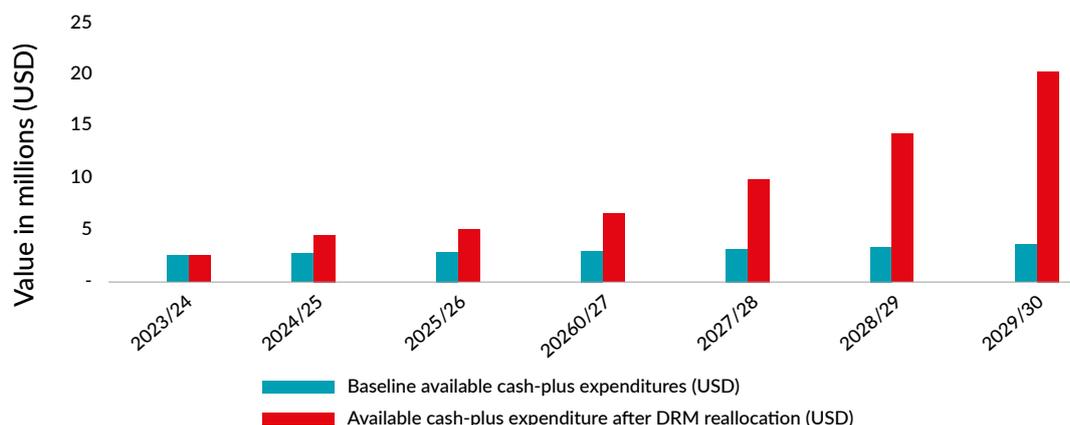
Uganda has a **Domestic Revenue Mobilisation Strategy (DRMS)**<sup>407</sup> spanning the period **2019/20 to 2023/24**. The strategy sets out revenue collection targets in line with the national development targets and the broader vision 2040 targets. It further outlines comprehensive tax reforms aimed at stimulating investment as well as new tax regimes such as the ICT taxes, among other strategies geared towards

407 Ministry of Finance, Planning, and Economic Development (2019). Domestic Revenue Mobilisation Strategy 2019/20 - 2023/24. Available at: <https://www.ldpg.or.ug/wp-content/uploads/2021/03/Domestic-Revenue-Mobilisation-Strategy-Oct19.pdf>. This strategy underpins ongoing tax reforms and among other strategic domestic revenue mobilisation efforts and its targets are regularly referenced in URA revenue performance reports, the NDPIII, MoF reports and policy discussions.

broadening the tax base and enhancing overall revenue generation. The NDPIII<sup>408</sup> targets a tax-to-GDP ratio of 15.01% by the 2024/25 financial year and this is targeted at 25% by 2040.<sup>409</sup> Since the launch of the DRMS, tax-to-GDP ratios have risen from 11.4% in 2019/20 to an estimated 13.9% in 2023/24 and are projected to reach 14.4% in 2024/25 against the 15.01 NDPIII target.<sup>410</sup> We hence calibrate and use these indicators to model an increase in revenue mobilisation as per the strategy and national development plans to project the current tax-to-GDP ratio into the medium term (2030). We augment this with medium-term revenue-based fiscal consolidation, which is estimated to generate 0.5% of GDP in revenues year on year.<sup>411</sup>

**The above strategies, if implemented, would contribute to an increase in domestic revenues, which is arguably the best and most sustainable way of creating fiscal space for funding the national budget.** For instance, using the NDPIII and Vision 2040 targets ratio would increase the tax-to-GDP ratio from the current 13.9% in 2023/24 to 18.1% in 2029/30. This equates to about **USD 2.4 billion** in 2029/30. The medium-term revenue-based fiscal consolidation would generate about **USD 329 million** by 2029/30, and these additional revenues would close the social protection financing gap by about **USD 176 million** by 2029/30. This assumes that about 1.5% as a share of GDP of the additional tax revenues are reallocated to social protection. Prioritising CSSP and reallocating the additional revenues from these strategies to cash-plus programmes, would increase the budgetary room from the current estimated **USD 3.6 million** to about **USD 20.4 million** by 2029/30. This would on average reduce the cash-plus programme financing gap by about **USD 7 million** year on year between 2023/24 and 2029/30.

**Figure 24: Potential Tax Revenues and Reallocation for Cash-plus Programmes (million USD)**



#### 4.3.1.6.2 Official Development Assistance (ODA)

OECD data indicates that ODA to Uganda in 2021/22 amounted to about \$2.6 billion.<sup>412</sup> Whereas ODA inflow is expected to continue to grow, the IMF estimates that grants to Uganda will decline from 1.2% of GDP in 2022/23 to about 0.6% of GDP in the medium term.<sup>413</sup> Further, the recent suspension of further aid to Uganda by the World Bank has meant a potentially constrained ODA outlook for the country.<sup>414</sup> Additionally, as Uganda inches towards middle-income status, the scope for ODA will become limited in the medium to long term. We therefore do not project an increase in ODA from the current into the medium

408 National Planning Authority (2020). NDPIII. Available at: [http://www.npa.go.ug/wp-content/uploads/2020/08/NDPIII-Finale\\_Compresed.pdf](http://www.npa.go.ug/wp-content/uploads/2020/08/NDPIII-Finale_Compresed.pdf)

409 National Planning Authority (n.d.). Uganda Vision 2040. Available at: <http://www.npa.go.ug/uganda-vision-2040/>

410 IMF (2022). Uganda: 2021 Article IV Consultation and First Review under the Extended Credit Facility Arrangement and Requests for Modifications of Performance Criteria-Press Release; Staff Report; and Statement by the Executive Director for Uganda. Available at: <https://www.imf.org/en/Publications/CR/Issues/2022/03/15/Uganda-2021-Article-IV-Consultation-and-First-Review-under-the-Extended-Credit-Facility-515168>

411 IMF (2023). Article IV. SECOND AND THIRD REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, AND REPHASING OF ACCESS

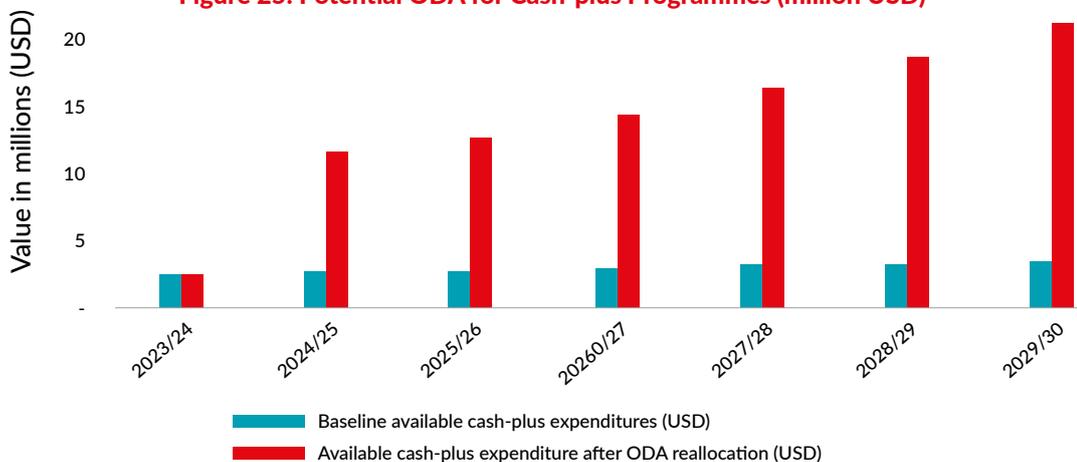
412 OECD (n.d.). ODA Available at: <https://data.oecd.org/oda/net-oda.htm>

413 IMF (2023). Article IV. SECOND AND THIRD REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, AND REPHASING OF ACCESS

414 World Bank (2023). World Bank Group Statement on Uganda. Available at: <https://www.worldbank.org/en/news/statement/2023/08/08/world-bank-group-statement-on-uganda>

term. Instead, we keep ODA inflows constant in the medium-term, as a best-case scenario. This, in line with the projected macroeconomic outlook, would on average create fiscal space of about **USD 14.1 million** for cash-plus programmes by 2030 from an estimated baseline of **USD 2.6 million** in 2023 using the 1.5% of GDP SSN spending benchmark of SSA. This would imply a reduction of the cash-plus programme financing gap by about **USD 12.9 million** annually on average between 2023 and 2030.

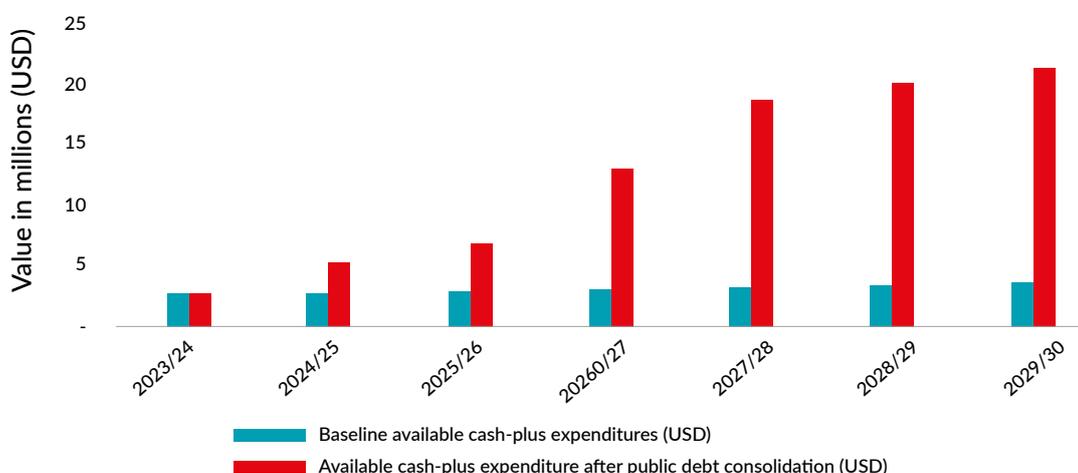
**Figure 25: Potential ODA for Cash-plus Programmes (million USD)**



### 4.3.1.6.3 Deficit Financing

Uganda's debt stands at 52.1% of GDP, although above the 50% IMF threshold for developing nations to gauge sustainability, it is assessed to be sustainable and presenting moderate risk in the medium term.<sup>415</sup> Public debt is projected to decline to 42% by 2027/28 according to the national debt sustainability analysis report.<sup>416</sup> Further, the country's charter on fiscal responsibility adopted by the parliament compels the government to ensure fiscal sustainability, especially by keeping public debt-to-GDP ratios below 50%. Given this, we therefore do not propose borrowing for social protection financing. Additionally, the Debt Sustainability Analysis (DSA) report also indicates an increasing trend in domestic and external commercial deficit financing in the medium term. These are often more costly due to their commercial and non-concessional nature and hence tend to be channelled mainly towards funding infrastructure projects such as roads, electricity, etcetera. We utilise the DSA projections of debt sustainability measures and the gains these stand to generate in terms of freeing up fiscal space that would otherwise be spent on interest payments. If public debt-to-GDP ratios are achieved as per the DSA report, this would create an additional budgetary room of up to an estimated **USD 21.5 million** by 2030. Further, this would entail a reduction of the financing gap of cash-plus programmes by about **USD 11.1 million** annually on average, between 2023 and 2030.

**Figure 26: Potential Savings from Public Debt Consolidation for Cash-Plus Programmes (million USD)**



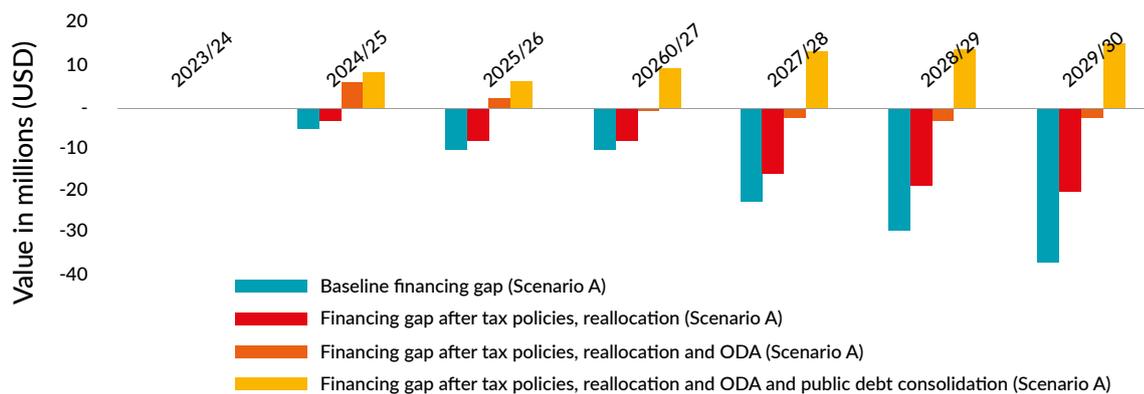
414 IMF (2023). Article IV. SECOND AND THIRD REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, AND REPHASING OF ACCESS

415 MoFED (2021). DEBT SUSTAINABILITY ANALYSIS REPORT FY2020/21. Available at: <https://mepd.finance.go.ug/documents/DSA/DSA-FY202021.pdf>

### 4.3.1.7 Maximising Fiscal Space Scenario

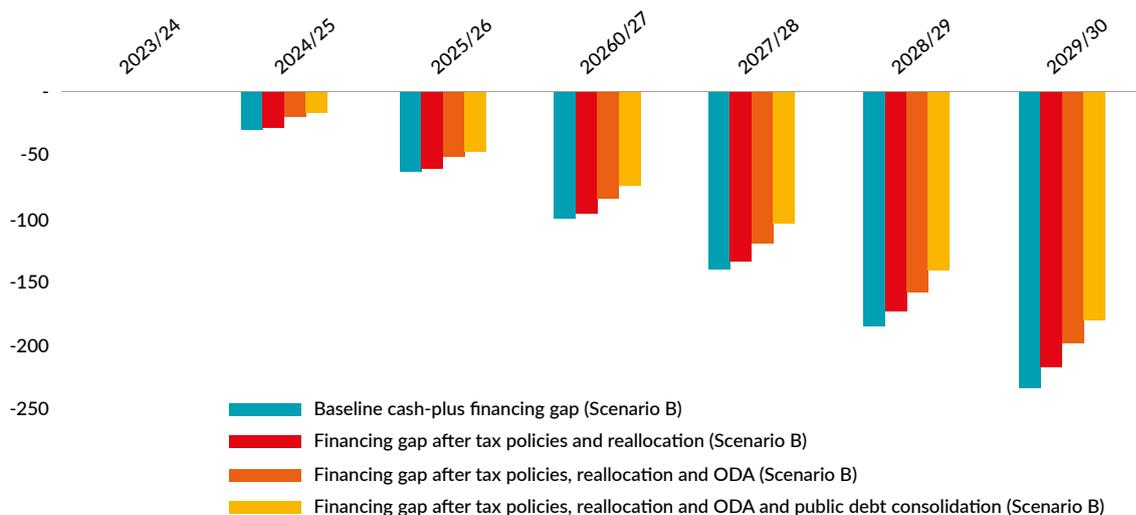
Summing all these initiatives together would eliminate the financing gap for cash-plus programmes between 2024 and 2030, creating a financing surplus. This is under an optimistic scenario where the government and development partners prioritise social protection by spending up to 1.5% of GDP on social protection. All the modelled options for creating fiscal space under scenario A eliminate the financing gap from reaching **USD 37 million** in 2030 and would create a surplus of USD 8.7 million in 2024 reaching **USD 15.6 million** by 2030. This, therefore, indicates that this conservative target of scaling coverage of up to 5.5% (in the West Nile sub-region only) under scenario A is achievable with these modelled financing options, hence the country could undertake a much more ambitious scale-up of coverage of up to 32% of the targeted population as elaborated in scenario B.

**Figure 27: Potential Fiscal Space for Cash-plus Programmes, Scenario A (million USD)**



Under scale-up scenario B, the above-modelled financing options would reduce the financing gap from reaching **USD 231 million by 2030 to USD 178 million (or by 23%)**. This is in part due to the larger cash-plus coverage target of 32% under scenario B, implying larger financial costs and requirements. This therefore means that to fully fund the financing gap for cash-plus programmes under scenario B, it is important to explore and combine other financing options not modelled here as discussed in previous sections.

**Figure 28: Potential Fiscal Space for Cash-plus Programmes, Scenario B (million USD)**



## 4.4 POLICY OPTIONS AND RECOMMENDATIONS

To secure the much-needed resources for scaling up the NutriCash programme and CSSP programmes more generally, the following recommendations based on the findings of our fiscal space analysis ought to be undertaken.

### **The share of social protection expenditure allocated to cash transfer programs should be increased.**

Prioritizing the social protection sector through CSSP programmes such as cash transfers is not just an expenditure but a significant investment in the futures of young children. This lays the foundation for social-economic transformation and sustained long-run economic development through human capital development – an important pillar of the NDPIII and Vision 2040. Current spending on social protection needs to be increased to at least 1.5% of GDP (the regional average for SSA spent on SSN). To close the financing gap for cash-plus programmes, it is, therefore, crucial to fast-track the attainment of the tax-GDP revenue targets and other domestic revenue mobilization objectives set out in the DRM strategy. Of the additional revenues generated from all sources, at least 7% should be allocated to cash-plus programmes.

**Accelerate evidence-based advocacy for greater ODA for CSSP** – within the current constrained fiscal environment, an evidence-based advocacy plan will be necessary to convince development partners and the MoFPED. Widely circulating the evidence built in this study around the benefits of investing in CSSP through cash-plus programmes will be necessary to garner support from key stakeholders. It is therefore important to demonstrate the link between increased spending and the heightened benefits of investing in CSSP and how these feed into long-term socioeconomic transformation - one of the four pillars of the NRM government's goals and further articulated in NDP III and vision 2040.

**Consolidate public debt and public expenditure.** Additional savings could be made from public debt consolidation in line with the targets set out in the Charter for Fiscal Responsibility, freeing up funds that would otherwise be spent on debt servicing. Public expenditure consolidation through fiscal prudence would also create savings that can be reprioritized towards sectors with greater long-term socio-economic impact such as CSSP programmes.

**Explore other potential avenues for creating fiscal space and enhance institutional arrangements that incentivize investments in the sector.** These involve leveraging climate finance to fund climate-sensitive programmes in places such as Karamoja and West Nile, to optimize desired socio-economic outcomes for children; curbing illicit financing and leakages within the PFM system that allow for waste and allocative inefficiencies, advancing PPPs in social sector financing more generally; and improving the efficiency of the social protection sector and more specifically CSSP programmes.

**Table 13: Policy Options / Recommendations Implementation Timelines and Responsibilities**

Specific recommendation	Priority	Implementation Timeline	Responsible entities
<b>Increase expenditure on social protection and CSSP</b>	High	Short - medium term and on an ongoing basis. Spending targets can be aligned with upcoming NDP IV	MoFPED, MoGLSD, All relevant line ministries / departments
<b>Accelerate evidence-based advocacy for greater ODA for CSSP.</b>	High	Ongoing each year, possibly organised around investments for greatest impact and human capital development more generally.	MoFPED, MoGLSD, All relevant line ministries / departments, Development Partners (DPs)
<b>Public debt and expenditure consolidation and reprioritisation</b>	High	Sort-medium term, ongoing basis in alignment with the annual budget cycle	MoFPED, MoGLSD, All relevant line ministries / departments
<b>Enhance institutional arrangements and improve efficiency of service delivery</b>	High	On-going on an annual basis	All ministries, departments and agencies (MDAs)
<b>Explore climate finance for social sector financing</b>	Medium	On-going on an annual basis	MoFPED, All relevant line ministries / departments, DPs
<b>Public private partnerships</b>	Medium	On-going on an annual basis	MoFPED, MoGLSD, PPPU

## 4.5 CLOSING THE FINANCING GAP

**The aspirational approach taken to the Investment Case leaves a financing gap.** Currently, the model explores scaling up the NutriCash program to universal coverage in selected regions. In scenario A, this refers to scaling up coverage to the whole of the West Nile. In scenario B, it refers to universal coverage in the West Nile, Western, Karamoja, and Southwestern sub-regions. A way of reducing these costs could be to apply categorical targeting to the selected regions.

**Owing to the fact that most Ugandans earn low, relatively unstable incomes, a PMT approach might not be a viable option to reduce the financing gap. As already pointed out, PMTs are also administratively costly.** Assuming that the richest 40% of households are excluded from this expansion by targeting only districts with the highest rates of poverty, and poor health and nutrition outcomes for children would reduce the costs significantly. It would reduce the total cost between 2023 and 2030 for scenario A to USD 57.20 million, and the total cost for scenario B to USD 314 million. This would make scale-up scenarios much more viable in the short- to medium-term with a significant reliance on ODA. It is worth noting that applying PMT will significantly reduce the benefits of the program as well as the costs. This is due to a reduction in the number of children that would then be covered by the program. However, studies<sup>416</sup> have shown that the returns the government stands to gain by investing in CSSP are as high as infrastructure investments which have been the main priority of government spending. Investing in CSSP is in alignment with one of the key objectives of NDP III and vision 2040 i.e, enhancing human capital development to accelerate economic development.

## 4.6 KEY FINDINGS AND POLICY OPTIONS

### 4.6.1 Key Findings

**The CBA in Uganda concentrated on the scaling up of the NutriCash program,** selected for its emphasis on young children, particularly during the crucial first 1,000 days, and its existing comprehensive cash-plus elements. The scale-up aims to reach a broader demographic by covering 0.4% of the target population, including children (under two) and mothers in areas with high stunting rates and in refugee communities. Under Scenario A, the target is set at 5.5% to encompass the entire target population in the pilot district of the West Nile. At the same time, Scenario B, more ambitious in scope, seeks expansion to three other regions with high stunting rates, covering 32% of the target population. A potential synergy with the Senior Citizens Grant (SGC), a well-established program with cross-party support, should be considered.

**The benefits of scaling up NutriCash are significant.** Between 2023-2060, in Scenario A, additional GDP is projected at **USD 3.6 billion** (0.03% of Uganda's GDP), while the more ambitious Scenario B foresees **USD 22.5 billion** (0.2% of Uganda's GDP) in the same period. These benefits stem from improved healthcare, enhanced education access, and increased GDP due to economic growth resulting from cash transfer spending.

**Non-monetary benefits in health and education are also anticipated.** Between 2023 - 2060, Scenario A is expected to yield an additional **1.3 million** years of schooling, save **8.5 thousand** child lives, and avert 13 thousand stunting cases. In the more ambitious Scenario B, projections include **8.3 million** additional years of schooling, **53 thousand** child lives saved, and **82 thousand** stunting cases averted across the same time period.

**Additionally, the program's qualitative impacts are significant.** These include the enhanced prioritization of education and healthcare by beneficiaries, along with notable effects on mental health, empowerment, and agency. Mothers report increased confidence in providing for their children, positively impacting self-confidence and mental well-being.

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416 Include (2018). Social protection in Uganda. Available at:

The rate of return on CSSP in Uganda



Scaling up the program necessitates additional funds, estimated at USD 1.1 billion for Scenario A and **USD 6.7 billion** for Scenario B between 2023-2060. Despite the financial requirements, both scenarios offer substantial rates of return, with every **USD 1** invested expected to yield **USD 3.3** in returns.

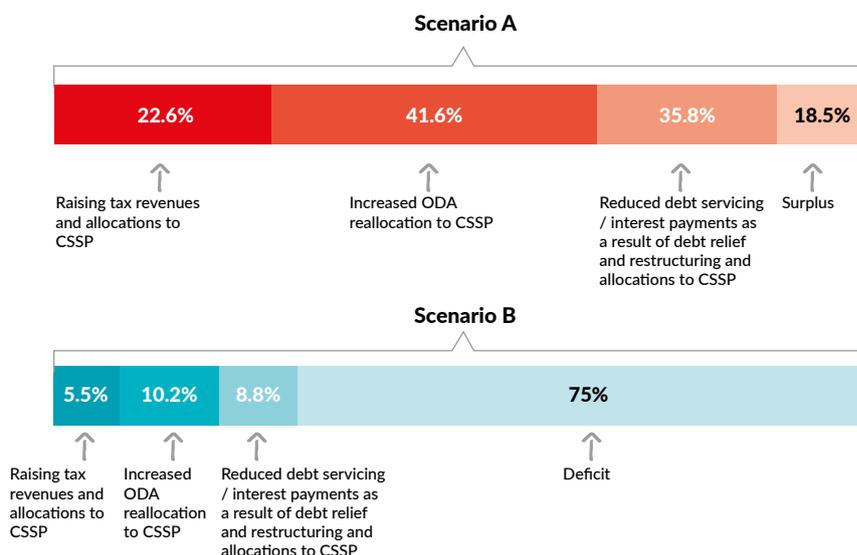
The CBA also explores the option of enhancing the adequacy of cash transfers, considering 30% of the international poverty line or USD 76.60 per household, per month as adequate. While more expensive, increasing transfer adequacy is anticipated to generate more substantial returns, primarily through increased expenditure and consumption by beneficiaries. While these may currently be financially challenging, showcasing these returns is essential for advocacy purposes.

Investing in scaling up the NutriCash program would require significant additional financial resources when compared to current social protection spending. The FSA finds that scaling up the NutriCash program would result in a financing gap of about **USD 4.7 million** in 2023 which is projected to reach **USD 37 million** by 2030 for Scenario A. The financing gap for Scenario B is estimated to increase from about **USD 29.5 million** in 2023 to about **USD 231 million** by 2030.

The FSA explores ways to close this financing gap. This can be achieved most significantly through Domestic Resource Mobilisation (DRM), Official Development Assistance (ODA) and savings from public debt and fiscal consolidation. Uganda’s DRM Strategy sets out a comprehensive approach to increasing domestic revenues, ranging from expanding the tax base to improving tax administration.

Assuming that ODA remains on the current path in the short-medium term, there is scope for further **ODA reallocation to CSSP**. Additional savings could be made from public debt consolidation in line with the targets set out in the Charter for Fiscal Responsibility, freeing up funds that would otherwise be spent on debt servicing. Summing the total of these initiative’s financing options and prioritizing CSSP would fully fund the scaling up of the NutriCash program under Scenario A, creating a surplus of about **USD 8.7 million** in the 2024/25 financial year, and this surplus is projected to reach about **USD 15.6 million** by 2029/30. While the same financing options would close the financing gap under Scenario B by about 23%.

Figure 29 : Potential Contributions of Different Financing Options on Reducing the Gap by 2030



**Other potential avenues exist for creating fiscal space for CSSP not modeled here.** These include leveraging climate finance to fund climate-sensitive programmes in places such as Karamoja and the West Nile, to optimize desired socio-economic outcomes for children; curbing illicit financial flows and leakages within the Public Financial Management (PFM) system that allows for waste and allocative inefficiencies, advancing Public Private Partnerships (PPPs) and blended finance in social sector financing more generally. Improving the efficiency of the social protection sector should be a priority.

## 4.6.2 Recommendations

Based on the findings of this analysis, a series of key messages and recommendations have been developed.

- ✓ **R1: Scaling up CSSP in Uganda is imperative due to the need and the youthful population.** In Uganda, prioritizing CSSP is imperative, given the nation's predominantly young population, with nearly half under the age of 18. This demographic dynamic is coupled with specific challenges, including a child poverty rate of 56% and an under-5 mortality rate of 42%, surpassing neighboring countries Rwanda and Tanzania. Investing in CSSP is crucial to harness the economic potential and advance human capital development in Uganda, necessitating prompt action before the population ages.

Investing in CSSP will help Uganda reach national and international targets such as the SDGs and Vision 2040. Additionally, investing in CSSP and generating additional evidence around its benefits will also support the government in its commitment to CSSP, most notably around the introduction of a universal Child Grant. Given the impact of cash transfers on poverty, and other key outcomes, spending allocations should be increased until they reach the target specified in this study which is 1.5% of GDP (i.e. the regional average).

- ✓ **R2: Domestic resource mobilization (DRM) is a tool that can be used to scale up social protection spending in Uganda.** DRM is arguably the most sustainable option to increase expenditure in this sector, especially in the long term. This can be done by increasing tax reforms as per the DRMS, thus creating fiscal space for cash-plus programs. However, there must be a significant focus on continued advocacy to raise allocations from the current 0.17% of GDP to 1% of GDP that is needed to help realize targeted scale-ups.
- ✓ **R3: Overseas Development Assistance (ODA) is also a feasible option to increase expenditure and support government actions.** Increasing ODA has the potential to significantly close the current financing gaps, particularly in the short-term. However, additional advocacy, such as this report, is required to ensure ODA continues to enter the country.
- ✓ **R4: Savings from reduced debt servicing and interest payments could also create significant fiscal space.** Additional savings could be made from public debt consolidation in line with targets set out in the Charter for Fiscal Responsibility, freeing up funds that might otherwise have been spent on debt servicing.
- ✓ **R5: Additional cost-efficiencies could be made through the design of the program. Applying additional categorical targeting could reduce costs further.** This could include narrowing the geographical focus or the age of the children targeted. While requiring additional exploration, further categorical approaches could focus on socioeconomic indicators such as areas with high mortality rates.

Leveraging evidence from NutriCash could encourage the adoption of the program by the SCG. The CSG is politically supported and well-embedded in the country, offering cost-effective scaling opportunities by utilizing infrastructure, staff, and materials. In addition, ensuring that all Ugandans have access to a national ID card would enable the program to reach more people and would simplify the registration process.

- ✓ **R6: The SBCC component of the program should be expanded to see an increase in benefits.** Currently, the SBCC component of NutriCash has a significant focus on improving health and nutrition outcomes. Nonetheless, if the sessions provided were expanded to also include a focus on the importance of education for children, as well as an increased focus on socioemotional outcomes, the benefits of the program would likely expand outside of health and nutrition. Other areas for NutriCash improvement include:
- The continued engagement of fathers, with a growing focus on responsive caregiving.
  - Building the capacity and increasing the number of community workers
  - Establish provisions for ongoing support post-module completion, potentially through an auxiliary service that beneficiaries can access for additional assistance.



# ZAMBIA



Zambia has increased investment in social protection in recent years, however, gaps remain, particularly in CSSP. The Government of Zambia (GoZ) has a highly enabling policy and programming environment to link child protection to social protection interventions.



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## 5 ZAMBIA

**Zambia has increased investment in social protection in recent years, however, gaps remain, particularly in CSSP.** The Government of Zambia (GoZ) has a highly enabling policy and programming environment to link child protection to social protection interventions. The Children's Code Act (2022) has provided a strong legal framework articulating the right of children to access social protection. Zambia's 1,000-day program, and additional support provided by Save the Children have begun to build the basis of CSSP through a cash-plus approach.

In June 2022 the GoZ approved the implementation of a cash-plus approach to enhance the effectiveness of social protection programs. This suggests increased government support for a comprehensive, CSSP system. Nonetheless, challenges remain. Social protection coverage for children remains below international targets. A scale-up of cash-plus programs can also improve health and education outcomes for children, important issues for consideration in Zambia. This report makes the case for increased investment in and the scale-up of CSSP in Zambia.

### 5.1 CONTEXT

**The subsequent section undertakes an examination of the landscape of child-sensitive social protection (CSSP) in Zambia.** It commences by presenting the rationale for prioritizing CSSP, elucidated through an analysis of the country's socio-economic indicators. Subsequently, it outlines the pertinent policies, legislation, and governance structures that define the social protection system for children, scrutinizing the financial mechanisms, available programs, and the efficacy of access.

#### 5.1.1 Why it is Essential to Invest in CSSP

**In Zambia, the imperative to prioritize CSSP is underscored by the nation's demographic composition.** Zambia ranks among the world's youngest countries, with 43% of the population under the age of 14 as of 2022.<sup>417</sup> A significant 65% of the population falls under the age of 25, and projections indicate a doubling of the population within the next 25 years.<sup>418</sup> It is crucial to establish structures that capitalize on this demographic surge, making CSSP imperative for providing necessary support to ensure the health and education of young Zambians, fostering their transition into successful, working-age adults.

**In addition to demographic challenges, Zambia's social landscape emphasizes the necessity for CSSP.** A 2022 multidimensional poverty assessment reveals that 70.6% of Zambian children experience deprivations in two or more dimensions of well-being simultaneously.<sup>419</sup> The analysis of multi-dimensional poverty was carried out by the Multiple Overlapping Deprivation Analysis (MODA).<sup>420</sup> This analysis includes the following dimension of child well-being: education, health, information, food and nutrition, water, housing,

417 The World Bank (2022). Population ages 0-14 (% of the total population), the World Bank Data, accessed on: 02.01.2024. Available at: <https://data.worldbank.org/indicator/SP.POP.0014.TO.ZS?locations=ZM>.

418 UNFPA (2018). State of the Youth in Zambia: Education, Unemployment and Poverty Reduction, (UNFPA: Online), accessed on: 02.01.2024. Available at: <https://zambia.unfpa.org/sites/default/files/pub-pdf/Brief-Policy-Youth-Zambia-FINAL%20%283%29.pdf>.

419 Zambia Statistics Agency (2023) Highlights of the 2022 Poverty Assessment in Zambia (Zambia Statistics Agency: Lusaka, Zambia).

420 Ibid.

and sanitation.<sup>421</sup> Children who are poverty-stricken in more than one of these indicators are considered multidimensionally poor.<sup>422</sup> Furthermore, 28.9% of children suffer from deprivations in four or more dimensions, indicating that they are chronically impoverished.<sup>423</sup> Other socio-economic indicators, such as a 31.4% stunting rate among children under 5 and a mortality rate of 58 out of 1,000 live births, further underscore the need for CSSP.<sup>424</sup> In comparison, Zambia's neighboring countries, Malawi and Tanzania, have mortality rates of 42 and 47 respectively.<sup>425</sup> To unlock the economic and social potential of Zambia's youthful population, investment in CSSP is imperative to ensure a supportive environment for children's successful development. Despite commendable progress in certain SDGs, challenges persist, particularly in health, education, and hunger.<sup>426</sup> Robust CSSP can contribute significantly to Zambia's pursuit of meeting the SDGs by 2030.

The table below provides further socio-economic indicators in Zambia. Indicators have been compared to those in comparable countries to build the case for continued and increased investment in CSSP in Zambia.

**Table 14: Socio Economic Indicators in Zambia** <sup>427</sup>

Socio Economic Indicators at a Glance		Data Year	Regional Comparisons
<b>Inequality (measured through the Gini Coefficient)</b>	55.19	2015	Malawi: 44.7
<b>Tanzania: 37.8</b>			
<b>Multidimensional Child Poverty</b>	70%	2022	Africa: 40%
<b>Youth Unemployment Rate</b>	9.3%	2021	Malawi: 1.2%
<b>Tanzania: 3.9%</b>			
<b>Youth Working in the Informal Sector</b>	43.2%	2021	Sub-Saharan Africa: 85%
<b>Life Expectancy</b>	61	2021	Sub-Saharan Africa: 60
<b>Mortality Rate, under 5s, per 1,000 live births</b>	58	2021	Sub-Saharan Africa: 73
<b>Stunting Rates</b>	34.6	2018	Malawi: 35.5
<b>Tanzania: 38.6</b>			
<b>Literacy Rates</b>	67.27%	2020	Sub-Saharan Africa: 68%
<b>Primary School Enrolment Rate (% Gross)</b>	95%	2022	Sub-Saharan Africa: 99%
<b>Gender Inequality Index</b>	0.54	2021	Malawi: 0.55
<b>Tanzania: 0.56</b>			

421 UNICEF (n.d.) MODA: How To, accessed: 15.01.2024. Available here: [https://www.unicef.org/belarus/media/2171/file/Multiple%20Overlapping%20Deprivation%20Analysis%20\(MODA\)%20HOW-TO%20GUIDE%20.pdf](https://www.unicef.org/belarus/media/2171/file/Multiple%20Overlapping%20Deprivation%20Analysis%20(MODA)%20HOW-TO%20GUIDE%20.pdf).

422 Ibid.

423 UNFPA (2018). State of the Youth in Zambia: Education, Unemployment and Poverty Reduction, (UNFPA: Online), accessed on: 02.01.2024. Available at: <https://zambia.unfpa.org/sites/default/files/pub-pdf/Brief-Policy-Youth-Zambia-FINAL%20%283%29.pdf>.

424 The World Bank (2021) Mortality rate, under-5 (per 1,000 live births), the World Bank Data, accessed on: 02.01.2023. Available at: <https://data.worldbank.org/indicator/SH.DYN.MORT?locations=ZM>. Estimates developed by the UN Inter-agency Group for Child Mortality Estimation at [childmortality.org](http://childmortality.org).

425 The World Bank (2021) Mortality rate, under-5 (per 1,000 live births), the World Bank Data, accessed on: 02.01.2023. Available at: <https://data.worldbank.org/indicator/SH.DYN.MORT?locations=MW>. Estimates developed by the UN Inter-agency Group for Child Mortality Estimation at [childmortality.org](http://childmortality.org).

426 Sustainable Development Report (2023) Zambia, accessed on: 02.01.2024. Available at: <https://dashboards.sdindex.org/profiles/zambia>. Data presented is based on the publication by Sachs, J.D., Lafortune, G., Fuller, G., Drumm, E., (2023). Implementing the SDG Stimulus. Sustainable Development Report 2023. (Dublin: Dublin University Press).

427 The World Bank (2023). School Enrolment, Primary (% gross), accessed: 01.02.2024. Available here: <https://data.worldbank.org/indicator/SE.PRM.ENRR?locations=ZG>. Data from the UNESCO Institute for Statistics. The World Bank (2023). Mortality rate, under-5 (per 1,000 live births), accessed: 02.01.2024. Available here: <https://data.worldbank.org/indicator/SH.DYN.MORT?locations=MW>. Estimates developed by the UN Inter-agency Group for Child Mortality Estimation. Zambia Statistics Agency, *Highlights of the 2022 Poverty Assessment in Zambia*, (Zambia Statistics Agency: Lusaka, Zambia). The World Bank (2023). Gini Index, accessed: 02.01.2024. Available here: <https://data.worldbank.org/indicator/SI.POV.GINI?locations=TZ>. Based on household survey data. OPHI and UNDP (2022). *The Second Malawi Multidimensional Poverty Index Report*, (The National Statistics Office, Zomba, Malawi). UNICEF (2016). *Child Poverty in Tanzania*, (National Bureau of Statistics, Dar es Salaam, Tanzania). The World Bank (2023). Unemployment, youth total (% of total labor forces aged 15-24), accessed: 02.01.2024. Available here: <https://data.worldbank.org/indicator/SL.UEM.1524.NE.ZS?locations=TZ>. Data from the ILO. Zambia Statistics Agency (2021). *2021 Labor Force Survey Report*, (Zambia Statistics Agency: Lusaka, Zambia). UNDP (2021). Gender Inequality Index, accessed: 02.01.2024. Available here: <https://hdr.undp.org/data-center/thematic-composite-indices/gender-inequality-index#/indicies/GII>.

## 5.1.2 Policies, Legislation, and Governance

The commitment to social protection is enshrined in Zambia's constitution and is an integral part of the long-term Vision 2030. This vision aspires to establish a nation that ensures sustainable security against deprivation and extreme hunger.<sup>428</sup> Published in 2006, Vision 2030 marked the government's first long-term plan prioritizing social protection for vulnerable households and affirming its commitment to the SDGs. The Vision 2030 specifically mentioned eradicating child labor by 2030 and ensuring that all households have sufficient security so that basic needs can always be met, particularly in the face of shocks.<sup>429</sup>

Following the release of Vision 2030, the Government of Zambia continued to prioritize social protection. This was evidenced by the National Social Protection Policy from 2014-2018, emphasizing improved coordination and efficiency in the social protection system.<sup>430</sup> Social protection remains a focal point in the Eighth National Development Plan (8NDP) (2022-2026), positioned under the strategic development pillar on human and social development to address poverty, vulnerabilities, and inequalities.<sup>431</sup> Development Outcome 4 determines that the government should: focus on improving coordination of social protection programs, enhance the welfare and livelihoods of poor and vulnerable people, reduce developmental inequalities and vulnerability, increase affordable housing, and reduce vulnerabilities associated with HIV and AIDs.<sup>432</sup> The 8NDP also illustrates a focus on extending social security and improving social responsive social protection.<sup>433</sup>

Figure 30: Social Protection Strategies in 8NDP<sup>434</sup>



428 UNICEF (2023). Social Protection Budget Brief: Scaling Up Social Protection to Improve Lives and Livelihoods, accessed: 02.01.2024. Available here: <https://www.unicef.org/esa/media/12581/file/UNICEF-Zambia-Budget-Brief-Social-Protection-2023.pdf>.

429 Embassy of the Republic of Zambia (n.d.). The Vision 2030, accessed: 01.02.2024. Available here: <https://www.zambiaembassy.org/document/the-vision-2030>.

430 Republic of Zambia (2014). *National Social Protection Policy: Reducing Poverty, Inequality, and Vulnerability*, (The Ministry of Community Development, Mother and Child Health: Lusaka, Zambia).

431 UNICEF (2023). Social Protection Budget Brief: Scaling Up Social Protection to Improve Lives and Livelihoods, accessed: 02.01.2024. Available here: <https://www.unicef.org/esa/media/12581/file/UNICEF-Zambia-Budget-Brief-Social-Protection-2023.pdf>.

432 Ibid.

433 UNICEF (2023). Social Protection Budget Brief: Scaling Up Social Protection to Improve Lives and Livelihoods, accessed: 02.01.2024. Available here: <https://www.unicef.org/esa/media/12581/file/UNICEF-Zambia-Budget-Brief-Social-Protection-2023.pdf>.

434 Ministry of Finance and National Planning (2022). Eighth National Development Plan, (Republic of Zambia: Lusaka, Zambia).

**Although no specific policy or legislation encompasses CSSP, Zambia has enacted individual laws and policies providing additional support to children.** Most importantly, this includes the Children's Code Act (2022) which provides a substantial legal framework laying out children's right to social protection. Further policies include the Affiliation and Maintenance of Children Act (1995), the Child Safeguarding Policy (2023), and the National Strategy on Ending Child Marriage (2016-2021).<sup>435</sup> Furthermore, Zambia is a signatory to various regional and international instruments and protocols, including the UN Convention on the Rights of the Child, the UN Convention on the Rights of Persons with Disabilities, and the Convention on the Elimination of All Forms of Discrimination Against Women.<sup>436</sup>

**The institutional framework for social protection in Zambia, initially fragmented, prompted the establishment of a National Coordination Unit to oversee the sector.** This unit, responsible for providing oversight and policy implementation, aims to enhance coordination, establish a single registry for social protection programs, and institute a comprehensive monitoring and evaluation framework.<sup>437</sup> The unit was intended to be operational in 2014 following the National Social Protection Policy, but progress remains unclear. Line ministries, statutory bodies, civil society organizations, cooperating partners, NGOs, and the private sector collaborate under the National Coordination Unit for the implementation of social protection programs. The government ministry with the most responsibility for social protection is the Ministry of Community Development and Social Services which oversees other government ministries.<sup>438</sup>



435 Ministry of Community Development and Social Services (n.d.). Downloadable Resources, accessed: 01.02.2024. Available here: [https://www.mcdss.gov.zm/?page\\_id=3818](https://www.mcdss.gov.zm/?page_id=3818).

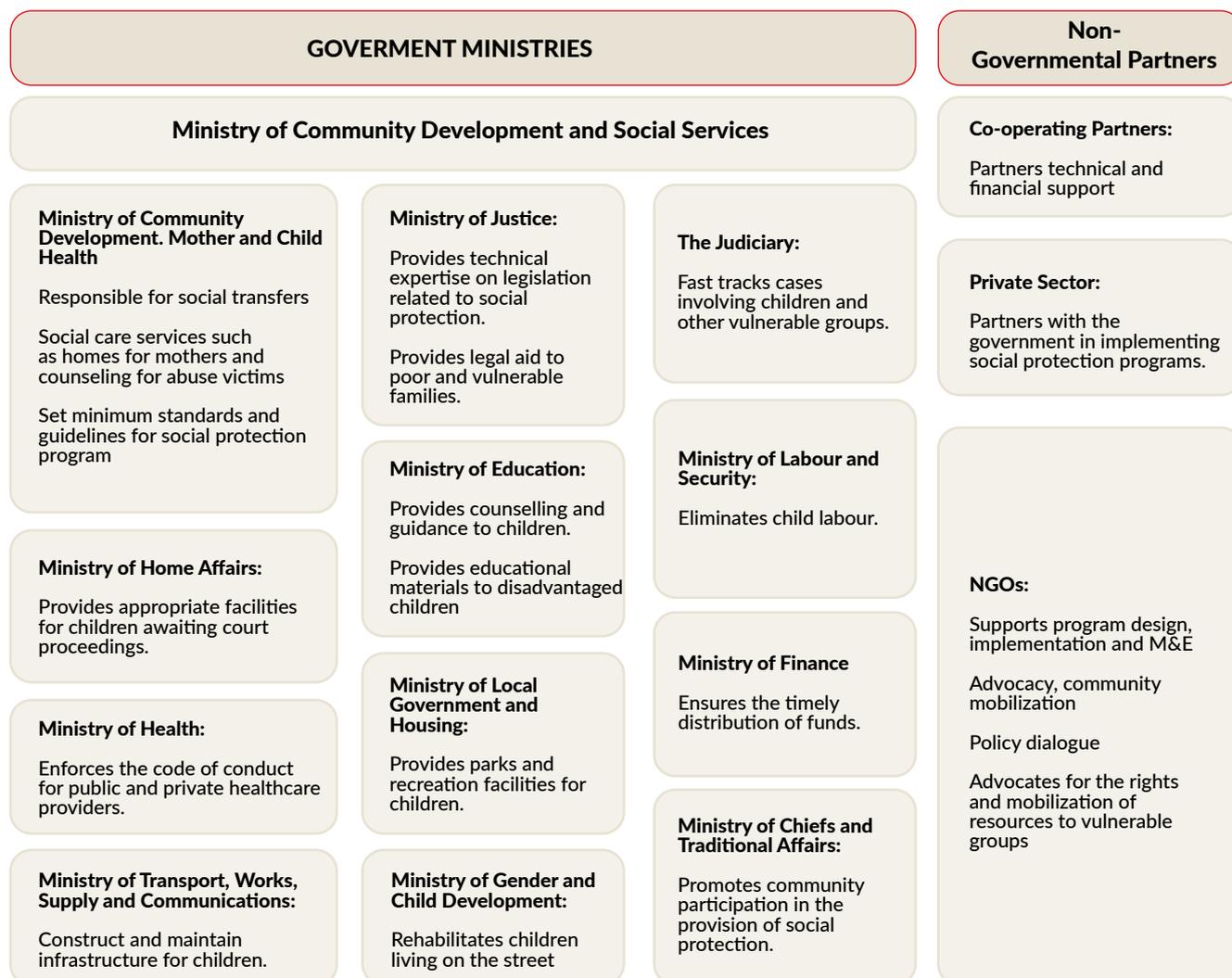
436 Republic of Zambia (2014). National Social Protection Policy: Reducing Poverty, Inequality, and Vulnerability, (The Ministry of Community Development, Mother and Child Health: Lusaka, Zambia).

437 Ibid.

438 Ibid.

**The fragmentation of the sector has prohibited Zambia's ability to significantly scale up social protection.** Nonetheless, the introduction of the National Coordination Unit has initiated progress in this regard, facilitating communication between different ministries responsible for different social protection programs. Moreover, the Ministry of Community Development and Social Services has prioritized monitoring and evaluation, communication, and coordination in its most recent Strategic Plan (2023-2026).<sup>439</sup> While this all indicates that the GoZ is prioritizing its ability to expand social protection, further research is required to establish the progress that has been made.

**Figure 30: Institutional Arrangements for Social Protection in Zambia<sup>440</sup>**



### 5.1.3 Spending on CSSP in Zambia

**Social protection spending in Zambia has witnessed a steady increase.** In 2023, the sector was allocated K8.1 billion, reflecting a 28.6% increase from 2022.<sup>441</sup> This represents 4.9% of the total budget, up from 3.6% in 2022 and averaging around 1% of GDP.<sup>442</sup> This falls below the 1.5% spending average on social safety nets in sub-Saharan Africa and the UNICEF target. However, neighboring countries spend similar

439 Ministry of Community Development and Social Services (2023). 2023-2026 Strategic Plan, accessed: 15.01.2024. Available here: [https://www.mcdss.gov.zm/?wpfb\\_dl=113](https://www.mcdss.gov.zm/?wpfb_dl=113).

440 Adapted from: Republic of Zambia (2014). *National Social Protection Policy: Reducing Poverty, Inequality, and Vulnerability*, (The Ministry of Community Development, Mother and Child Health: Lusaka, Zambia). This list is not exclusive but focuses on social protection provisions for children.

441 UNICEF (2023). Social Protection Budget Brief, accessed: 02.01.2024. Available here: <https://www.unicef.org/esa/media/12581/file/UNICEF-Zambia-Budget-Brief-Social-Protection-2023.pdf>.

442 Ibid.

amounts, Tanzania spends 1.5% of GDP on social protection, while Malawi also spends around 1%.<sup>443</sup> 26% of social protection programs are funded by donor support, highlighting a remaining financing gap. Despite this, the Government of Zambia contributes a relatively high proportion of funds towards social protection, especially when compared to neighboring countries.<sup>444</sup> While budget execution has improved, reaching an average of 98%, challenges persist in achieving the desired impact due to historical underfunding and disruptions caused by the COVID-19 pandemic.<sup>445</sup> Execution rates for the SCT program, which was underfunded by 85% in 2019, increased to 77% in 2020 and 103% in 2021.<sup>446</sup>

**The SCT program constitutes the most substantial allocation within the budgetary framework.** In 2023, it represented 45% of the social protection budget, registering a noteworthy 19% increase from the previous year.<sup>447</sup> Concurrently, the Public Service Pension Fund and the Food Security Pack experienced increments of 29.5% and 14.8%, respectively.<sup>448</sup> In aggregate, transfers and subsidies accounted for the majority, averaging 46% of the budget in 2023.<sup>449</sup> However, it is pertinent to note that the prevailing transfer values, impacted by inflation, are insufficient in effectively mitigating poverty.<sup>450</sup>



Predominantly, **government funding assumes the largest share of expenditure.** Notably, 74% of the financing directed to the Ministry of Community Development and Social Services originates from the government.

**Predominantly, government funding assumes the largest share of expenditure.** Notably, 74% of the financing directed to the Ministry of Community Development and Social Services originates from the government. Similarly, government financing constitutes 68% of social assistance, 98% of social welfare, and 89% of community development budgets.<sup>451</sup> Concurrently, there has been a discernible upward trend in donor support for social protection, particularly earmarked for the augmentation of the SCT program. Approximately 26% of social protection programs are currently sustained by donor support, indicative of a pronounced financing deficit in the sector.<sup>452</sup>

**The precise allocation for CSSP remains indistinct.** Nevertheless, a noteworthy portion, 14% of the comprehensive budget designated for child protection initiatives, was allocated to social protection programs in 2023.<sup>453</sup> The total budget for child protection programs increased significantly, reaching K27.5 billion in 2023 as opposed to K19.9 billion in 2022.<sup>454</sup> Contextualized as a percentage of GDP, child protection witnessed an escalation from 3.9% in 2022 to 5.2% in 2023.<sup>455</sup> Specifically, 14% of this allocated budget, amounting to K3.85 billion, equates to 0.7% of the GDP.<sup>456</sup>

## 5.1.4 CSSP Programs

**The flagship SCT program is a pivotal component of Zambia's social protection efforts.** It has been operating in Zambia since 2003 and is implemented by the Ministry of Community Development and Social Services (MCDSS).<sup>457</sup> Although not exclusively focused on children, it targets vulnerable households,

443 UNICEF (2022). Budget Issue Paper – Social Protection and Welfare, accessed: 02.01.2024. Available here: [https://www.unicef.org/esa/media/11556/file/UNICEF%20Tanzania%20\(Mainland\)%20Social%20Protection%20Brief%202022.pdf](https://www.unicef.org/esa/media/11556/file/UNICEF%20Tanzania%20(Mainland)%20Social%20Protection%20Brief%202022.pdf). UNICEF (2023). Social Protection Budget Brief 2023/24, accessed: 02.01.2024. Available here: <https://www.unicef.org/malawi/media/10131/file/Social%20Protection%20Budget%20Brief%202023-24.pdf>.

444 Ibid.

445 Ibid.

446 Ibid.

447 Ibid.

448 Ibid.

449 Ibid.

450 Ibid.

451 Ibid.

452 Ibid.

453 UNICEF (2023). Child Protection Budget Brief. Unmasking Investments in Child Protection, accessed: 03.01.2024. Available here: <https://www.unicef.org/esa/media/12556/file/UNICEF-Zambia-Budget-Brief-Child-Protection-2023.pdf>.

454 Ibid.

455 Ibid.

456 Ibid.

457 Republic of Zambia (2022). Social Cash Transfer Factsheet, accessed: 03.01.2024. Available here: [https://www.unicef.org/zambia/media/2571/file/Zambia-SCT-factsheet-2022.pdf086#:~:text=Living%20Conditions%20Index.-,The%20Social%20Cash%20Transfer%20\(SCT\)%20programme%20is%20a%20Government%20of,inter%2Dgenerational%20transfer%20of%20poverty.](https://www.unicef.org/zambia/media/2571/file/Zambia-SCT-factsheet-2022.pdf086#:~:text=Living%20Conditions%20Index.-,The%20Social%20Cash%20Transfer%20(SCT)%20programme%20is%20a%20Government%20of,inter%2Dgenerational%20transfer%20of%20poverty.)

including child-headed households and those led by women with at least three children.<sup>458</sup> The program provides unconditional cash transfers every two months, demonstrating positive impacts on child well-being, including improved nutrition and increased attendance in primary schools. Beneficiaries are entitled to 200 Kwacha per month, although households with a member with severe disabilities are entitled to double this.<sup>459</sup> This was calculated as enough to purchase one meal for everyone in the household once a day.<sup>460</sup> A 2014 impact evaluation found a 22% increase in the children aged 6-12 receiving minimum feeding requirements, a 30% increase in children's material needs being met, and a 10% increase in the number of children attending primary school.<sup>461</sup> Save the Children complements the SCT program by offering additional cash-plus support, emphasizing access to basic services and parent training in early childhood development.

**Since its inception in 2003, the SCTP has undergone four distinct targeting approaches.** Initially, it focused on the poorest 10%, identified through community targeting based on poverty and incapacitation.<sup>462</sup> Subsequent strategies included the Child Grant, extending to households with children under 5 or disabled individuals under 14, the Multiple Categorical scheme targeting various household categories, and the Social Pension.<sup>463</sup> Presently, categorical targeting predominantly benefits the elderly, indirectly reaching children.<sup>464</sup> However, amidst the program's expansion aligning with the 8NDP, there's an opportunity to enhance its child sensitivity. The government's commitment to a cash-plus approach, the 1,000-day program, and initiatives like Keeping Girls in School demonstrate potential avenues for improving child-centric aspects of the SCTP.

**Another significant social protection initiative is the Keeping Girls in School program, a component of the Girls Education and Women's Empowerment and Livelihoods (GEWEL) project.** This program, funded by the World Bank and in operation since 2017, serves as a bursary scheme, facilitating increased access to secondary education for adolescent girls in SCT households.<sup>465</sup> It covers girls for up to five years to ensure they can finish secondary school. The program has been running since 2017, and as of 2022 covers 43,520 girls across 49 districts.<sup>466</sup> Despite its success in enabling girls to complete secondary school, challenges persist in program uptake due to operational difficulties in reaching out-of-school girls and high pregnancy rates in certain regions.<sup>467</sup>

**The GEWEL project's home-grown school meals program provides one hot meal a day.** The program has positively impacted school retention and nutritional outcomes. Additional benefits focused around community participation have educated children on the benefits of healthy eating, and how to have a nutritious diet.<sup>468</sup> It currently covers over 1 million learners in over 2,800 schools in 38 districts, accounting for around a quarter of all children enrolled in pre-primary and primary education.<sup>469</sup> However, underfunding and disruptions caused by the COVID-19 pandemic have hampered its full potential.



**Keeping Girls in School program** serves as a bursary scheme, facilitating increased access to secondary education for adolescent girls in SCT households. It covers girls for up to five years to ensure they can finish secondary school.

458 Ibid.

459 Ibid.

460 The Transfer Project (2016) The Zambian Government Unconditional Social Cash Transfer Program does not Increase Fertility, accessed: 15.01.2024. Available here: <https://transfer.cpc.unc.edu/wp-content/uploads/2021/07/The-Zambian-government-unconditional-social-cash-transfer-programme-does-not-increase-fertility.pdf>.

461 Republic of Zambia (2022). Social Cash Transfer Factsheet, accessed: 03.01.2024. Available here: [https://www.unicef.org/zambia/media/2571/file/Zambia-SCT-factsheet-2022.pdf086#:~:text=Living%20Conditions%20Index.,The%20Social%20Cash%20Transfer%20\(SCT\)%20programme%20is%20a%20Government%20of,inter%2Dgenerational%20transfer%20of%20poverty](https://www.unicef.org/zambia/media/2571/file/Zambia-SCT-factsheet-2022.pdf086#:~:text=Living%20Conditions%20Index.,The%20Social%20Cash%20Transfer%20(SCT)%20programme%20is%20a%20Government%20of,inter%2Dgenerational%20transfer%20of%20poverty)

462 Pruce, K. (2022). 'The Politics of Who Gets What and Why: Learning from the Targeting of Social Cash Transfers in Zambia', The European Journal of Development Research, 35:1, accessed: 06.02.2024. Available here: <https://link.springer.com/article/10.1057/s41287-022-00540-2>.

463 Beazley, R. and Carraro, L. (2013). Zambian Social Cash Transfer Program: Assessment of the Targeting Mechanisms and Proposed Harmonised Approach, accessed: 06.02.2024. Available here: <https://www.opml.co.uk/files/Publications/8049-zambia-social-protection/zambian-social-cash-transfer-programme-briefing-note.pdf>.

464 UNICEF (2020). Policy Options to Address Lifecycle Vulnerabilities of Beneficiaries in the Malawi Social Cash Transfer Program – Summary Brief, accessed: 06.02.2024. Available here: <https://transfer.cpc.unc.edu/wp-content/uploads/2021/07/Lifecycle-vulnerability-SCTP-Policy-brief-18Aug2020.pdf>.

465 Ibid.

466 Ibid.

467 Ibid.

468 Ibid.

469 UNICEF (2023). Social Protection Budget Brief, accessed: 02.01.2024. Available here: <https://www.unicef.org/esa/media/12581/file/UNICEF-Zambia-Budget-Brief-Social-Protection-2023.pdf>.

**The Public Welfare Assistance Scheme (PWAS) represents the government's social assistance program.** The overall objectives of the PWAS focus on assisting in ensuring that the most vulnerable people in society can meet their basic needs, particularly where education, health, food, and shelter are concerned.<sup>470</sup> It addresses economic shocks by supplementing cash support with in-kind assistance.<sup>471</sup> Targeting vulnerable groups such as the elderly, orphans, people with disabilities, and female-headed households, PWAS provides educational materials, medications, and essential goods.<sup>472</sup>

**In 2022, the government launched the first 1,000-day program.** The program provides bi-monthly cash transfers to pregnant women, or households with children under the age of two.<sup>473</sup> In addition, the program includes a cash 'plus' component that refers beneficiaries to health and nutrition services and provides SBCC messaging focused on improving healthcare-seeking behavior and nutrition practices in the household.<sup>474</sup> Nutrition counseling services at the community level and in health facilities, are also provided.<sup>475</sup> The objectives of the pilot are to improve health and nutrition outcomes, as well as generate evidence on the feasibility of implementing a cash 'plus' program.<sup>476</sup> Most importantly, the government is focusing on building evidence to advocate for the inclusion of the first 1,000 days of life as a targeting criteria for the national SCT, further reiterating their commitment to CSSP.<sup>477</sup>

### 5.1.5 Access and Coverage

**Zambia has demonstrated commendable progress in expanding social protection coverage in recent years.** 27.59% of the general population and 17.95% of children are now covered by social protection.<sup>478</sup> This is slightly below the SADC average of 19.83%.<sup>479</sup> Despite these achievements, Zambia falls notably short of the International Labor Organization's (ILO) ambitious target of attaining 40% coverage by 2025.<sup>480</sup> The ILO's Africa Social Protection clock suggests that, under the most optimistic scenario, Zambia could reach 38% coverage by 2025.<sup>481</sup> In comparison, Mozambique is anticipated to reach 32.15%, Tanzania 37.45%, and Zimbabwe 39.45%.<sup>482</sup> The projected percentage of the population covered by at least one social protection cash benefit across Southern Africa is expected to reach 40.49%.<sup>483</sup>

**The substantial increases in the government's budget allocation should lead to a rise in beneficiaries across key social protection programs.** The SCTP, now encompassing all regions in Zambia, extends its reach to over one million beneficiaries.<sup>484</sup> Under the 8NDP, the SCTP is also expanding its coverage. Budget enhancements for prominent social protection programs, including the Home-Grown School Feeding Program, are anticipated to broaden coverage, with the government planning to escalate Food Security Pack beneficiaries from 40,000 in 2022 to 242,000 in 2023.<sup>485</sup> Additionally, the Keeping Girls

470 Republic of Zambia (n.d.). Basic Facts about the Public Welfare Assistance Scheme (PWAS), accessed: 03.01.2024. Available here: <https://bettercarenetwork.org/sites/default/files/Zambia%20-%20Basic%20Facts%20About%20the%20Public%20Welfare%20Assistance%20Scheme.pdf>.

471 Ibid.

472 Ibid.

473 Ministry of Community Development Social Services (2022). 1,000 Days In Social Cash Transfer Pilot Gender and Nutrition Sensitive Social Protection (Lusaka: Government of Zambia).

474 Ibid.

475 Ibid.

476 Ibid.

477 Ministry of Community Development and Social Services (n.d.) SCT 1,000 Days Nutrition Pilot, accessed: 15.01.2024. Available here: [https://www.mcdss.gov.zm/?page\\_id=2050](https://www.mcdss.gov.zm/?page_id=2050).

478 ILO (2023). Africa Social Protection Clock, accessed: 03.01.2024. Available here: [https://africasocialprotection.io/?utm\\_source=hs\\_email&utm\\_medium=email&\\_hsenc=p2ANqtz-83W73w5\\_nUvuPnRvbxCCee530ts1HKrhvy4gFoaO7U1ZxT5a2ufs9cpie8Heb-xCtW3PnT](https://africasocialprotection.io/?utm_source=hs_email&utm_medium=email&_hsenc=p2ANqtz-83W73w5_nUvuPnRvbxCCee530ts1HKrhvy4gFoaO7U1ZxT5a2ufs9cpie8Heb-xCtW3PnT). Data is provided by World Data Lab.

479 Ibid.

480 Ibid.

481 Ibid.

482 Ibid.

483 Ibid.

484 Republic of Zambia (2022). Social Cash Transfer Factsheet, accessed: 03.01.2024. Available here: [https://www.unicef.org/zambia/media/2571/file/Zambia-SCT-factsheet-2022.pdf086#:~:text=Living%20Conditions%20Index.-,The%20Social%20Cash%20Transfer%20\(SCT\)%20programme%20is%20a%20Government%20of,inter%2Dgenerational%20transfer%20of%20poverty](https://www.unicef.org/zambia/media/2571/file/Zambia-SCT-factsheet-2022.pdf086#:~:text=Living%20Conditions%20Index.-,The%20Social%20Cash%20Transfer%20(SCT)%20programme%20is%20a%20Government%20of,inter%2Dgenerational%20transfer%20of%20poverty).

485 UNICEF (2023). Social Protection Budget Brief, accessed: 02.01.2024. Available here: <https://www.unicef.org/esa/media/12581/file/UNICEF-Zambia-Budget-Brief-Social-Protection-2023.pdf>.

in School program experienced expansion from 28,964 girls in 2021 to 43,520 girls in 2022.<sup>486</sup> These substantial increases in both budget and coverage underscore Zambia's steadfast commitment to social protection, with a continued emphasis on targeting vulnerable groups, including the elderly, people with disabilities, women-headed households, and vulnerable children. The 1,000-day program currently targets 16,000 households across four districts: Chipata, Kalabo, Mpika, and Mwinilunga, with plans to expand after the roll-out of the pilot program.<sup>487</sup>



**The 1,000-day program** currently targets 16,000 households across four districts: Chipata, Kalabo, Mpika, and Mwinilunga, with plans to expand after the roll-out of the pilot program.<sup>487</sup>

**Notwithstanding these positive strides, accessing social protection programs remains challenging.** This challenge is exacerbated by difficulties in reaching families residing in rural areas, particularly for programs emphasizing in-kind benefits over cash disbursements. Operational obstacles, such as those encountered by the Keeping Girls in School program in engaging out-of-school girls, contribute to a low program uptake.<sup>488</sup> Furthermore, concerns have been raised regarding the perceived inadequacy of payments within the SCT program and inconsistencies in fund disbursement.<sup>489</sup> These issues collectively impede the overall impact of the programs, necessitating a comprehensive evaluation and potential refinements to address these limitations.

## 5.1.6 Conclusion

**Creating a comprehensive CSSP system in Zambia is a strategic investment with significant returns, as illustrated by international evidence.** By aligning policies, legislation, governance structures, spending, and program accessibility, Zambia can establish a robust CSSP system that nurtures the well-being and potential of its youth. Strategies such as the Ministry of Community Development and Social Services 2023-2026 strategy is a promising starting point, however, policies would benefit from aligning with other key stakeholders such as donors, other government ministries, and the judiciary. As the nation strives to achieve its development goals, a comprehensive and inclusive CSSP framework will play a pivotal role in fostering a resilient, healthy, and skilled population, thereby laying the foundation for sustained growth and prosperity.

## 5.2 PROGRAM SELECTION

### 5.2.1 The Conditions for Scaling up and Benefitting from Cash-plus Programs in Zambia

**Benefits of scaling up CSSP will only be fully realized if service availability is also taken into consideration in Zambia.**

**Zambia has made significant progress with expanding mobile technologies, however, challenges remain in rural areas and the gendered nature of mobile phone usage.** As of 2018, in 13 rural districts, 93% of people had never used mobile money.<sup>490</sup> Moreover, according to the 2023 Mobile Gender Gap Report, women in sub-Saharan Africa are 30% less likely to own a mobile phone compared to their male counterparts, iterating the role mobile phones can play in exacerbating gender norms.<sup>491</sup> The SCT already utilizes mobile money transfers as one option for people to access the transfer. However, increasing the number of people who utilize this option could make a scale-up of the program easier and more cost effective. Accessing

486 Ibid.

487 Ministry of Community Development Social Services (2022). *1,000 Days In Social Cash Transfer Pilot Gender and Nutrition Sensitive Social Protection* (Lusaka: Government of Zambia).

488 Ibid.

489 Save the Children (2021). *Falling Through the Cracks: The Impact of the Inconsistent Social Cash Transfers on Children in Lufwanyama District – Zambia*, (Save the Children: Lusaka, Zambia).

490 UN CDF (2018). Leveraging data to support the expansion of agent networks in rural areas of Zambia, accessed: 01.02.2024. Available here: <https://www.unCDF.org/article/3377/leveraging-data-to-support-the-expansion-of-agent-networks-in-rural-areas-of-zambia>.

491 GSMA (2023). The Mobile Gender Gap Report 2023, accessed: 01.01.2024. Available here: [https://www.gsma.com/r/wp-content/uploads/2023/07/The-Mobile-Gender-Gap-Report-2023.pdf?utm\\_source=website&utm\\_medium=download-button&utm\\_campaign=gender-gap-2023](https://www.gsma.com/r/wp-content/uploads/2023/07/The-Mobile-Gender-Gap-Report-2023.pdf?utm_source=website&utm_medium=download-button&utm_campaign=gender-gap-2023).

these benefits, and ensuring that the most vulnerable Zambians aren't excluded requires increasing the accessibility of mobile phones with a particular focus on rural areas and women. Things are improving, 97% of Zambia has basic mobile phone coverage, but further work is required to ensure that rural populations have access to devices that they can use.<sup>492</sup>

**It is also important that essential services are available in Zambia so that benefits can be fully realized.**

This means it is important that healthcare and education services are available, as well as strong food supplies. In Zambia, there are 2.97 per 10,000, and 18.64 nurses and midwives.<sup>493</sup> This would suggest that Zambia does not have enough healthcare professionals available. Despite this, it does have a higher number of doctors than its neighboring countries, Tanzania has 0.5 and Zimbabwe has 1.89.<sup>494</sup> 56% of Zambians are covered by essential health services, which is higher than the African average at 44%, but still requires work.<sup>495</sup> Mental health accounts for less than 1% of the healthcare budget each year, and accessing a psychiatrist can be very challenging. In Lusaka there are only 3 trained psychiatrists in a district of 12 million.<sup>496</sup>



A family cannot live on a nutritious diet if there are no nutritious foods to purchase. In Zambia, there are **54g of protein available for each person per day**.<sup>497</sup>

**It is also essential to have strong food supplies in a country to ensure the benefits of social protection programs can be felt.** A family cannot live on a nutritious diet if there are no nutritious foods to purchase. In Zambia, there are 54g of protein available for each person per day<sup>497</sup> Therefore, while Zambia does have roughly enough protein available it is important that this is distributed equitably and reaches the most vulnerable people. Zambia also only has 87.5g of fruits and vegetables available for each person which is significantly below the average of 291g for Africa.<sup>498</sup> Without strong food supplies, it is unlikely that nutritional benefits from social protection will be fully realized.

Educational services must also be considered. In 2020, it was determined that 49% of 7-year-olds have some preschool experience, meaning that the ECE enrolment rate remains quite low, although higher than the regional average in Africa which is 32%.<sup>499</sup> ECE has been receiving an increased focus from the GoZ since 2013, however it is recognized that there is an undersupply of teaching staff and institutions.<sup>500</sup> It is also acknowledged that access to ECE is more challenging in rural areas and for poorer families. Often, the number of facilities is limited, and transportation can be challenging. Moreover, parents have to pay additional amounts sometimes for food and material items such as uniforms that they cannot afford.

## 5.2.2 Program Selection

The programme selected for this investment case is the Social Cash Transfer Programme (SCTP). The reason that this programme has been selected over other potential options are listed below:

- **Size:** SCTP encompasses all regions in Zambia and covers over 1 million households, it covers nearly 25% of Zambians.<sup>501</sup> This is a substantial programme, particularly compared to others operating in

492 ITU, (n.d.). Population Coverage, by Mobile Network Technology, accessed: 03.01.2024. Available here: <https://datahub.itu.int/data/?i=100095>.

Chintu, N., et al. (2014). 'A Mobile Phone-Based, Community Health Worker Program for Referral, Follow-Up and Service Outreach in Rural Zambia: Outcomes and Overview' *Telemedicine Journal and e-Health*, 20(8), accessed: 01.20.2024. Available here: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4106387/#:~:text=Zambia%20is%20no%20exception%2C%20with,a%20mobile%20phone%20in%202010.&text=Mobile%20phones%20have%20been%20widely,5%E2%80%9338%20and%20collect%20data>.

493 The World Health Organization (2023). Medical Doctors (per 10,000 population), accessed: 03.01.2023. Available here: [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-\(per-10-000-population\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-(per-10-000-population)).

494 Ibid.

495 World Health Organisation (2023). Proportion of births attended by skilled health personnel (%), accessed: 03.01.2024. Available here: <https://data.who.int/indicators/i/1772666>.

496 Amati, A., (2023). More Services Needed to Address Mental Health in Zambia, accessed: 03.01.2023. Available here: <https://borgenproject.org/mental-health-in-zambia/>.

497 Food Systems Dashboard (2020). Average Protein Supply, accessed: 03.01.2024. Available here: <https://www.foodsystemsdashboard.org/indicators/average-protein-supply-3-year-average/map>.

498 Food Systems Dashboard (2020). Affordability of a healthy diet: ratio of cost to food expenditures, accessed: 03.01.2024. Available here: <https://www.foodsystemsdashboard.org/indicators/affordability-of-a-healthy-diet-ratio-of-cost-to-food-expenditures-co-hd-fexp/map>.

499 Republic of Zambia (2020). Education Statistics Bulletin. (Ministry of Education: Lusaka, Zambia).

500 Ailwood, J., and Kaunda, R. L. (2021). 'Early Childhood Education and Care in Zambia: ECE Provision and Teacher Education,' *International Perspectives on Early Childhood Teacher Education in the 21st Century*, (Springer: Singapore).

501 Republic of Zambia (2022). Social Cash Transfer Factsheet, accessed: 03.01.2024. Available here: [https://www.unicef.org/zambia/media/2571/file/Zambia-SCT-factsheet-2022.pdf#086#:~:text=Living%20Conditions%20Index.,The%20Social%20Cash%20Transfer%20\(SCT\)%20programme%20is%20a%20Government%20of,inter%2Dgenerational%20transfer%20of%20poverty](https://www.unicef.org/zambia/media/2571/file/Zambia-SCT-factsheet-2022.pdf#086#:~:text=Living%20Conditions%20Index.,The%20Social%20Cash%20Transfer%20(SCT)%20programme%20is%20a%20Government%20of,inter%2Dgenerational%20transfer%20of%20poverty).

Zambia. This has benefits since that it demonstrates there is already political will for the existence of the programme at scale. It also means that existing infrastructure for targeting, and disbursement of funds is already in place nationwide, and can be expanded upon more easily than creating new infrastructure.

- **Government Support:** The SCTP is a government-led program, and a significant proportion of the social protection budget is allocated to it each year. Moreover, the 8NDP indicates that the government is committed to continue scaling-up the SCTP. The Cash-Plus Care Agenda suggests the possibility of including “plus” elements into the program, also supported by the government. In order for a scale-up of the SCTP to be sustainable, it is imperative that the government is in support of the program, and is also prepared to continue scaling that support up.
- **Demonstrable impact:** “Cash plus” programmes, also known as integrated social protection, are the combination of cash transfers with complementary programmes that are designed to generate additional benefits for households.<sup>502</sup> Whilst SCTP is not a “cash plus” programme per se, it has demonstrated significant results outside of alleviating monetary poverty, including improved food security and child wellbeing.<sup>503</sup> Furthermore, some “plus” elements have been piloted in Zambia. For example, Save the Children complements SCTP by offering additional cash-plus support, emphasizing access to basic services and parent training in early childhood development. Whilst the 1,000 days programme is a more conventional “cash-plus” programme, SCTP was chosen since it potentially covers a wider range of CSSP interventions and outcome areas, not just health and nutrition as in the 1,000 days programme.



**Save the Children complements SCTP** by offering additional cash-plus support, emphasizing access to basic services and parent training in early childhood development.

#### Concerns have been raised regarding the child-sensitivity of the SCTP.

The program does not exclusively target children, and there is acknowledgment that ultra-poor children under 5 are not proportionally reached due to rising poverty rates among children. Nevertheless, specific beneficiary groups of the SCTP include child-headed households and households led by women with at least three children. Additionally, the government’s commitment to expanding the SCTP under the 8NDP is evident, and policies such as the Children’s Code Act (2022) demonstrate a dedication to addressing the needs of children.

#### The SCTP was selected due to its size, demonstrable impacts, and, most importantly, government support.

This support means that a scale-up of the SCTP is likely to be sustainable, particularly if the government is given additional guidance that allows them to gradually take greater ownership of the program. Nonetheless, there is scope for the program to become more child-sensitive. This study aims to support evidence already generated on the impacts of CSSP cash-plus programs, such as the 1,000-day program and the work being conducted by Save the Children. The importance of this research cannot be understated as the government looks to scale up the SCTP under the 8NDP.

### 5.2.3 Scaling-up SCTP

**Key programs have begun making the case for a cash-plus approach to the SCTP.** The 1,000-day program has been influential in Zambia, particularly in developing evidence for cash-plus to be incorporated into the SCTP. Save the Children’s Child-Sensitive Social Protection Program has also been important in advocating for this approach. This study has built on the work of the 1,000-day program and the Child-Sensitive Social Protection Program and aims to provide further evidence and advocacy to support an introduction of cash-plus elements.

**In order for SCTP to have a greater impact, it is necessary for it to be more child-sensitive.** The SCTP is currently reaching nearly 25% of the population, but children are underrepresented. Moreover, this remains below the national poverty rate, which is 60% of the population.<sup>504</sup> It is also significantly less than the 70% of children (0-9-years-old) that are in multidimensional poverty across 2 or more dimensions, and 30% across

502 UNICEF Office of Research (no date) Cash Plus. Available at: <https://www.unicef-irc.org/research/cash-plus/>

503 Republic of Zambia (2022). Social Cash Transfer Factsheet, accessed: 03.01.2024. Available here: [https://www.unicef.org/zambia/media/2571/file/Zambia-SCT-factsheet-2022.pdf086#:~:text=Living%20Conditions%20Index.,The%20Social%20Cash%20Transfer%20\(SCT\)%20programme%20is%20a%20Government%20of,inter%2Dgenerational%20transfer%20of%20poverty.](https://www.unicef.org/zambia/media/2571/file/Zambia-SCT-factsheet-2022.pdf086#:~:text=Living%20Conditions%20Index.,The%20Social%20Cash%20Transfer%20(SCT)%20programme%20is%20a%20Government%20of,inter%2Dgenerational%20transfer%20of%20poverty.)

504 ZamStats (2022) 2022 Poverty Assessment In Zambia. Available at: <https://www.zamstats.gov.zm/wp-content/uploads/2023/09/Highlights-of-the-2022-Poverty-Assessment-in-Zambia-2023.pdf>

4 or more dimensions.<sup>505</sup> The scale of poverty in Zambia requires the SCTP to come closer to addressing this need. Thus, this investment case proposes scaling up a child-sensitive SCTP with the addition of “plus” elements to a greater number of children under 6. This would improve other aspects of multidimensional poverty including education and nutrition, further addressing the high rate of multidimensional child poverty. This investment case looks at utilising the work Save the Children already does in this space, to introduce the same ‘plus’ elements that are currently provided to some of the beneficiaries of the SCTP. The scale-up would cover new beneficiaries who are currently not being reached by the SCTP.

**Development of scale-up scenarios requires consideration of needs among the target population, the current targeting approach of the program, and international or regional targets.** The scale up must ensure it responds to a specific need present in the target population, while still being aligned with the approach that the program currently takes. This study leaned on the categorical approach the SCTP implements, with a focus on children living in multidimensional poverty. This approach remains true to the objectives of the SCTP, while advocating for an increased focus on children. Moreover, national targets policy priorities, or relevant statistics of population outcomes should also be considered. In this case, the multidimensional child poverty rate of 30% across multiple indicators is the most relevant statistic. SDG target 1.2 aims to reduce by half the proportion of men, women, and children of all ages living in poverty in all dimensions.<sup>506</sup>

**Secondly, the scenarios must ensure that implementation capacities are considered.** To ensure the implementation of the scale-up, they must be sensitive to existing service coverage and availability. In this case, SCTP is already relatively well established nationwide, therefore the existing infrastructure and systems can be leveraged to facilitate the scale-up.

**Given the above considerations, two scale-up scenarios have been considered for SCTP.** The first scale-up scenario, Scenario A, proposes to expand coverage of the SCTP and the Save the Children pilot “plus” components, to an additional 1% of the target population. The second scale-up scenario, Scenario B, is proposed to cover an additional 15% of the target population. This means the scale-up would cover half of all children who are multidimensionally poor across four dimensions, in line with SDG target 1.2 and the current objectives of the SCTP. While child poverty is impactful across childhood, this study retains a focus on early childhood for the reasons outlined earlier in the report. As such, it targets scaling-up coverage for 0–6-year-olds. Providing the child-sensitive approach to the SCTP to additional beneficiaries is important for several reasons. It would provide two groups of participants under the programme, one with the “cash plus” version and one with the regular cash version of the programme. The scale-up would then provide a comprehensive understanding of the benefits of the “plus” elements since the two groups could be compared to provide evidence to support future programming. This complements the work that Save the Children is currently doing, but on a larger scale. Moreover, child poverty rates in Zambia are substantial, therefore scaling up the program to additional beneficiaries would significantly increase the coverage of children living in poverty.

**Table 15: SCTP Scale-up Scenarios**

Intervention	Target, Scale-up A	Target, Scale-up B	Target Year	Baseline
SCTP with “plus” components, Coverage of 0-6-year-olds.	1%	15%	2033	0.02%



**SDG TARGET 1.2** aims to reduce by half the proportion of men, women, and children of all ages living in poverty in all dimensions.<sup>500</sup>

505 ZamStats (2022) 2022 Poverty Assessment In Zambia. Available at: <https://www.zamstats.gov.zm/wp-content/uploads/2023/09/Highlights-of-the-2022-Poverty-Assessment-in-Zambia-2023.pdf>

506 ibid

## 5.3 SCALING UP THE CSSP PROGRAM IN ZAMBIA

### 5.3.1 Benefit Assessment

The benefit assessment for Zambia focused on applying the benefit pathways to the scale-up of the SCT. The benefits captured focused on three outcome areas: education, health, and poverty reduction. Details of these benefits are captured in the overarching methodology section which accompanies this case study. The monetary benefits are captured under each of the outcome areas, as well as non-monetary benefits where relevant. The overall benefits of the programme are highlighted first, before delving into the specific outcome areas in turn.

### 5.3.2 Aggregated Benefits

Scaling up coverage of SCTP is found to have impressive benefits, in both monetary and non-monetary terms. The tables below indicate the non-monetary and monetary benefits from each of the scale up scenarios. Both types are reported at three points at which these benefits are realized: 2030, 2045, and 2060. This is significant for certain types of benefits, such as additional years of schooling, given that the monetary benefit is not realized from this until beneficiaries reach working age. The monetary figures are 'discounted,' which reflects the fact that benefits received in the future are less valuable than those received today. Benefits are significant for both scale up scenarios. As a reminder, scale-up Scenario A reaches 1% coverage by 2033, and scale-up Scenario B reaches 15% coverage by 2033.

**Table 16: Aggregated Benefits of Scale-up Scenarios**

Scale-up Scenario A			
	Total		
Non-monetary	2030	2045	2060
Additional years of schooling	27,137	188,706	248,752
Child lives saved	117	721	962
Stunting cases averted	100	1032	1330
Monetary			
Additional GDP from additional years of schooling (discounted, USD)	-	9,797,643	33,978,383
Additional GDP from DALYs (discounted, USD)	14,862,261	88,220,524	176,274,222
Additional GDP from the economic multiplier (discounted, USD)	33,555,863	233,340,777	463,384,961
<b>Total additional GDP (discounted, USD)</b>	<b>48,418,125</b>	<b>331,358,944</b>	<b>673,637,566</b>
Scale-up Scenario B			
	Total		
Non-monetary	2030	2045	2060
Additional years of schooling	416,081	2,893,344	5,745,812
Child lives saved	1,755	10,815	22,575
Stunting cases averted	930	7,920	11,565
Monetary			
Additional GDP from additional years of schooling (discounted, USD)	-	150,222,504	520,974,045
Additional GDP from DALYs (discounted, USD)	222,933,922	1,323,307,856	2,644,119,845
Additional GDP from the economic multiplier (discounted, USD)	514,495,751	3,577,700,815	7,104,856,556
<b>Total additional GDP (discounted, USD)</b>	<b>737,429,673</b>	<b>5,051,231,174</b>	<b>10,269,950,447</b>

### 5.3.3 Monetary Benefits

The CSSP scale-up contributes significantly to overall GDP in each of the respective scenarios. The total impact of Scenario A is over USD 673 million, which between 2023 and 2060 constitutes a contribution to Zambia’s GDP of 0.01%. Scenario B’s contribution to GDP is over USD 10 billion, or 0.2% of GDP over the timeframe.

The graphs that follow visualize the contribution to GDP of the respective scenarios. Each shows the relative contributions of health, education, and economic multiplier benefits derived from the CSSP scale-up. As demonstrated in the graph, benefits from the economic multiplier and improved health increase significantly as the intervention reaches more people until it reaches full scale by 2030. Benefits continue to increase, partly due to an increasing population of 0–6-year-olds in Zambia. By the mid-2030s, beneficiaries enter the labor market, therefore gains from their improved education kick in and increase as a greater number of years are worked and more beneficiaries enter the labor market.

Figure 31: Scale-up Scenario A, Contribution to GDP (million USD)

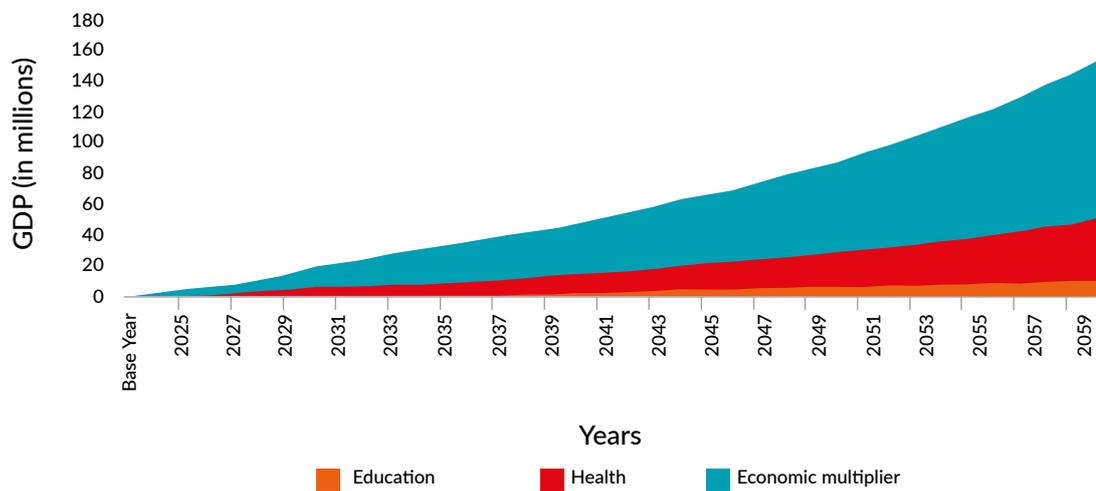
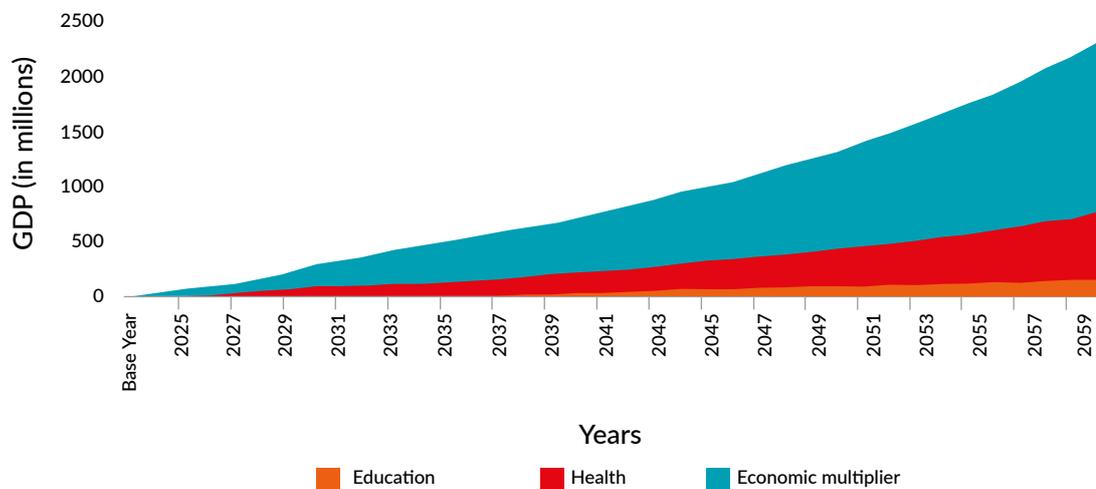


Figure 32: Scale-up Scenario B, Contribution to GDP (million USD)

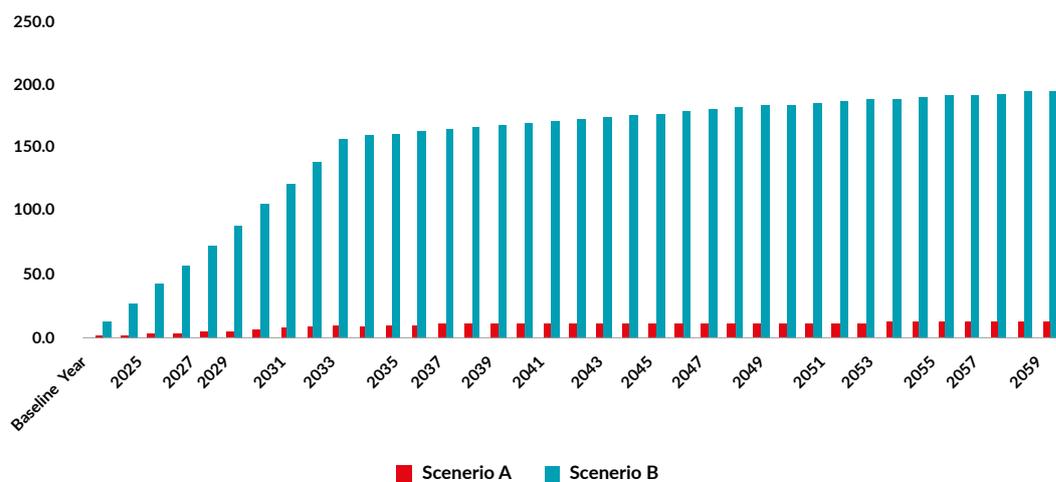


## 5.3.4 Non-monetary Benefits

### 5.3.4.1 Education

**Additional years of schooling are derived from the cash-plus intervention in Zambia.** By 2060, 248,752 additional years of schooling will have been received in Scenario A, and 57,45,812 in Scenario B. The average years of schooling currently stand at 6.8 years. The average years of schooling will be increased 6.83 in Scenario B as a result of the CSSP scale-up, all other things being equal. Whilst these impacts are relatively small, there is significant potential to increase this further if the programme continues to increase its reach, along with other programmes that boost years of schooling.

**Figure 33: Additional Years of Schooling Created by the Scale-up, Thousands**



### 5.3.4.2 Qualitative Benefits

**The documented efficacy of cash transfer programs and cash-plus initiatives in enhancing educational outcomes is a well-established fact.** Specifically, the SCTP has demonstrated notable success in not only facilitating access to primary and secondary education but also enabling children to procure essential school materials, uniforms, and sustenance throughout the day.<sup>507</sup> The disruption to SCTP payments during the COVID-19 pandemic underscored the program's significance, revealing that irregular payments led to economic hardships forcing children to drop out of school.<sup>508</sup> SC's research further illuminated that a lack of funds resulted in attending school on an empty stomach, impairing concentration.<sup>509</sup>

#### Box 9: The Impact of Child Labor on Education Outcomes<sup>510</sup>

“ I rely on piecework to raise money to meet my educational and personal needs. I was told that I am not performing well at school to progress to the next grade, which is true because I am always missing lessons to go look for piecework. ”

507 International Policy Centre for Inclusive Growth (2018) A brief history of Zambia's Social Cash Transfer Program, accessed: 08.01.2024. Available here: [https://ipcig.org/pub/eng/PRB62\\_A\\_brief\\_history\\_of\\_Zambia\\_s\\_social\\_cash\\_transfer\\_programme.pdf](https://ipcig.org/pub/eng/PRB62_A_brief_history_of_Zambia_s_social_cash_transfer_programme.pdf).

508 Ibid.

509 Sitambuli, E., et al. (2022). Falling Through the Cracks: The Impact of Inconsistent Social Cash Transfers on Children in Lufanyama District – Zambia, (Save the Children: Zambia).

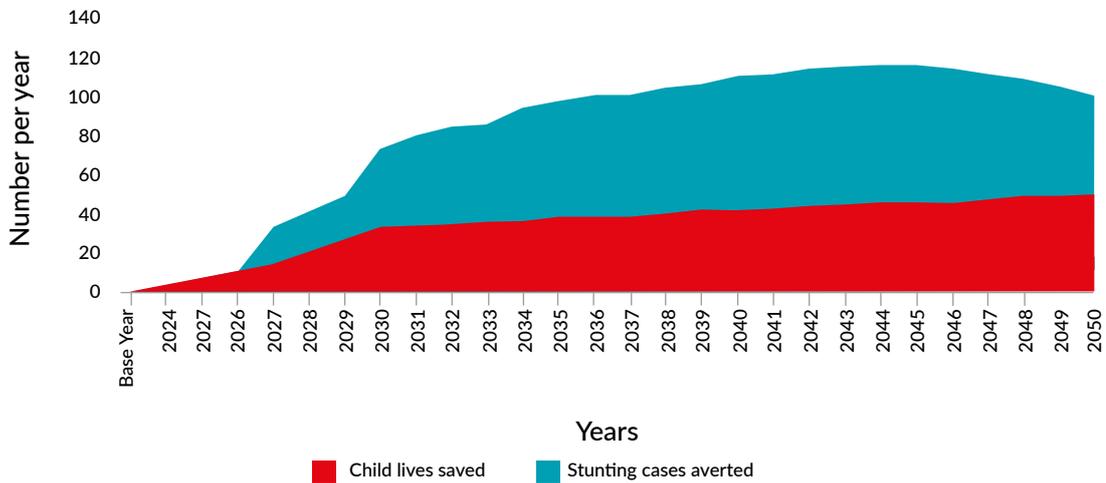
510 Ibid.

**The repercussions of disrupted education extend beyond the immediate challenges.** Children affected by irregular SCTP payments reported feelings of hopelessness, adversely impacting their academic achievements.<sup>511</sup> One poignant instance highlighted a girl unable to afford basic school supplies, such as a calculator or mathematics set, affecting her academic performance and dampening her enthusiasm for education.<sup>512</sup> The research suggested that financial difficulties made children feel despondent and unwilling to continue with their education due to feelings of uncertainty around their future.

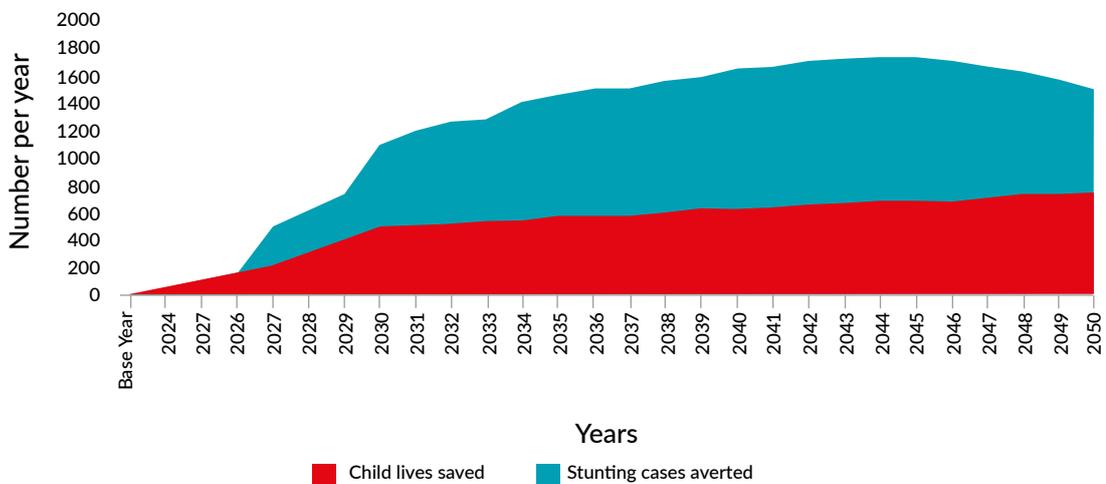
### 5.3.4.3 Health

**The health benefits that accrue from the scale up of the cash plus intervention are noted in the figures below.** These benefits are expressed in terms of child lives saved and stunting cases averted. During the scale up of the intervention, up to 2030, the increase in child lives saved and stunting cases averted is significant, before increasing more gradually up to 2050. The number of stunting cases averted peaks around 2046, given the decreasing number of stunting cases overall in the population projected at this time, as well as a slowdown in population increases. Scenario A estimated that, by 2060, nearly 1,000 child lives would be saved. In Scenario B, this is estimated to be as high as 22.5 thousand.

**Figure 34: Scenario A, Non-monetary Health Benefits**



**Figure 35: Scenario B, Non-monetary Health Benefits**



511 Ibid.

512 Ibid.

## 5.3.5 Qualitative Benefits

### 5.3.5.1 Health and Nutrition

**Impact evaluations of the SCTP also emphasize its positive influence on nutrition outcomes.** Beneficiaries reported increased satisfaction with meals, access to a more diverse diet, and a higher frequency of daily meals.<sup>513</sup> Research conducted between 2010 and 2014 revealed a positive impact on household food security, emphasizing the program's crucial role.<sup>514</sup> Research conducted by SC illustrates how important regular transfers are to ensure the benefits are realized. Irregular cash transfers led to unhealthy coping mechanisms, such as withdrawing children from school to assist in sourcing food.<sup>515</sup> Conversely, families receiving the SCT experienced improved access to three meals a day and a higher consumption of protein-rich foods and dairy products.<sup>516</sup>

#### Box 10: The Inconsistency of the SCTP <sup>517</sup>

“

When the SCT payments become inconsistent... I do not have any money to either buy food for the children or a school uniform.

”

**The SCTP's positive impact extends to health outcomes for children.** Beneficiaries reported lower illness rates due to enhanced access to healthcare services.<sup>518</sup> Disruptions in fund distribution, as highlighted in SC's research, forced families to resort to traditional medical treatments, underscoring the program's role in promoting health.<sup>519</sup> Families were required to access traditional medicine due to financial constraints that prevented them accessing healthcare centers.

#### Box 11: The Need for the SCTP <sup>520</sup>

“

I realized that my mother could not afford to take me to hospital.... I did not understand why we were not going to hospital.

”

**Expanding the SCTP holds the potential to further improve health outcomes.** Ensuring timely and adequate cash transfers is vital, but parallel efforts must focus on expanding healthcare services, including increasing the number of healthcare professionals per capita.

513 International Policy Centre for Inclusive Growth (2018) A brief history of Zambia's Social Cash Transfer Program, accessed: 08.01.2024. Available here: [https://ipcig.org/pub/eng/PRB62\\_A\\_brief\\_history\\_of\\_Zambia\\_s\\_social\\_cash\\_transfer\\_programme.pdf](https://ipcig.org/pub/eng/PRB62_A_brief_history_of_Zambia_s_social_cash_transfer_programme.pdf).

514 Ibid.

515 Sitambuli, E., et al. (2022). *Falling Through the Cracks: The Impact of Inconsistent Social Cash Transfers on Children in Lufanyama District – Zambia*, (Save the Children: Zambia).

516 Ibid.

517 Ibid.

518 International Policy Centre for Inclusive Growth (2018) A brief history of Zambia's Social Cash Transfer Program, accessed: 08.01.2024. Available here: [https://ipcig.org/pub/eng/PRB62\\_A\\_brief\\_history\\_of\\_Zambia\\_s\\_social\\_cash\\_transfer\\_programme.pdf](https://ipcig.org/pub/eng/PRB62_A_brief_history_of_Zambia_s_social_cash_transfer_programme.pdf).

519 Sitambuli, E., et al. (2022). *Falling Through the Cracks: The Impact of Inconsistent Social Cash Transfers on Children in Lufanyama District – Zambia*, (Save the Children: Zambia).

520 Ibid.

### 5.3.5.2 Mental Health

**Mental health outcomes also benefit from cash transfer programs.** Evaluations of the SCTP indicate enhanced thoughts and emotions, with beneficiaries expressing a higher quality of life and increased optimism about the future.<sup>521</sup> Research from 2018 also suggests that cash transfers are able to influence happiness levels in beneficiaries. Interestingly, happiness levels improved not only during the grant period but sustained beyond.<sup>522</sup> In Zambia, children's well-being increased, and their parents felt more optimistic about the future.<sup>523</sup> This fostered long-term goals and aspirations rather than parents and caregivers focusing much more closely on the present.

**Beyond individual well-being, the SCTP offers support for families caring for individuals with severe mental health difficulties.** The program alleviates financial burdens, allowing caregivers to focus on their responsibilities.<sup>524</sup> One elderly woman interviewed in 2022 cares for her daughter and her six grandchildren due to her daughter's severe mental health illness.<sup>525</sup> Fanel discussed how the SCT buys basic items for the family members which helps ease the financial burden.<sup>526</sup> However, simultaneous improvements in mental health services are imperative to ensure the highest quality of life for those in need.

### 5.3.6 A Safe and Secure Environment

**This report advocates for the expansion of CSSP in Zambia.** Beyond poverty alleviation, CSSP aims to enhance health, education, and socio-emotional outcomes for young children. Cash transfers contribute to a secure environment by relieving financial pressures, thereby reducing children's exposure to risky situations.<sup>527</sup> Research indicates that irregular SCTP payments can drive vulnerable populations, particularly young girls, into harmful practices in exchange for necessities.<sup>528</sup> Furthermore, it prevents younger children from being compelled to leave school and enter the workforce prematurely as cash transfers are often the only thing keeping children in school.<sup>529</sup>

#### Box 12: The Impact of Poverty

“

I realized that my mother could not afford to take me to hospital.... I did not understand why we were not going to hospital.

”

**Moreover, CSSP in Zambia is associated with improved caregiving practices.** Parenting programs and additional training foster positive interactions between parents and their children, particularly in regard to fathers.<sup>530</sup> Programs can also go some way towards challenging gender stereotypes, impacting how parents interact with their children. Focus group discussions conducted on the program in Zambia also

521 International Policy Centre for Inclusive Growth (2018) A brief history of Zambia's Social Cash Transfer Program, accessed: 08.01.2024. Available here: [https://ipcig.org/pub/eng/PRB62\\_A\\_brief\\_history\\_of\\_Zambia\\_s\\_social\\_cash\\_transfer\\_programme.pdf](https://ipcig.org/pub/eng/PRB62_A_brief_history_of_Zambia_s_social_cash_transfer_programme.pdf).

522 Handa, S., et al. (2018). 'Does Money Buy Happiness? Evidence From an Unconditional Cash Transfer in Zambia' SSM Population Health, 4(1), accessed: 08.01.2024. Available here: <https://www.sciencedirect.com/science/article/pii/S2352827317301829>.

523 Ibid.

524 UNICEF (2022). Emergency cash transfers supporting vulnerable households managing mental health in Zambia, accessed: 08.01.2024. Available here: <https://zambia.un.org/en/176987-emergency-cash-transfers-supporting-vulnerable-households-managing-mental-health-zambia>.

525 Ibid.

526 Ibid.

527 Sitambuli, E., et al. (2022). *Falling Through the Cracks: The Impact of Inconsistent Social Cash Transfers on Children in Lufanyama District – Zambia*, (Save the Children: Zambia).

528 Ibid.

529 Ibid.

530 International Child Development Program (n.d.). Positive implementation results in Zambia, accessed: 08.01.2024. Available here: <https://www.icdp.info/positive-implementation-results-in-zambia/>.

suggest that parents had undergone some changes in beliefs around corporal punishment and disciplining practices, suggesting that they had become more positive.<sup>531</sup> Evidence suggests that parents become more attentive, patient, caring, and responsive to their children's needs. Overall, CSSP initiatives play a pivotal role in shaping early childhood experiences and positively influencing parental attitudes and behaviors.

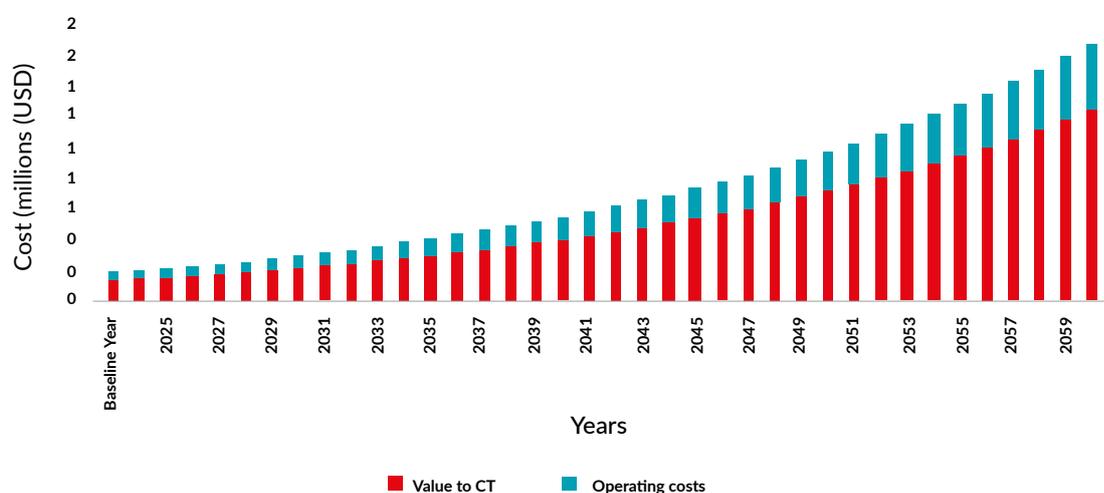
## 5.4 COST ASSESSMENT

The cost assessment for CSSP considered the scale-up of costing inputs to derive an overall cost of the programme. Costing inputs received by programme implementers were broken down according to the cash component and operating costs involved in running the program, this includes the “plus” components. Aside from inflation, the value of the cash transfer remained the same at USD 12.

The figures below outline the cost components of CSSP over time.<sup>532</sup> In every scenario, the costs of the programme grow, due to increases in inflation and increases in the size of the target population. In Scenarios A and B, costs grow fastest as the scale-up increases up to 2030, then level out to become back in line with increases in inflation and the target population.

In each scenario, the majority of the expense is on the cash transfer. In 2023, 74% of the total budget is associated with the cash transfer, and 26% on administrative and operating costs, and the “plus” components. Based on international literature, the study has assumed economies of scale will occur as the program is scaled up.<sup>533</sup> This assumption has been made based on well-established, larger social protection programs which spend roughly 3% of their budget on admin costs.<sup>534</sup> However, it is assumed that the scale-ups for this study won't quite reach 3% due to the size of the scale-ups. Therefore, it assumes that operating costs will reduce until they are 5% of the total budget by 2060.

Figure 36: Cost of CSSP, Baseline Scenario (million USD)

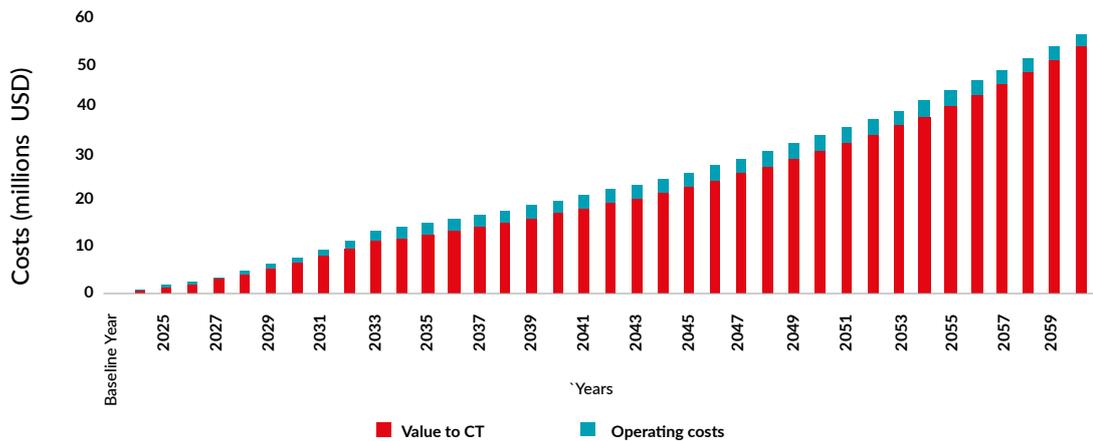
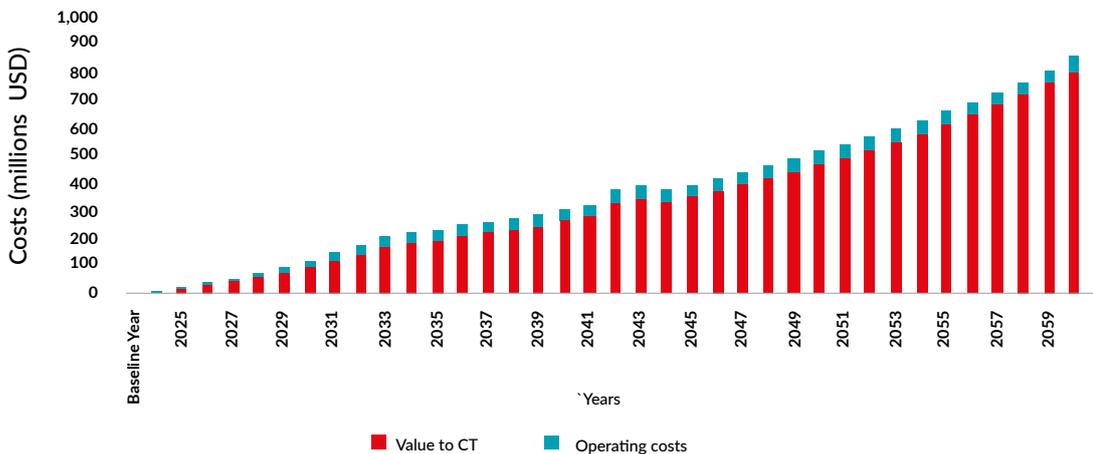


531 Ibid.

532 Specific data on the value of the transfer, assumed rate of inflation, and population growth used can be found in the annexes.

533 Cecchini, S., et al. (2020). Estimates of the cost of cash transfers under the National Policy on Social Protection and Promotion in Haiti, accessed: 22.01.2024. Available here: <https://repositorio.cepal.org/server/api/core/bitstreams/836f2877-6640-4a35-8f9f-2a8dbf2e4ce9/content>.

534 Ibid. and Ortiz, I. et al. (2017). Universal Social Protection Floors: Costing Estimates and Affordability in 57 Lower Income Countries, accessed: 22.01.2024. Available here: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---soc\\_sec/documents/publication/wcms\\_614407.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_614407.pdf)

**Figure 37: Cost of CSSP, Scale-up Scenario A (million USD)****Figure 38: Cost of CSSP, Scale-up Scenario B (million USD)**

The total cost of the programme for each scenario is presented in the table below. The table displays costs by year at which they will be spent. By 2060, Scenario A will cost an additional USD 217 million and Scenario B will cost an additional USD 4,186 million.

**Table 13: Cost of CSSP by Scale-up Scenario (million USD)**

	2023 - 2030	2023 - 2045	2023 - 2060
<b>Baseline</b>	2	5	9
<b>Scenario A total cost</b>	23	148	280
<b>Scenario A additional cost</b>	21	143	271
<b>Scenario B total cost</b>	330	2197	4195
<b>Scenario B additional cost</b>	328	2192	4186

## 5.5 COST-BENEFIT ANALYSIS

This section of the report brings together the benefits assessment and the costing exercise to produce BCRs and a COI. The BCR shows the relationship between the relative costs and benefits of the CSSP scale-up, expressed in monetary terms. If the BCR is greater than 1.0, the scale-up is expected to deliver a positive net present value to the economy. The cost-benefit analysis also incorporates a COI, which is the opportunity cost associated with not scaling up CSSP. Both the BCR and the COI are reported below, for each scale-up scenario, and by timeframe.

**Table 17: CSSP, Cost-Benefit Analysis by Scale-up Scenario**

Scenario	Indicator	2023 - 30	2023 - 45	2023 - 60
Scale-up Scenario A	Total additional monetary benefits, discounted (million USD)	48	331	674
	Total additional costs, discounted (million USD)	21	142	272
	Benefit Cost Ratio (BCR)	2.5		
	Cost of inaction (COI) (million USD)	27	189	402
Scale-up Scenario B	Total additional monetary benefits, discounted (million USD)	737	5051	10270
	Total additional costs, discounted (million USD)	329	2192	4187
	Benefit Cost Ratio (BCR)	2.5		
	Cost of inaction (COI) (million USD)	409	2859	6083

**Both scenarios include positive benefit-cost ratios, indicating that the CSSP scale up is an investment that represents good value for money.** By 2060, both scale-up scenarios deliver a benefit-cost ratio of 2.5. This means that for every \$1 invested in the CSSP programme, the benefits to society will equate to **\$2.50**.

**This benefit includes both short-term and lifelong benefits.** The short-term benefits are primarily seen through poverty reduction, via the economic multiplier effect generated through increased consumption by beneficiary families, as well as the lifelong benefits of the improved education and healthcare of the 0-6-year-olds. Given the additional qualitative benefits of the programme that are not captured in the quantitative analysis, this estimate is conservative, with the actual figure very likely to be higher than this, and likely to be significantly higher.

**Whilst both report positive BCRs and COIs, the COI is significantly higher for Scenario B.** The opportunity cost of not investing in the CSSP scale-up equates to 402 million USD for Scenario A and 6,083 million USD for Scenario B. These figures reflect that significant economic benefits will be foregone if these investments are not made. Across both scale-up scenarios, the COI is greater over longer time horizons. This is a result of additional benefits accruing at a much faster rate than costs, translating into a greater loss of opportunity over the long-term. Given that the COI is higher for Scenario B, the more ambitious Scenario B is the preferred option for scale-up should the fiscal space be adequate.

**Alongside the significant monetary cost-of-inaction, not investing in CSSP is likely to lead to substantial non-monetary losses.** In particular, this extends to missed opportunities in education and health. In Scenario A, it is likely that nearly 250,000 additional years of schooling will not be realized if investment into CSSP does not happen. In Scenario B, this number could reach almost 6 million additional years of schooling. Within health, the IC estimates that almost 1000 child lives could be lost in Scenario A, a number that rises to 22.5 thousand in Scenario B. This reiterates why investment into CSSP is so important. Moreover, the longer investment continues not to happen, the larger these missed opportunities are likely to get.

### The Adequacy of Transfer

**This study also considered the adequacy of the cash transfer values.** Throughout the study, cash transfer values remained constant, however, it is recognized that increasing the value until they are 'adequate' is likely to increase the benefits gained. As iterated above, an adequate cash transfer is considered to be one

that is at least 30% of the international poverty line (\$2.15), which was determined to be USD 76.60.<sup>535</sup> This study, therefore, modeled increasing the value of the SCTP transfer from USD 12 to USD 76.60. From these calculations, it was determined that increasing the value of the cash transfer could result in a cost-benefit ratio that is 1.4 times higher.

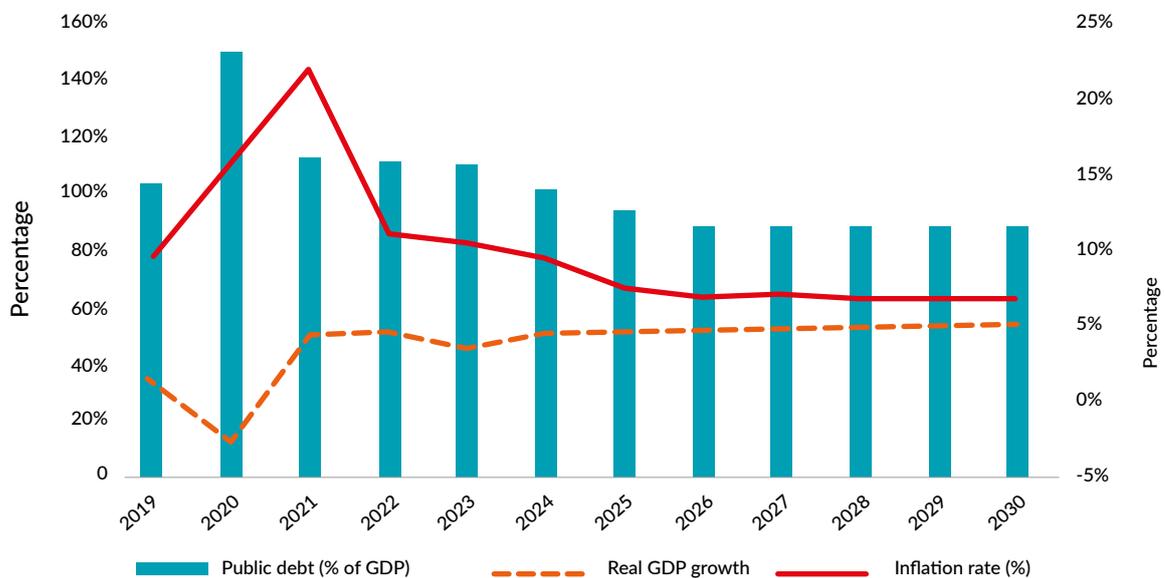
## 5.6 FISCAL SPACE ANALYSIS

### 5.5.2 Macroeconomic Overview

**In 2021, Zambia's economy experienced a rebound, growing at 4.6% after a contraction of 2.8% in the previous year.**<sup>536</sup> This recovery was driven by higher copper prices, favorable external demand, good rainfall, and increased market confidence post-election.<sup>537</sup> Growth slowed down in 2022, mainly due to challenges in agriculture, mining, and construction, with real GDP growing by 3.7% in Q1–Q3.<sup>538</sup> The current account surplus narrowed to 2.3% of GDP in 2022 due to increased import costs from the war in Ukraine, coupled with falling copper prices.<sup>539</sup> The kwacha depreciated more than 30% between September 2022 and March 2023, impacting official reserves.<sup>540</sup> Further, inflation is expected to ease from 10.6% in 2023 to 7% by 2026 after rising to a high of 22% following the COVID-19 pandemic.<sup>341</sup>

**Despite the economic outlook, Zambia faces significant challenges, including high levels of poverty and public debt.** More than 61% of the population earns less than the international poverty line of \$2.15 per day, with three-quarters of the poor residing in rural areas.<sup>542</sup> The COVID-19 pandemic exacerbated poverty, but a slow return to pre-pandemic levels is projected by 2025, primarily driven by sustained growth in the services and construction sectors benefiting the urban poor. However, rural poverty reduction remains uncertain due to structural barriers in agricultural productivity and limited resilience to external shocks among the rural population. Public debt on the other hand is assessed by the IMF to be unsustainable as it is only projected to decline from 110% in 2023 to 88% by 2030.<sup>543</sup> Ensuring fiscal resilience, private sector-led growth, and maintaining monetary stability are crucial to address these challenges and foster inclusive and resilient economic growth.

**Figure 39: Trends in Zambia's Real GDP Growth, Inflation and Public Debt (2010 - 2028)**



535 World Bank. Further information on how this was calculated can be found in the introduction sections of this report.

536 IMF (2024). Zambia at a glance. Available at: <https://www.imf.org/en/Countries/ZMB>

537 World Bank (n.d.). Zambia Overview, development news and data. Available at: <https://www.worldbank.org/en/country/zambia/overview>

538 Ibid

539 IMF (2023). ARTICLE IV CONSULTATION, FIRST REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR ZAMBIA

540 Ibid

541 Ibid

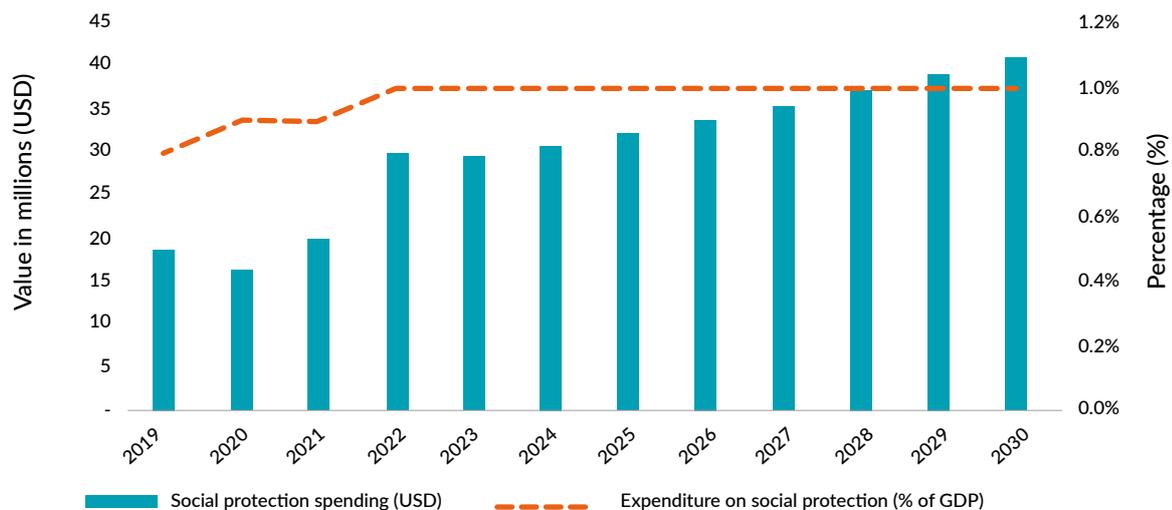
542 World Bank (n.d.). Zambia Overview, development news and data. Available at: <https://www.worldbank.org/en/country/zambia/overview>

543 IMF (2023). ARTICLE IV CONSULTATION, FIRST REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR ZAMBIA

### 5.5.2.1 Social Protection Spending: Available Resources

The following figure highlights trends in social protection spending in Zambia between 2019- 2023, projected to the medium-term (2030). The projections undertaken here are conservative with the main assumption being that current social protection spending as a share of GDP will be maintained in the short to medium term. The historical expenditures are obtained from the most recent UNICEF social protection budget brief.<sup>544</sup> The data suggests that social protection spending between 2019 and 2023 averaged around 4% of general government expenditure (GGE) or 1% of GDP. The figure increased from about USD 186 million in 2019 to about \$295 million. Spending is projected to reach about USD 411 million by 2030 if the current spending as a share of the national budget is maintained.

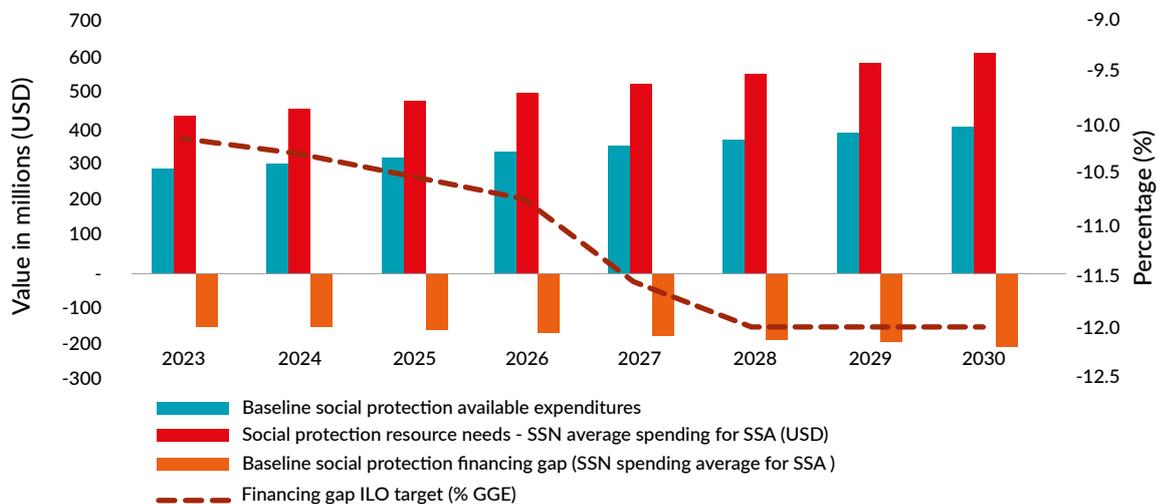
Figure 40: Trends in Social Protection Spending



### 5.5.2.2 Business as usual scenario

- Under the normative scenario, the social protection financing gap is projected to increase from an estimated **USD 148 million** in 2023 to an estimated USD 205 million in 2030 using the 1.5% of GDP regional spending average to benchmark resource needs.

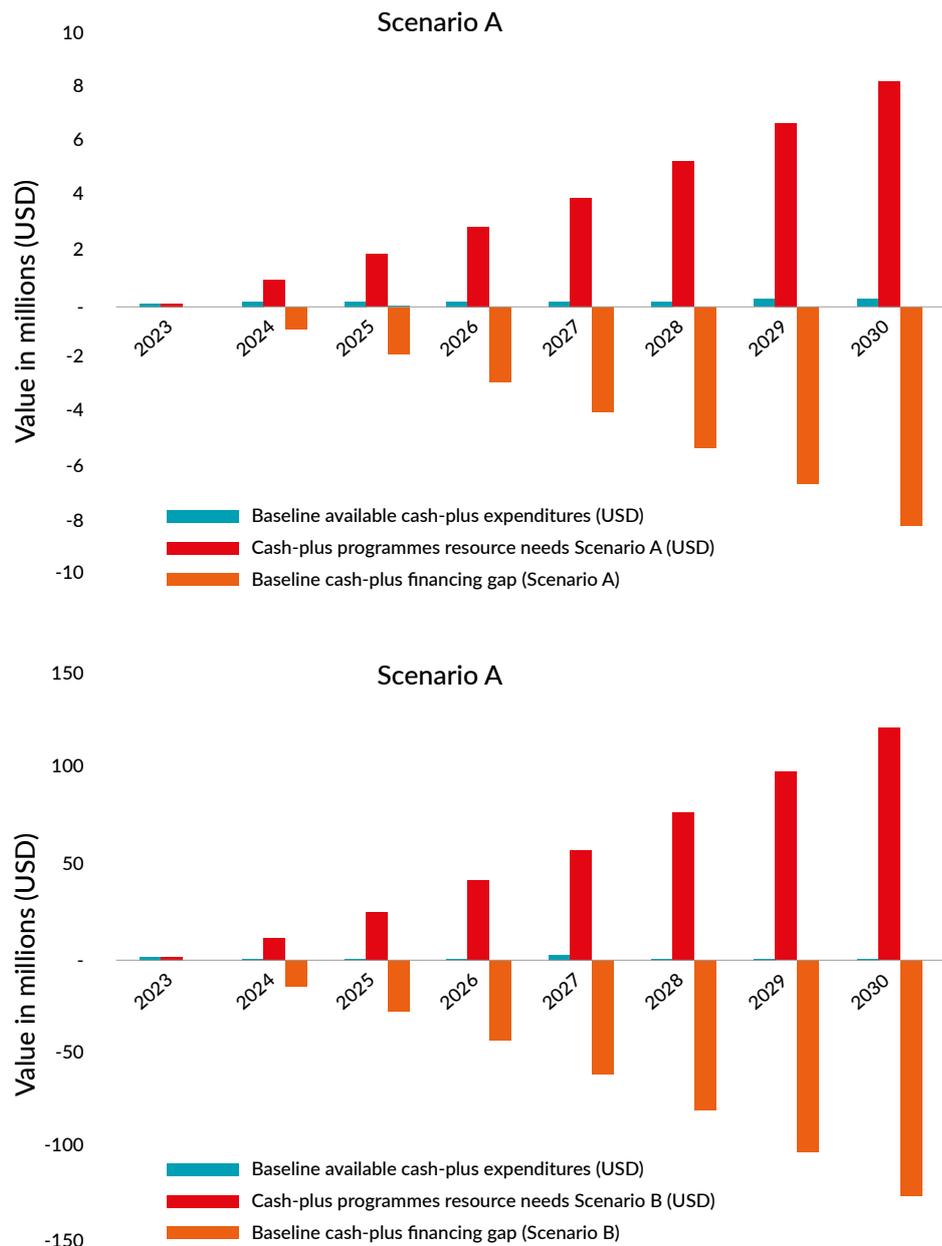
Figure 41: Projected Financing Gap for Social Protection under Different Spending Targets (million USD)



544 The right to social protection is enshrined in the Bill of Rights of the Constitution of Zambia and is also part of the country's long-term Vision 2030 which envisages "a nation that promotes and provides sustainable security against deprivation and extreme vulnerability". The Vision is operationalised through five-year national development plans, medium-term budget plans and annual budgets.

**Narrowing the analysis to the cash-plus programme resource needs and costs, the estimated financing gaps vary under the two scenarios** i.e., the financing gap is much bigger under scenario B where the target cash-plus coverage is up to 15% of the population compared to under scenario A where the target coverage is 1% as discussed in the cost-benefit analysis section of this study. For the cash-plus programme resource needs, we utilize the costs of scaling coverage under the different scenarios. Under scenario A, the financing gap is estimated to increase from an estimated baseline of **USD 0.8 million** in 2024 to **USD 8.1 million** by 2030 whereas under scenario B, the increase is from **USD 12.4 million** in 2024 to about **USD 124.2 million** by 2030.

**Figure 42 : Projected Financing Gap for Cash-plus Programmes under Scenarios A and B (USD millions)**



## 5.5.3 Financing Options

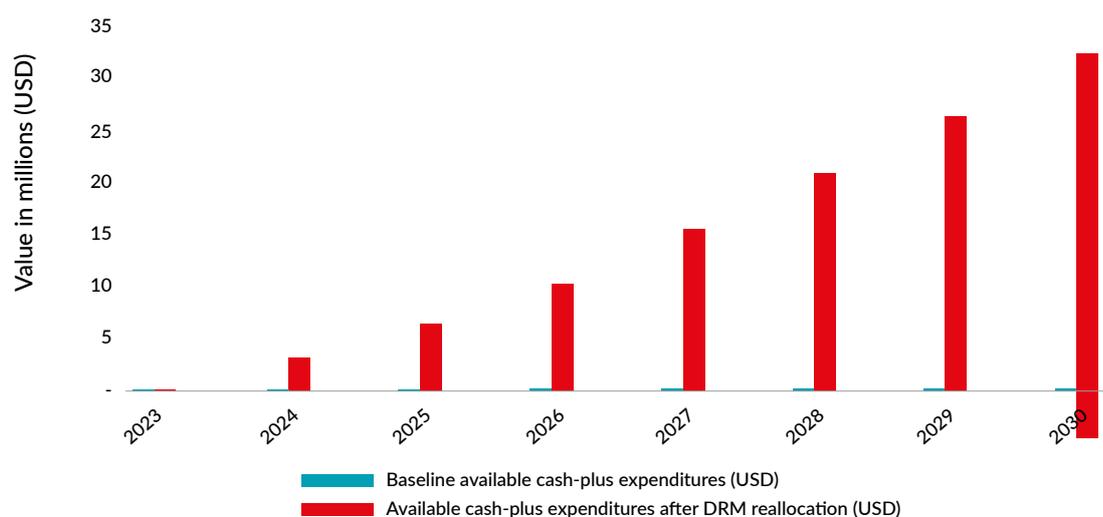
### 5.5.3.1 Domestic Revenue Mobilisation Strategy (DRMS) and Allocation

**Domestic Revenue Mobilisation (DRM) is arguably the most sustainable way of creating fiscal space for funding the national budget.** This often involves strategies that spell out clear revenue collection targets in line with broader national development goals. Such strategies further outline precise and yet comprehensive reforms such as PFM and tax reforms aimed at broadening the tax base, and strengthening tax compliance and institutional capacity, among others. For this analysis, we utilize regional revenue averages from the SADC region as a benchmark for revenue targets in the absence of a domestic revenue strategy document. World Bank data reveals that the average tax to GDP ratio for the SADC region is about 21% using the latest data available. The country's tax revenue as a share of GDP grew from 16.1% in 2018 to about 17.6% in 2023 and is projected to reach 18.4% by 2028.<sup>545</sup> This, although above the African average of 15.6%,<sup>546</sup> still represents insufficient revenue collections to adequately finance the budget and the social sectors in particular.

**Zambia has placed emphasis on leveraging renewable natural resources for sustainable social sector financing.** The country has demonstrated how countries with abundant natural resources can enhance social protection services and address inequality through taxation of natural resource extraction companies. In 2013, Zambia generated \$1.5 billion annually from extractive revenues, constituting 30% of total government revenue.<sup>547</sup> Despite challenges, such as the withdrawal of the windfall tax in 2009, the country implemented measures like graduated windfall taxes, royalty rate revisions, and corporate income tax adjustments. By 2012, tax collection for the mining sector significantly increased from KW 1 billion to KW 6.619 billion, providing substantial government revenue.<sup>548</sup> This revenue boost enabled increased spending on health, education, and social protection, with a notable rise in the budget for social cash transfer schemes from KR 55 million in 2012 to KR 199.2 million in 2014.<sup>549</sup> This demonstrates that natural resource taxation can create fiscal space for social protection and socio-economic development.

**If the various DRM strategies are implemented with the goal of attaining the regional revenue average, this would generate additional revenue that can be repurposed towards social protection spending.** For instance, targeting the SADC revenue average with DRM strategies would create additional government revenue of about **USD 602 million** annually between 2023 and 2030. Prioritizing CSSP and reallocating the additional revenues from these strategies to cash-plus programmes, would increase the budgetary room from the current estimated **USD 0.2 million** to about **USD 37 million** by 2030. This would on average reduce the cash-plus programme financing gap by about **USD 16.9 million** year on year between 2023 and 2030.

**Figure 43: Potential Tax Revenues and Reallocation for Cash-plus Programmes (million USD)**



545 IMF (2023). ARTICLE IV CONSULTATION, FIRST REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR ZAMBIA

546 OECD (2023). Revenue Statistics Africa. Available at: <https://www.oecd.org/tax/tax-policy/brochure-revenue-statistics-africa.pdf>

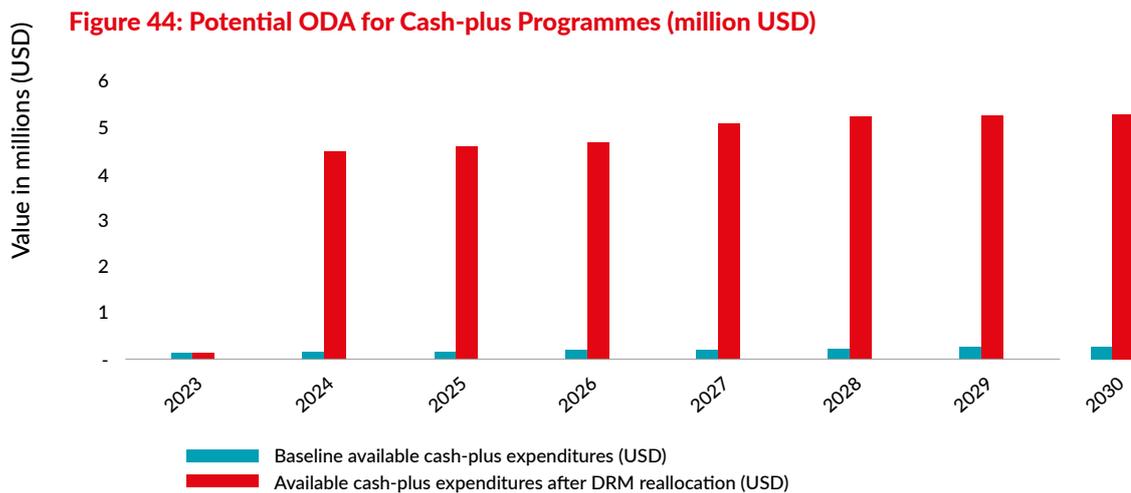
547 ILO (2016). Financing Social Protection through Taxation of Natural Resources. Available at: [https://www.social-protection.org/gimi/gess/Media.action;jsessionid=gAv8E5olkqxVRBjb9g44c3dzQzug\\_EquPqHtpISGFJyzBXbBjKhZ!1945465934?id=15578#:~:text=Natural%20resource%20taxation%20in%20Zambia,among%20others%20funding%20social%20expenditures](https://www.social-protection.org/gimi/gess/Media.action;jsessionid=gAv8E5olkqxVRBjb9g44c3dzQzug_EquPqHtpISGFJyzBXbBjKhZ!1945465934?id=15578#:~:text=Natural%20resource%20taxation%20in%20Zambia,among%20others%20funding%20social%20expenditures)

548 Ibid

549 Ibid

### 5.5.3.2 Official Development Assistance (ODA)

IMF data indicates that net ODA to Zambia in the form of grants is estimated at USD 150 million in 2023.<sup>550</sup> The IMF further estimates the country's ODA receipts to remain more or less constant in the short to medium term. We hence project ODA with the assumption that spending from donors will remain on the current path in the medium term. This would on average create additional fiscal space of about **USD 10.6 million** for social protection annually between 2023 and 2030. This would imply a reduction of the cash-plus programme financing gap by about **USD 4.8 million** annually on average between 2023 and 2030 using the 1.5% of GDP SSN spending benchmark of SSA.



### 5.5.3.3 Debt Relief and Restructuring

Zambia's public debt to GDP ratio standing at 110% in 2023 and projected to decline only to 88% by 2030 (above the 50% threshold) is assessed to be unsustainable by the IMF.<sup>551</sup> Given this context, we therefore do not propose borrowing for social protection financing. We model a debt relief/restructuring scenario for creating fiscal space. Debt relief and restructuring can play crucial roles in addressing fiscal constraints, particularly in the context of limited fiscal space for social protection initiatives. Debt relief involves the reduction or forgiveness of a country's outstanding debt, alleviating the burden on its fiscal resources. This frees up resources from debt servicing that can be repurposed toward essential social protection programs, such as cash transfer programs among others. On the other hand, debt restructuring involves adjusting the terms of existing debt, such as extending the repayment period or renegotiating interest rates. This allows for a more effective management debt, freeing up resources that can be channelled into providing essential social protection services.

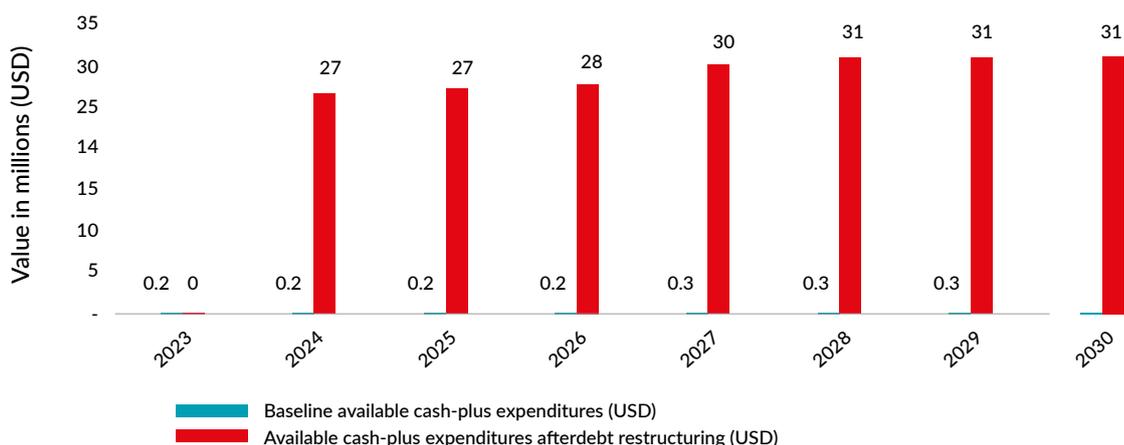
Zambia has had a complex three years of debt restructuring that faced a number of setbacks as bilateral creditors urged the country to seek more debt relief from international funds holding its sovereign bonds. In 2020, Zambia requested a freeze on debt payments under the G20-led Debt Service Suspension Initiative. In 2021, it became Africa's first pandemic-era country to default on its sovereign debt. In 2023, a deal with the "Paris Club" and China to restructure \$6.3 billion loans was announced.<sup>552</sup> However, an "Agreement in principle" deal with bondholders in October faced a setback in November when bilateral creditors vetoed it, leading to disagreements over necessary debt relief amounts. These complexities have meant a persisting outlook of high unsustainable levels of public debt with high interest payments that have limited the fiscal space for social spending.

We use data from the IMF relating to financing from external debt restructuring for Zambia for this analysis. Debt restructuring is reported to avail up to **USD 7.6 billion** to Zambia in the medium term, mainly from the IMF, The World Bank, and the African Development Bank. Calibrating this for social protection

550 IMF (2023). ARTICLE IV CONSULTATION, FIRST REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR ZAMBIA

551 Ibid

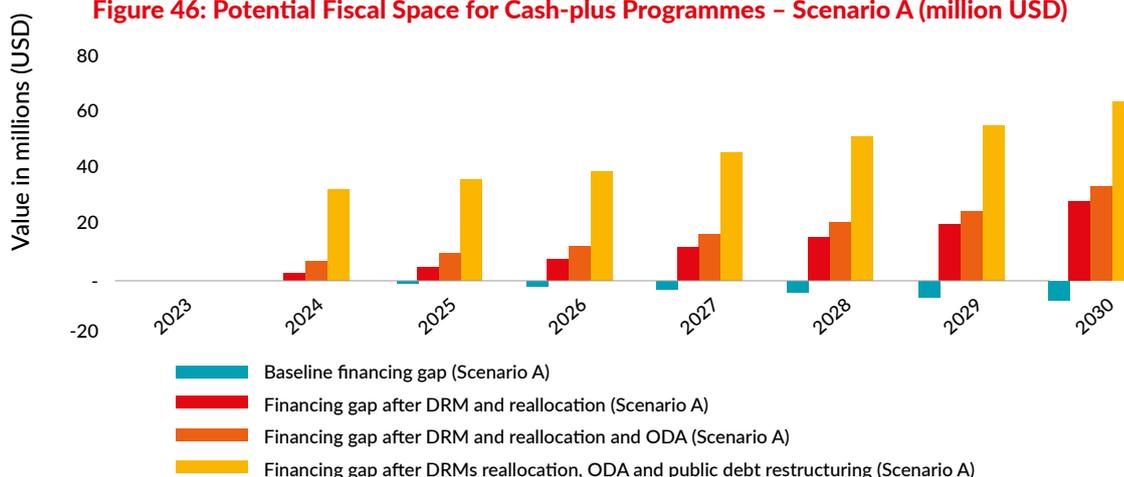
552 Reuters (2023). Zambia's troubled debt restructuring efforts. Available at: <https://www.reuters.com/world/africa/zambias-troubled-debt-restructuring-efforts-2023-11-21/>

**Figure 45: Potential Savings from Public Debt Consolidation for Cash-plus Programmes (million USD)**

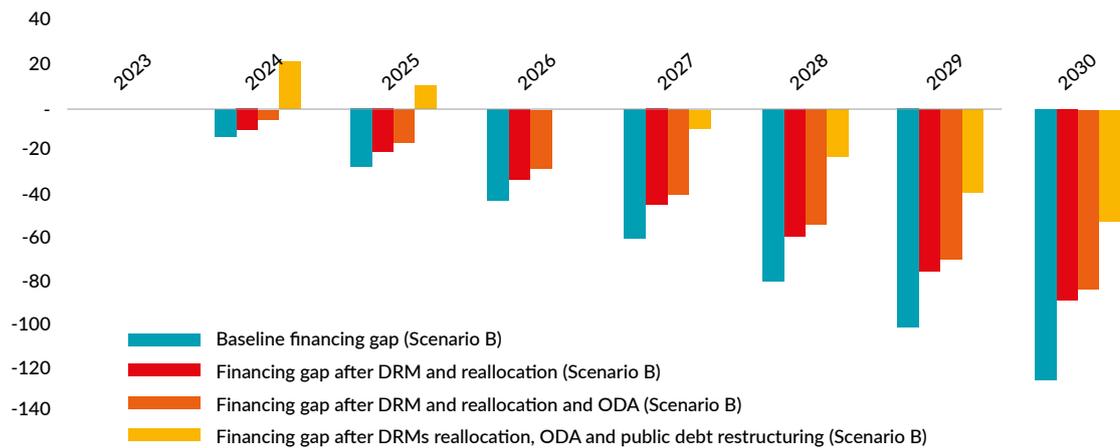
based on observed trends in social protection budget allocations and as well as the SSN spending average benchmark for SSA, would entail a reduction of the financing gap of cash-plus programmes by about **USD 29.2 million** annually on average, between 2023 and 2030.

### 5.5.3.4 Maximising Fiscal Space Scenario

Summing all these initiatives together would eliminate the financing gap for cash-plus programmes between 2024 and 2030, creating a financing surplus. This is under an optimistic scenario where the government and development partners prioritise social protection by spending up to 1.5% of GDP on social protection. All the modelled options for creating fiscal space under scenario A eliminate the financing gap from reaching **USD 8.1 million** in 2030 and would create a surplus of **USD 33.1 million** in 2024 reaching **USD 64.6 million** by 2030. This therefore indicates that this conservative target of scaling coverage of cash-plus programmes to 1% of the targeted population is achievable with these modelled financing options, hence the country could undertake a much more ambitious scale-up of coverage of up to 15% of the population as elaborated in scenario B.

**Figure 46: Potential Fiscal Space for Cash-plus Programmes – Scenario A (million USD)**

Under scale-up scenario B, the above modelled financing options would reduce the financing gap from reaching **USD 124.2 million** by 2030 to **USD 51.5 million (or by 59%)**. This is in part due to the larger cash-plus coverage target of 15% under scenario B, implying larger financial costs and requirements. This therefore means that to fully fund the financing gap for cash-plus programmes under scenario B, it is important to explore and combine other financing options not modelled here as discussed in previous sections.

**Figure 47: Potential Fiscal Space for Cash-plus Programmes – Scenario B (million USD)**

## 5.6 POLICY OPTIONS AND RECOMMENDATIONS

To secure the much-needed resources for scaling up cash plus programmes, the following recommendations based on the findings of our fiscal space analysis ought to be undertaken.

**Fast track domestic revenue mobilisation and increase the percentage of social protection expenditure spent on cash transfer programs.** Prioritising the social protection sector through CSSP programmes such as cash transfers is not just an expenditure but a significant investment in the futures of young children. This lays the foundation for social-economic transformation and sustained long-run economic development through facilitating human capital development. Current spending on social protection needs to be increased to at least 1.5% of GDP (the regional average for SSA spent on SSN) in the medium term. To close the financing gap for cash-plus programmes, it is therefore important to develop a DRM strategy document that guides resource mobilisation in alignment with broader national development goals.

**Accelerate evidence-based advocacy for greater ODA for CSSP.** Within the current constrained fiscal environment an evidence-based advocacy plan is necessary to convince development partners to allocate more funding towards the sector. Widely circulating the evidence built in this study around the benefits of investing in CSSP through cash plus programmes will be necessary to garner support from key stakeholders. It is therefore important to demonstrate the link between increased spending and the heightened benefits of investing in CSSP and how this feeds into long term socioeconomic transformation.

**Secure debt relief & restructuring and prioritise social spending.** Additional savings could be made from reduced debt servicing and interest payments resulting from debt relief and or debt restructuring to create budgetary room that can be repurposed towards CSSP in the short-medium term. Potential gains from the deal with the “Paris Club” and China to restructure \$6.3 billion loans announced in 2023 ought to be utilised strategically by prioritising high impact investments such as CSSP for greater long-term outcomes.

**Explore other potential avenues for creating fiscal space and enhance institutional arrangements that incentivise investments in the sector.** Other potential avenues for creating fiscal space for CSSP include, leveraging climate finance / green economy to fund climate-sensitive programmes to optimise desired socio-economic outcomes for children; curbing illicit financial flows which have been reported to have led to USD 880 million leaving the country annually in the form of tax evasion and transfer pricing between 2001 and 2010<sup>553</sup> and as well as curbing leakages within the PFM system that allow for waste and allocative inefficiencies; improving efficiency of the social protection sector and more specifically CSSP programmes in order to optimise outcomes.

553 African Union (Zambia Institute for Policy Analysis and Research (2023). The effects of illicit financial flows on the budget and its sustainability. Available at: <https://www.zipar.org.zm/download/the-effects-of-illicit-financial-flows-on-the-budget-and-its-sustainability/>

**Table 18: Policy Options / Recommendations Implementation Timelines and Responsibilities**

Specific recommendation	Priority	Implementation Timeline	Responsible entities
<b>Develop a DRM strategy to fast track tax revenues and increase expenditure on social protection and CSSP</b>	High	Short - medium term and on an ongoing basis. Spending targets can be aligned with national development goals	MoF, All relevant line ministries / departments
<b>Accelerate evidence-based advocacy for greater ODA for CSSP.</b>	High	Ongoing each year, possibly organised around investments for greatest impact and human capital development more generally.	MoF, All relevant line ministries / departments, Development Partners (DPs)
<b>Secure debt relief &amp; restructuring and prioritise social spending.</b>	High	Sort-medium term	MoF
<b>Explore climate finance for social sector financing</b>	Medium	On-going on an annual basis	MoF, All relevant line ministries / departments, DPs
<b>Curb illicit financial flows</b>	High	On-going on an annual basis	MoF, All relevant MDAs
<b>Enhance institutional arrangements and improve efficiency of service delivery</b>	High	On-going on an annual basis	All ministries, departments and agencies (MDAs)

The table below details policy options and recommendations for increasing fiscal space. This table looks at the options that are discussed in above, examining what the options could be and how viable they are.

## 5.7 KEY FINDINGS AND POLICY OPTIONS

### 5.7.1 Key Findings

**The CBA in Zambia concentrated on scaling up the SCTP, selected for its size, demonstrable impacts, and political popularity.** It is also well-embedded in the country. The CBA modelled the addition of cash-plus elements into the SCTP, as well as increasing the number of children (aged 0-6) targeted. Scenario A, the conservative approach, models the SCTP with cash-plus elements, such as those provided by Save the Children and the 1,000 days program, to 1% of the target population. Scenario B, more optimistic, models extending this coverage to 15.5% of the target population. This would cover half of the children in Zambia who are multidimensionally poor.

**The benefits of scaling up the SCTP are significant.** In Scenario A, between 2023 and 2060, additional GDP is projected at **USD 674 million** (0.01% of Zambia's GDP), while the more ambitious Scenario B foresees **USD 10 billion** (0.2% of Zambia's GDP) in the same period. These benefits stem from improved healthcare, enhanced education access, and increased GDP due to economic growth resulting from cash transfer spending.

**Non-monetary benefits in health and education are also anticipated.** Between 2023 and 2060, Scenario A is expected to yield an additional **249 thousand** years of schooling and save over 900 child lives. In the more ambitious Scenario B in the same period, projections include **5.7 million** extra years of schooling and **23 thousand** child lives saved.

### Policy options / recommendations implementation timelines and responsibilities



**Additionally, the program's qualitative impacts are significant.** These include the enhanced prioritization of education and healthcare by beneficiaries, along with notable effects on mental health and positive parenting. Focus group discussions indicated that caregivers had changed beliefs around disciplining practices, moving towards positive parenting.

**Scaling up the program necessitates additional funds.** Between 2023 and 2060, these are estimated at **USD 272 million** for Scenario A and **USD 4.2 billion** for Scenario B. Despite the financial requirements, both scenarios offer substantial rates of return, with every USD 1 invested expected to yield USD 2.5 in returns.

**The CBA also explores the option of enhancing the adequacy of cash transfers,** considering 30% of the international poverty line or **USD 76.60**, per household, per month, as adequate. While more expensive, increasing transfer adequacy is anticipated to generate more substantial returns, primarily through increased expenditure and consumption by beneficiaries. While these may currently be financially challenging, showcasing these returns is essential for advocacy purposes.

**Investing in scaling up the SCTP entails significant financing gaps compared to current social protection spending.** The FSA finds that scaling up the SCTP would result in a financing gap of about USD 0.8 million in 2024, which is estimated to reach **USD 8.1 million** by 2030 for Scenario A. The financing gap for Scenario B is estimated to increase from about **USD 12.4 million** in 2024 to **USD 124.2 million** by 2030.

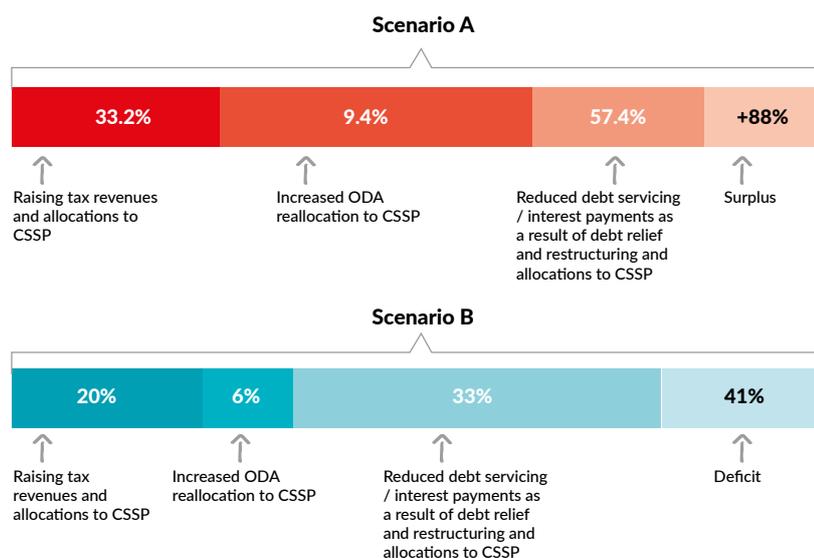
**The FSA explores ways to close this financing gap.** This can be achieved most significantly through Domestic Resource Mobilisation (DRM), public debt restructuring and ODA reprioritisation. To sustainably create fiscal space for CSSP through DRM, **it is imperative that Zambia develops a DRM strategy which spells out clear objectives and sets revenue targets that the government pursues. This will aid efforts to widen the resource envelope for social spending.** Specific mechanisms to attain these targets must be identified and accompanied by a monitoring and evaluation strategy<sup>554</sup>. These mechanisms can range from a concerted effort to broaden the tax base, improve tax administration efficiency, and enhance Public Financial Management (PFM) systems to minimise leakages in the system. ODA remains an avenue for funding CSSP in the short-medium term; however, a long-term emphasis on government ownership and prioritisation of the social protection sector is necessary. In the short-medium term, additional savings could be made from public debt consolidation and debt relief/restructuring. Summing the total of these initiatives would eliminate the financing gap in Scenario A by 2030, creating a surplus of **USD 64.6 million** by 2030. In Scenario B the financing gap would be reduced from reaching **USD 124.1 million** to **USD 51.4 million** by 2030 or by 59%.

**Other potential avenues exist for creating fiscal space for CSSP not modelled here.** These include leveraging climate finance / the green economy to fund climate-sensitive programmes to optimise desired socio-economic outcomes for children, curbing leakages within the PFM system that allow for waste and allocative inefficiencies and improving the efficiency of the social protection sector and CSSP programs. Moreover, curbing illicit financial flows is important; it has been reported that these led to **USD 880 million** leaving the country annually in the form of tax evasion and transfer pricing between 2001 and 2010.<sup>555</sup>

554 The DRM strategy will have to be crafted in a way that complements measures outlined elsewhere such as the Medium Term Budget.

555 African union (Zambia Institute for Policy Analysis and Research (2023). The effects of illicit financial flows on the budget and its sustainability. Available at: <https://www.zipar.org.zm/download/the-effects-of-illicit-financial-flows-on-the-budget-and-its-sustainability/>

Figure 48: Potential Fiscal Space for Cash-plus Programs



## 5.7.2 Recommendations

Based on the findings of this analysis, a series of key messages and recommendations have been developed.

- ✓ **R1: While Zambia has already made significant progress by prioritising social protection and investing in the SCT, scaling up CSSP in Zambia is imperative due to the need.** Nearly half of Zambia's population is under the age of 18. Specific challenges, such as a child poverty rate of 70%, exceeding the average in Africa of 40%, emphasise the need for CSSP. Zambia has a mortality rate under 5 of 58 out of 1,000 live births, higher than Malawi and Tanzania at 35.5 and 38.6 respectively. Investing in CSSP is crucial to harnessing economic potential and advancing human capital development in Zambia, necessitating prompt action before the population ages.

Investment in CSSP will contribute to Zambia's attainment of the SDGs and Vision 2030. Zambia has prioritised social protection in recent years, as outlined by Vision 30 and the Eighth National Development Plan. Vision 30 clearly articulates child development targets, while social protection is a focal point of the 8NDP. Spending on social protection has steadily increased, up 28.6% between 2022 and 2023.

- ✓ **R2: DRM presents the most sustainable way of financing social protection and CSSP programmes in the long term. It is, therefore, crucial to accelerate efforts to curb illicit financial flows and develop a DRM strategy that guides resource mobilisation.** This must be made public and be child-sensitive. The Community Development Fund also provides an opportunity for leveraging the decentralisation agenda and channel resources to community-level activities linked to the delivery of 'cash-plus' elements to SCT beneficiaries.
- ✓ **R3: Debt re-structuring should be child-sensitive. Savings from reduced debt servicing and interest payments resulting from debt relief and/or debt restructuring stand to create budgetary room that can be repurposed towards CSSP in the short-medium term.** However, these must be child-sensitive.
- ✓ **R4: Donors should continue investing in Zambia's social protection system.** In a fiscally constrained environment, donors will continue to play a crucial role in supplementing the government's efforts to finance the social protection sector in Zambia in the short to medium term.

- ✔ **R5: While a modest scale-up of CSSP can be financed through the measures presented here, costs can be contained by considering the design of programs and leveraging existing national programs.** Additional categorical targeting could substantially reduce costs, reducing the financial resources required.<sup>564</sup> This includes narrowing the age of the beneficiaries targeted, or the geographical focus. While not explored in this study, additional socioeconomic indicators could also be used to narrow the targeting approach, such as starting in areas with high stunting rates, or mortality rates.

Infrastructure at the community level could also be leveraged to reduce costs. As the use of mobile money for cash transfer payments expands, CWACs used for community mobilization of the SCTP could be used to deliver cash-plus programs.

Finally, service availability must also be considered when contemplating a scale-up of CSSP programs.

- ✔ **R6: The SCTP should be adapted to become more child-sensitive.** The SCTP is a strong cash transfer program that is embedded in Zambia and has strong political support. However, there is scope for it to become more child-sensitive. This could be achieved through the design of the program, and the targeting approach. Save the Children currently does significant work in providing 'plus' components to SCTP beneficiaries. This report suggests introducing the same 'plus' components, on a wider scale, to the SCTP. Further research would be required to establish exactly what these components might look like, given the current implementation context; however, suggestions include:
- SBCC targeting health and nutrition outcomes, education outcomes, and positive parenting.
  - Providing families with young children access to essential services.
  - Utilising mobile transfers to further the SBCC component.
  - Actively engage fathers and male caregivers in the process.



# MALAWI



The following section examines the CSSP landscape in Malawi. It begins by articulating the rationale for prioritizing CSSP, presented through an analysis of the country's socio-economic indicators.



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## 6 MALAWI

### 6.1 CONTEXT

The following section examines the CSSP landscape in Malawi. It begins by articulating the rationale for prioritizing CSSP, presented through an analysis of the country's socio-economic indicators. Subsequently, it examines the pertinent policies, legislation, and governance structures that delineate the social protection system for children, scrutinizing the financial mechanisms, available programmes, and efficacy of access.

The Government of Malawi (GoM) has shown significant commitment to CSSP in recent years. This is characterized by their commitment to nutrition-sensitive social protection, the 2023 framework seeks to design a 'social protection system that reaches and provides adequate transfers to households with young children'.<sup>556</sup> The nutrition-sensitive social protection framework also looks to ensure households have access to a range of services that enhance their nutrition outcomes.<sup>557</sup> Children are identified by the National Social Protection Policy (2023) as a core group that should be covered by social protection.<sup>558</sup> While not currently completely child-sensitive, the Social Cash Transfer Program (SCTP) illustrates the GoM's commitment to creating a substantial social protection system that is able to reach a significant proportion of Malawians. Furthermore, the government has plans to improve the child-sensitivity of the SCTP by ensuring that the number of children reached improves, partly through a shift towards categorical targeting.<sup>559</sup> CSSP pilots such as Maziko are building the case for cash-plus programs that link children to the necessary services that they need.<sup>560</sup> A combination of these approaches will begin to improve the child-sensitivity of the SCTP.

#### 6.1.1. Why is it essential to invest in CSSP

Malawi is characterized by a notably youthful population, underscoring the imperative need for strategic investments in CSSP. As of 2022, a substantial 43% of the nation's populace falls below the age of 14.<sup>561</sup> Noteworthy is the observed decline from 47% in 2012, highlighting the urgency to take proactive measures to ensure the prosperity of this sizable demographic as they transition into adulthood. This leads not only to a thriving adult population but also holds significant economic implications for the country.

556 The GoM has an Operational Framework for Nutrition-Sensitive Social Protection. Please see: Government of Malawi. (2023). Nutrition-Sensitive Social Protection.

557 Ibid.

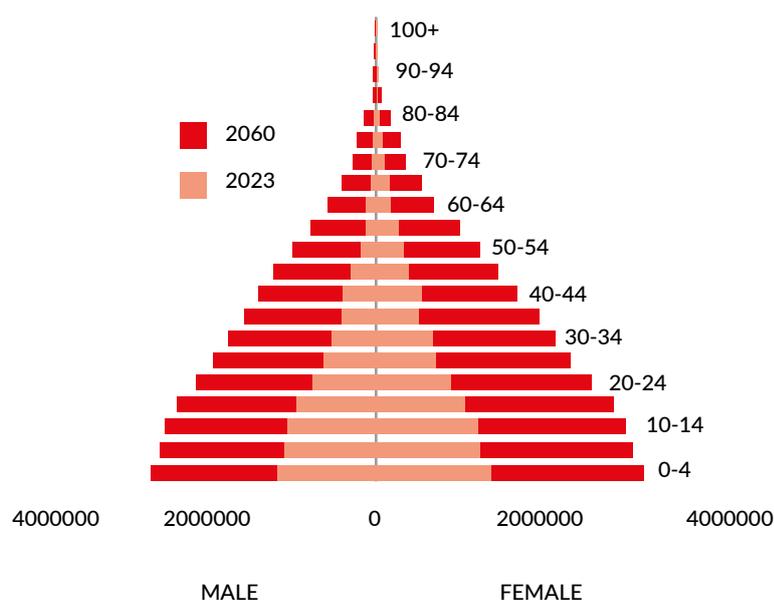
558 Save the Children (2023). Maziko – Malawi Integrated Maternal and Child Grant Project, accessed: 05.02.2024. Available here: <https://resourcecentre.savethechildren.net/document/maziko-malawi-integrated-maternal-and-child-grant-project/>.

559 GoM. (2022). Malawi Social Cash Transfer Program: Strategic Plan, accessed: 05.02.2024. Available here: <https://www.unicef.org/malawi/media/8346/file/Malawi%20Social%20Cash%20Transfer%20Programme%20Strategic%20Plan%202022%20-%202027%20.pdf>.

560 The Government of Malawi (2023). National Social Protection Policy. (Liongwe; Malawi).

561 The World Bank (2022). Population ages 0-14 (% of total population) – Malawi, accessed: 04.01.2024. Available here: <https://data.worldbank.org/indicator/SP.POP.0014.TO.ZS?locations=MW>.

Figure 49: Population Pyramid



Harnessing a demographic dividend and investing in a youthful population can ensure this generation grows older with more savings and wealth, securing a protected old age and allowing for investment into the next generation.<sup>562</sup> These benefits have the potential to accelerate economic growth and national development.<sup>563</sup> Malawi faces some challenges in harnessing this dividend, for example, they have high stunting rates among the under-fives, 35.5% in 2020.<sup>564</sup>

**Compounding the need for CSSP is the prevalent issue of high poverty rates in Malawi.** According to the 2022 Multidimensional Poverty Index, a substantial 58.8% of the population experiences multidimensional poverty.<sup>565</sup> Children aged 0-9 are particularly vulnerable, as evidenced by a 63.5% incidence of poverty within this age group.<sup>566</sup>

**Socioeconomic indicators further accentuate the critical importance of investing in CSSP.** Approximately 35.5% of children under 5 in Malawi suffer from stunted growth, although this rate is slightly lower than those observed in neighboring countries such as Tanzania (38.6%) and Mozambique (37.5%).<sup>567</sup> Noteworthy progress is indicated by the under-5 mortality rate, which stood at 42 per 1,000 live births in 2021, significantly below the sub-Saharan African average of 73.<sup>568</sup>

**Given the multifaceted challenges and opportunities outlined, it is paramount for Malawi to prioritize and bolster its commitment to CSSP.** The potential dividends from such investments extend beyond the social realm, encompassing substantial economic benefits. If provided with a strong start in life, a large working-age population can contribute to an increased labor force, driving economic growth.<sup>569</sup> Moreover,

562 UNFPA (n.d.). Demographic Dividend Brochure, accessed: 01.02.2024. Available here: <https://esaro.unfpa.org/sites/default/files/pub-pdf/Demographic%20Dividend%20Brochure.PDF>.

563 Ibid.

564 The World Bank (2021). Prevalence of stunting, height for age (% of children under 5), accessed: 04.01.2024. Available here: <https://data.worldbank.org/indicator/SH.STA.STNT.ZS?locations=MZ>.

565 UNDP, OPHI, UNDP (2022). The Second Malawi Multidimensional Poverty Index, (The National Statistics Office: Zomba, Malawi).

566 Ibid

567 The World Bank (2022). Prevalence of stunting, height for age (% of children under 5), accessed: 04.01.2024. Available here: <https://data.worldbank.org/indicator/SH.STA.STNT.ZS?locations=MZ>. Data taken from UNICEF, WHO, and the World Bank: Joint Child Malnutrition Estimates.

568 The World Bank (2022). Mortality rate, under-5 (per 1,000 live births), accessed: 04.01.2024. Available here: <https://data.worldbank.org/indicator/SH.DYN.MORT?locations=ZG>.

569 United Nations Department of Economic and Social Affairs (2023). Frontier Technology Issues: Harnessing the economic dividends from demographic change, accessed: 01.02.2024. Available here: <https://www.un.org/development/desa/dpad/publication/frontier-technology-issues-harnessing-the-economic-dividends-from-demographic-change/>.

a youthful and growing population stimulates consumer demand, fuelling domestic production and creating additional job opportunities.<sup>570</sup> However, Malawi faces socioeconomic challenges in harnessing this dividend. Child poverty rates, stunting rates, and mortality rates remain a concern.<sup>571</sup> Moreover, most young people are currently employed in the informal labor market, reducing their ability to save for the future. Further investment in these areas is required if Malawi wishes to enjoy the full benefits of the demographic dividend. A comprehensive overview of socioeconomic indicators in Malawi, as compared to analogous countries, is presented in the ensuing table, further reinforcing the rationale for sustained and heightened investment in CSSP within the country.

**Table 19: Socio-Economic Indicators in Malawi** <sup>572</sup>

Socio Economic Indicators at a Glance		Data Year	Regional Comparisons
Inequality (as measured by the Gini Coefficient)	0.38	2019	Mozambique: 0.5; Tanzania: 0.4
Multidimensional Child Poverty Rate	63.5%	2022	Africa: 40%
Youth Unemployment Rate	1.2%	2020	Sub-Saharan Africa: 12.4%
Youth Working in the Informal Sector	93.2%	2015	Sub-Saharan Africa: 85%
Life Expectancy	63	2021	Mozambique: 59; Tanzania: 66
Mortality Rate, under 5s, per 1,000 live births	42	2021	Sub-Saharan Africa: 73
Stunting Rates	35.5%	2020	Tanzania: 30%; Mozambique: 37.5%
Literacy Rates	68%	2020	Tanzania: 82%; Mozambique: 60%
Primary School Enrolment Rate (% Gross)	126%	2022	Sub-Saharan Africa: 99%
Gender Inequality Index	0.554	2021	Sub-Saharan Africa: 0.569

## 6.1.2. Policies, Legislation, and Governance

Since 2010, Malawi has undertaken a comprehensive initiative to enhance its social protection policies. This has occurred through the establishment of the National Social Protection Policy (NSSP) and the implementation of two consecutive five-year programs, known as the Malawi National Social Support Program (MNSSP) I and II. This strategic effort spanned a decade, commencing in 2013 and concluding in 2023. The NSSP, conceived to mitigate poverty and vulnerability, was formulated to provide a holistic

570 Ibid.

571 The World Bank (2021). Mortality rate, under 5s (per 1,000 live births), accessed 04.01.2024. Available here: <https://data.worldbank.org/indicator/SH.DYN.MORT?locations=ZG>. Estimates developed by the UN-Interagency Group for Child Mortality Estimation. The World Bank (2021). Prevalence of stunting, height for age (% of children under 5), accessed: 04.01.2024. UNDP, OPHI, UNDP (2022). The Second Malawi Multidimensional Poverty Index, (The National Statistics Office: Zomba, Malawi).

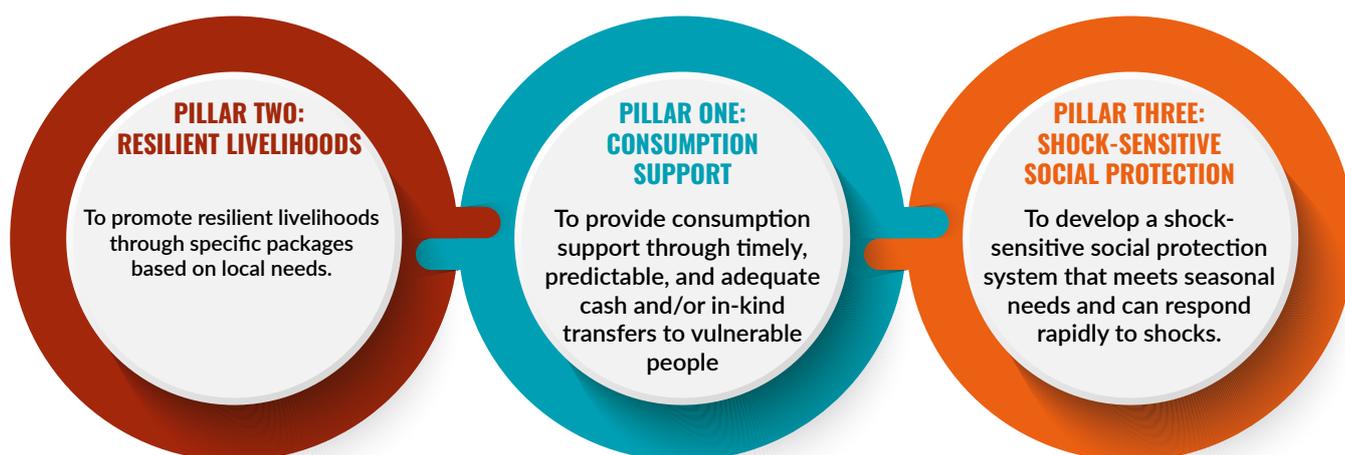
572 The World Bank (2019). Gini Index, accessed: 04.01.2024. Available here: <https://data.worldbank.org/indicator/SI.POV.GINI?locations=MZ>. Data is based on household surveys from the World Bank Poverty and Inequality Platform. UNDP, OPHI, UNDP (2022). The Second Malawi Multidimensional Poverty Index, (The National Statistics Office: Zomba, Malawi). The World Bank (2023). Unemployment, youth total (% of labor force ages 15-24) (national estimate), accessed: 04.01.2024. Available here: <https://data.worldbank.org/indicator/SL.UEM.1524.NE.ZS?locations=MW>. Data from the ILO. ILO and MasterCard Foundation (2015). Malawi, accessed: 04.01.2023. Available here: [https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/--ilo-lusaka/documents/publication/wcms\\_432661.pdf](https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/--ilo-lusaka/documents/publication/wcms_432661.pdf). The World Bank (2022). Life expectancy at birth, total (years), accessed: 04.01.2024. Available here: <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=MW>. The World Bank (2021). Mortality rate, under 5s (per 1,000 live births), accessed 04.01.2024. Available here: <https://data.worldbank.org/indicator/SH.DYN.MORT?locations=ZG>. Estimates developed by the UN-Interagency Group for Child Mortality Estimation. The World Bank (2021). Prevalence of stunting, height for age (% of children under 5), accessed: 04.01.2024. Available here: <https://data.worldbank.org/indicator/SH.STA.STNT.ZS?locations=MZ>. The World Bank (2023). Literacy rate, adult total (% of people ages 15 and above), accessed: 04.01.2023. Available here: <https://data.worldbank.org/indicator/SE.ADT.LITR.ZS?locations=MZ>. The World Bank (2023). School enrolment, primary (% gross), accessed: 04.01.2023. Available here: <https://data.worldbank.org/indicator/SE.PRM.ENRR?locations=ZG>. Data from the UNESCO Institute for Statistics. UNDP (2021). Gender Inequality Index, accessed: 04.01.2023. Available here: <https://hdr.undp.org/data-center/thematic-composite-indices/gender-inequality-index#/indices/GII>.

framework for the design, implementation, coordination, monitoring, and evaluation of social support interventions.<sup>573</sup> The overarching objective was to not only augment human capital but also significantly contribute to the economic growth of the nation.<sup>574</sup>

**This policy is intricately linked to Malawi's commitment to various international conventions.** This includes the Universal Declaration of Human Rights, the Convention on the Rights of the Child, and the Convention on the Elimination of all Forms of Discrimination Against Women.<sup>575</sup> Moreover, it aligns with the constitutional principles of Malawi, affirming the right of all individuals and communities to development and the enjoyment of economic, social, cultural, and political development.<sup>576</sup> Serving as the cornerstone for social protection, the NSSP has been operationalized through the successive implementation of MNSSP I and II over the past decade.<sup>577</sup>

**MNSSP I and II have operationalized the NSSP.** MNSSP I concluded in 2016, was recognized as a successful government-led initiative that fostered cohesion across the sector. However, a subsequent review by the ILO identified the need for a more robust focus on shock-responsive social protection and emphasized the importance of building a cohesive system with enhanced communication and accountability mechanisms.<sup>578</sup> In response, MNSSP II (2018-2023) centered its efforts on three thematic pillars: consumption support, resilient livelihoods, and shock-sensitive social protection.<sup>579</sup> The initiative also prioritized the strengthening of the MSSP Technical Committee established under MNSSP I, serving as a key mechanism for coordination and information sharing at the national level.<sup>580</sup>

**Figure 50: The Strategic Pillars of the MNSSP II** <sup>581</sup>



**Coordination of the MNSSP falls under the purview of the Ministry of Finance, Economic Planning, and Development (MoFEPD).** While the MoFEPD provides leadership on policy and coordination through its Poverty Reduction and Social Protection (PRSP) Division, individual programs are implemented by various ministries.<sup>582</sup> Collaboration with the Ministry of Local Government and Rural Development (MoLDRD) aims to harmonize policy implementation at the local level.<sup>583</sup> Given the diverse responsibilities of different

573 Republic of Malawi (2009). Social Support Policy. (The Government of Malawi: Malawi).

574 Ibid.

575 Ibid.

576 Ibid.

577 Ibid.

578 ILO (2016). Summary of the MNSSP Report, accessed: 04.01.2023. Available here: [https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---ilo-lusaka/documents/publication/wcms\\_543624.pdf](https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---ilo-lusaka/documents/publication/wcms_543624.pdf).

579 Republic of Malawi (2018). Malawi National Social Support Program II, accessed: 04.01.2024. Available here: [https://socialprotection.org/sites/default/files/publications\\_files/Malawi%20National%20Social%20Support%20Programme%20%28MNSSP%20II%29.pdf](https://socialprotection.org/sites/default/files/publications_files/Malawi%20National%20Social%20Support%20Programme%20%28MNSSP%20II%29.pdf).

580 Ibid.

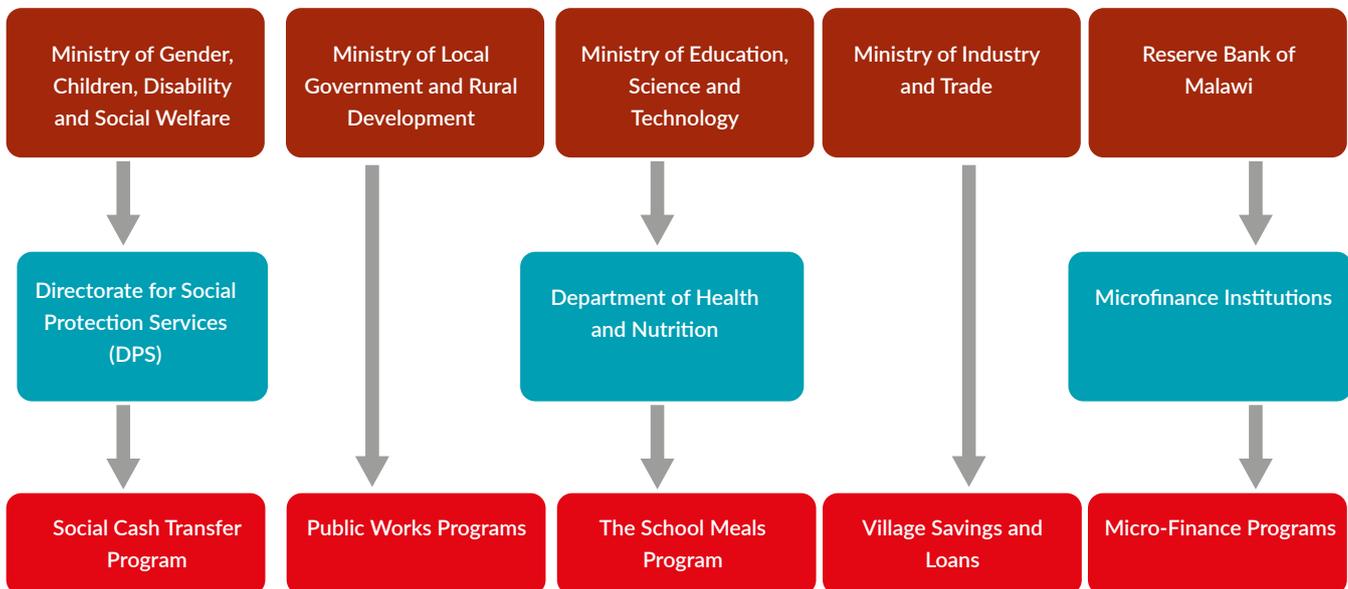
581 Ibid.

582 Both, N., et al. (2018). Strengthening Institutional Coordination of Social Protection in Malawi, (Overseas Development Institute: Malawi).

583 Ibid.

government ministries in executing social protection programs, a coordination structure was instituted with the inception of MNSSP I. This structure, led by the MoFEPD at the national level, involves District Councils and Area Development Committees at the local level, with the overarching goal of establishing harmonization and coherence across different social protection initiatives.<sup>584</sup>

**Figure 51: Institutions Responsible for Implementing Malawi's Key Social Protection Programs** <sup>585</sup>



**Malawi is also developing a Nutrition-Sensitive Social Protection Operational Framework.** While still in the validation phase, the development of this policy reiterates Malawi's commitment to social protection and nutrition. This is particularly important for CSSP given the importance of good nutrition for young children.

### 6.1.3. Spending on CSSP in Malawi

**The allocation and expenditure on social protection in Malawi has experienced a notable increase in recent fiscal years.** Between the fiscal years 2022/23 and 2023/24, the budget witnessed a substantial surge, growing by 2.5 times from MK52 billion to MK130 billion.<sup>586</sup> This surge in spending is closely tied to on-budget contributions from the World Bank, primarily through the Malawi Social Support for Resilience Project (MSSRLP) grant.<sup>587</sup> A significant proportion of these funds are earmarked for the Social Cash Transfer Program (SCTP).<sup>588</sup> Funds are channelled through the Ministry of Gender, Community Development and Social Welfare (MoGCDSW) overseeing SCTP implementation in Thyolo, and the MoFEPD, responsible for sector coordination.<sup>589</sup> Consequently, government spending has attained unprecedented levels, representing 3.4% of the government budget and 0.9% of the GDP. Despite this positive fiscal development, the proportion of GDP allocated to social protection remains below the regional average of 1.5%.<sup>590</sup> There is a need for increased social protection spending due to the multitude of shocks facing Malawi, such as climate change and the COVID-19 pandemic, which are pushing greater numbers of people into poverty.<sup>591</sup>

584 Ibid.

585 Ibid.

586 UNICEF (2023). Social Protection Budget Brief 2023/24, accessed: 04.01.2024. Available here: <https://www.unicef.org/Malawi/media/10131/file/Social%20Protection%20Budget%20Brief%202023-24.pdf>.

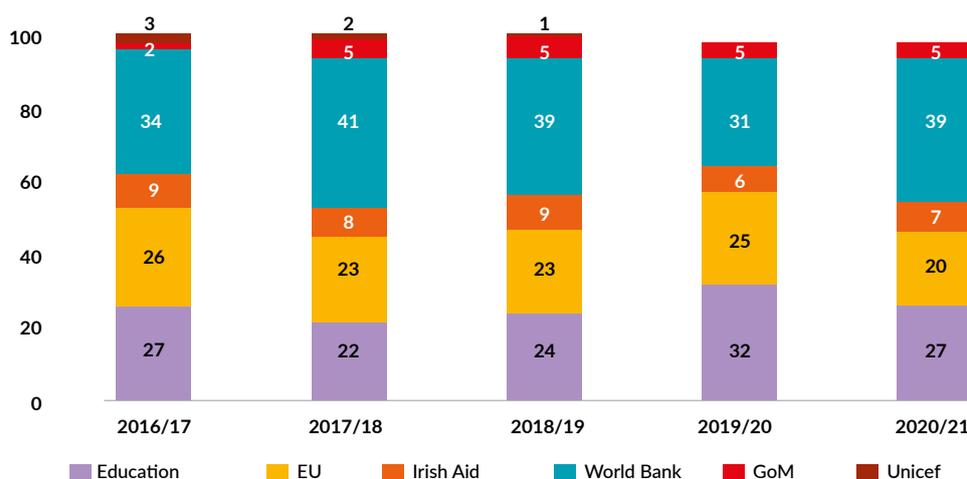
587 Ibid.

588 Ibid.

589 Ibid.

590 The World Bank (n.d.). The World Bank in Social Protection, accessed: 02.02.2024. Available here: <https://www.worldbank.org/en/topic/socialprotection/overview#:~:text=Such%20systems%20and%20tools%20are,average%20about%201.5%25%20of%20GDP.>

591 Ibid.

Figure 52: Spending Trends in the Funding of the SCTP<sup>592</sup>

**Malawi's reliance on external support for social protection programs remains evident.** Donor contributions constitute 95% of the funding for the SCTP.<sup>593</sup> Despite the government's consistent 5% contribution to the SCTP since 2016/17, this percentage has not witnessed an increase, leaving the majority of funding reliant on external sources.<sup>594</sup> Donor funding has remained fairly consistent over the last few years, however, concerns do exist around fragmentation of donor support.<sup>595</sup> While specific details on social protection spending targeting children are scarce, allocations for CSSP remain disproportionately low, with just 0.03% of government expenditure directed towards this crucial area in the fiscal year 2023/24.<sup>596</sup>

#### 6.1.4 Programmes

**Malawi's flagship social protection initiative, the SCTP, stands as the largest among five key initiatives implemented through the MNSSP I and II, commencing in 2006.** Functioning as an unconditional safety net, the SCTP targets the most vulnerable and ultra-poor Malawians.<sup>597</sup> Families receive additional bonuses when their children enroll in primary and secondary schools, acting as further incentives.<sup>598</sup> The SCTP has evolved to incorporate seasonal top-ups, aiding families in weathering recurring shocks.<sup>599</sup> In response to the socioeconomic effects of the COVID-19 pandemic, the GoM introduced emergency Urban Cash Interventions (CUCI) transfers through the SCTP.<sup>600</sup>

**The SCTP covers the most vulnerable Malawians.** It is designed to support 10% of ultra-poor and labor-constrained households in each of Malawi's 28 districts.<sup>601</sup> Labor-constrained households are identified by a ratio of 'not fit to work' versus 'fit to work' of 3:1 or higher.<sup>602</sup> Those unfit to work include individuals under the age of 18, above 64, those aged 19-25 engaged in studying, and those with disabilities or chronic illnesses.<sup>603</sup> However, the GoM plans to incorporate categorical targeting into the SCTP. Targeting options has been piloted in the Thyolo district and part of this approach aimed to reach children under three.<sup>604</sup>

592 Ibid.

593 Ibid.

594 Ibid.

595 Ibid.

596 Adapted from. UNICEF (2023). Social Protection Budget Brief 2023/24, accessed: 04.01.2024. Available here: <https://www.unicef.org/Malawi/media/10131/file/Social%20Protection%20Budget%20Brief%202023-24.pdf>.

597 Government of Malawi (2020). The Social Cash Transfer Programme, accessed: 05.01.2024. Available here: [https://www.unicef.org/malawi/media/8311/file/The%20Social%20Cash%20Transfer%20Programme%20\(SCTP\):%20Factsheet.pdf](https://www.unicef.org/malawi/media/8311/file/The%20Social%20Cash%20Transfer%20Programme%20(SCTP):%20Factsheet.pdf).

598 Ibid.

599 Ibid.

600 Ibid.

601 The SCTP (n.d.). Targeting, accessed: 05.01.2024. Available here: <https://mtukula.com/content?view=19&pageName=Targeting>.

602 Ibid.

603 Ibid.

604 Republic of Malawi. (2022). Social Cash Transfer Program: Operational Manual Categorical Targeting. (Lilongwe: Malawi).

These households will be verified using under-5 clinic cards, birth certificates, or vaccination cards.<sup>605</sup> This shift towards categorical targeting suggests that there is scope to improve the child-sensitivity of the SCTP, by ensuring that a greater number of children are targeted.

**The GoM has also produced an Operational Framework for nutrition-sensitive social protection.** The objective of this framework is to reach a greater number of households with children, both with regular cash transfers, but also by providing them access to essential nutrition services.<sup>606</sup> These services include primary healthcare centers, community care groups, and schools.<sup>607</sup> Part of this strategy focuses on a redesign of the SCTP to improve nutrition outcomes and children and the GoM also welcomes the support of development partners in achieving this. The theory of change envisages long-term human capital benefits such as better school performance, cognitive capacity, and a higher skilled workforce through the development of a cash-plus, nutrition-focused approach.<sup>608</sup> This framework additionally indicates the commitment from the government to improve child-sensitivity within the social protection system, particularly in relation to the SCTP.



The **theory of change** envisages long-term human capital benefits such as better school performance, cognitive capacity, and a higher skilled workforce through the development of a cash-plus, nutrition-focused approach.<sup>608</sup>

**In the realm of CSSP, Malawi has run a robust Home-Grown School Feeding Program since 2007.** This initiative focuses on providing diverse and nutritious meals for children, coupled with nutrition education delivered through messages and talks.<sup>609</sup> The program encourages the establishment of fruit orchards and woodlots within schools and communities to support nutritional education and self-sufficiency.<sup>610</sup> Farmers providing food for the program receive training in agronomic practices and entrepreneurial skills. The program has proven effective in reducing school absenteeism, increasing daily attendance, and improving children's overall health.<sup>611</sup>

**The MNSSP II also incorporates a public works program (PWP).** The basis of these programs entails beneficiaries working in exchange for cash or in-kind transfers.<sup>612</sup> Operated by entities such as the EU, World Bank, and World Food Program, these programs aim to enhance community assets through public works, focusing on areas like irrigation systems, prevention of deforestation, road construction, and environmental resilience.<sup>613</sup> While not child-specific, these programs contribute to establishing a social protection floor in Malawi.<sup>614</sup>

**Save the Children is presently executing a five-year CSSP in Malawi, known as the Maziko program, initiated in 2021.** This program integrates maternal and child grants with government-recommended SBCC interventions to enhance child nutrition and development.<sup>615</sup> It currently targets 42,000 households, consisting of pregnant women and mothers of children under 5 years.<sup>616</sup> Households receive cash transfers via mobile phones.<sup>617</sup> The program also involves "plus interventions" that employ the Care Group community outreach approach.<sup>618</sup> Care groups, focusing on infant and young child nutrition and early

605 Ibid.

604 The Republic of Malawi (2022). Nutrition-Sensitive Social Protection Operational Framework (2023-26). (Lilongwe: Malawi).

607 Ibid.

608 Ibid.

609 The World Health Organisation (2023). Home Grown School Feeding in Malawi, accessed: 05.01.2023. Available here: <https://reliefweb.int/report/malawi/home-grown-school-feeding-malawi-march-2023#:~:text=Malawi%20has%20endorsed%20home%20grown,a%20cabinet%20directive%20in%202007.>

610 Ibid.

611 Ibid.

612 International Labor Organisation (2016). Public Works Programs, accessed: 05.01.2024. Available here: [https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---ilo-lusaka/documents/publication/wcms\\_493918.pdf](https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---ilo-lusaka/documents/publication/wcms_493918.pdf).

613 Ibid.

614 Ibid.

615 Save the Children (2023). Makizo: Malawi Integrated Maternal and Child Grant Project, accessed: 05.01.2024. Available here: [https://resourcecentre.savethechildren.net/pdf/MAZIKO-Malawi-Integrated-Maternal-and-Child-Grant-Project.pdf/.](https://resourcecentre.savethechildren.net/pdf/MAZIKO-Malawi-Integrated-Maternal-and-Child-Grant-Project.pdf/)

616 Ibid.

617 Ibid.

618 Ibid.

childhood development, conduct home visits, group sessions, and cooking demonstrations.<sup>619</sup> The Maziko program supports the development of care groups, providing additional support to caregivers, agricultural training, and male champions to engage fathers in understanding the importance of paternal caregiving.<sup>620</sup> The Maziko program is also generating additional evidence that illustrates the benefits of the “plus” components, providing a blueprint for the government to gradually take up. This evidence is particularly important given the government’s ongoing commitment to CSSP.

### 6.1.5 Access and Coverage

**Social protection coverage in Malawi has witnessed notable growth recently, yet it still falls short of the 40% target pursued by the ILO.** As of 2023, approximately 21.13% of Malawians were covered by at least one form of social protection, with only 7.61% of children benefiting from such provisions.<sup>621</sup> While Malawi surpasses neighboring countries Mozambique and Tanzania, with overall coverage rates of 13.02% and 14.54%, respectively, there is a significant gap to reach the ILO’s target by 2025.<sup>622</sup> Under the ILO’s most optimistic scenario, Malawi is expected to reach 39.45% coverage by 2025, however under the business as usual scenario it will stagnate at 21.31%. Moreover, the coverage rate for children is much lower and therefore is likely to be significantly under the 40% target by 2025.<sup>623</sup>

**The SCTP provides coverage across all districts in Malawi.** It supported around 350,000 poor and labor-constrained households by the end of 2023 and reached approximately 10% of the country’s population.<sup>624</sup> A UNICEF report in October 2022 indicated that over 600,000 children benefited from the SCTP, with more than 220,000 also receiving primary and secondary educational bonuses.<sup>625</sup> Recognizing the need for expansion, the Government of Malawi (GoM) has committed to reaching 15% of the country’s poorest households by 2027.<sup>626</sup>

However, challenges persist in the current system, as the 10% cap per district may not effectively address varying poverty rates across different districts. According to the 2022 Poverty report, 78.4% of people living in Mangochi were multidimensionally poor, compared to just 20.5% in Blantyre.<sup>627</sup> The strategic plan for 2022-2027 aims to consider district poverty rates for potential adjustments, yet no updates on this aspect were reported as of the end of 2023.<sup>628</sup>

**Concerns have also been raised about the program’s child-sensitivity.** An assessment conducted by Save the Children’s assessment in 2023 revealed coverage for only 2% of children under the age of 5, compared to a 10% coverage rate across the country.<sup>629</sup> Moreover, while the SCTP does provide an additional top-up for education purposes, this is considered to be too low to make a substantial difference.<sup>630</sup> Initiatives such as Maziko have emerged to specifically target this vulnerable group and to generate evidence on the importance of CSSP. Efforts such as these, along with the governments shift towards categorical targeting, suggest there is scope for the SCTP to become more child-sensitive.<sup>631</sup>



**SCTP supported around 350,000 poor and labor-constrained households** by the end of 2023 and reached approximately 10% of the country’s population.<sup>624</sup>

619 Ibid.

620 Ibid.

621 ILO (2023). Africa Social Protection Clock, accessed: 06.01.2024. Available here: [https://africasocialprotection.io/?utm\\_source=hs\\_email&utm\\_medium=email&\\_hsenc=p2ANqtz-83W73w5\\_nUvuPnRvbxCCee530ts1HKrhv4gFoaO7U1ZxT5a2ufs9cpie8Heb-xCtW3PnT](https://africasocialprotection.io/?utm_source=hs_email&utm_medium=email&_hsenc=p2ANqtz-83W73w5_nUvuPnRvbxCCee530ts1HKrhv4gFoaO7U1ZxT5a2ufs9cpie8Heb-xCtW3PnT).

622 Ibid.

623 Ibid.

624 Yellow Book.

625 UNICEF (2022). The Social Cash Transfer Program, accessed: 06.01.2024. Available here: [https://www.unicef.org/malawi/media/8311/file/The%20Social%20Cash%20Transfer%20Programme%20\(SCTP\):%20Factsheet.pdf](https://www.unicef.org/malawi/media/8311/file/The%20Social%20Cash%20Transfer%20Programme%20(SCTP):%20Factsheet.pdf).

626 Government of Malawi (2022). Malawi Social Cash Transfer Programme Strategic Plan, accessed: 06.01.2024. Available here: <https://www.unicef.org/malawi/media/8346/file/Malawi%20Social%20Cash%20Transfer%20Programme%20Strategic%20Plan%202022%20-%202027%20.pdf>.

627 National Statistics Office (2022). The Second Malawi Multidimensional Poverty Index (National Statistics Office: Zomba, Malawi).

628 Government of Malawi (2022). Malawi Social Cash Transfer Programme Strategic Plan, accessed: 06.01.2024. Available here: <https://www.unicef.org/malawi/media/8346/file/Malawi%20Social%20Cash%20Transfer%20Programme%20Strategic%20Plan%202022%20-%202027%20.pdf>.

629 Save the Children (2023). Maziko, Malawi Integrated Maternal and Child Grant Project, accessed: 06.01.2024. Available here: <https://resourcecentre.savethechildren.net/pdf/MAZIKO-Malawi-Integrated-Maternal-and-Child-Grant-Project.pdf/>.

630 Reference is missing

631 Republic of Malawi (2022). Quarterly Update Social Cash Transfer Program (SCTP), accessed: 05.02.2024. Available here: [https://mtukula.com/userdata/repo/SCTP%20quarterly%20update%20report%20Oct-Jan%20FINAL%209th%20March%202023%20\(1\).pdf](https://mtukula.com/userdata/repo/SCTP%20quarterly%20update%20report%20Oct-Jan%20FINAL%209th%20March%202023%20(1).pdf).



### CSSP like Maziko and the School Feeding Program contribute to supporting children in Malawi.

Established in 2021, Maziko currently covers 42,000 households in the Ntcheu and Balaka districts.<sup>632</sup>

Despite its relatively low coverage, it stands as a comprehensive CSSP program, integrating cash transfers with additional support for mothers, fathers, and children.<sup>633</sup>

The program aims to ease accessibility and reduce the logistical burden on mothers.<sup>634</sup> Maziko was launched in 2021 with a focus on building evidence to support the expansion of CSSP programs.<sup>635</sup> Cash transfers, delivered monthly to mothers' mobile phones, are part of the effort to demonstrate the significance of CSSP and potentially expand the program.<sup>636</sup>

Geographic targeting focuses on **education performance indicators, vulnerability rates, and food security**, with an emphasis on reaching rural communities where accessing social protection programs is often more challenging.<sup>638</sup>

**Collaborating with the WFP, the GoM is currently providing school meals to 605, 000 children across eight districts.**<sup>637</sup> Geographic targeting focuses on education performance indicators, vulnerability rates, and food security, with an emphasis on reaching rural communities where accessing social protection programs is often more challenging.<sup>638</sup>

Despite a significant increase in coverage, the program still only covers 8% of children in Malawi, which is notably inadequate considering the high poverty rate of 63.5% for children aged 0-9.<sup>639</sup> Efforts are ongoing to address these shortcomings and enhance the impact of social protection programs in the country.

## 6.1.6 Conclusion

Creating a comprehensive CSSP system in Malawi is a strategic investment with significant returns, as illustrated by international evidence. By aligning policies, legislation, governance structures, spending, and program accessibility, Malawi can establish a robust CSSP system that nurtures the well-being and potential of its youth. As the nation strives to achieve its development goals, a comprehensive and inclusive CSSP framework will play a pivotal role in fostering a resilient, healthy, and skilled population, thereby laying the foundation for sustained growth and prosperity.

## 6.2 PROGRAM SELECTION

### 6.2.1 The Conditions for Scaling-up and Benefitting from Cash-plus Programs in Malawi

**Benefits of scaling up CSSP will only be fully realized if service availability is also taken into consideration in Malawi.**

**Malawi is well set up for the expansion of mobile transfers.** In Malawi, where 88% of the country has mobile phone coverage and 60% has access to mobile cellular subscriptions, leveraging mobile transfers can enhance program scalability.<sup>640</sup> Notably, the SCTP in Malawi already utilizes mobile phone distribution in six of the 28 districts.<sup>641</sup> However, it is imperative to ensure that mobile phone coverage and access are concurrently scaled up to prevent the exclusion of the most vulnerable individuals without mobile phone access.

632 Ibid.

633 Ibid.

634 Ibid.

635 Ibid.

636 Ibid.

637 The World Food Program (2023). Home Grown School Feeding in Malawi, accessed: 06.01.2024. Available here: <https://reliefweb.int/report/malawi/home-grown-school-feeding-malawi-march-2023#:~:text=Malawi%20has%20endorsed%20home%20grown,a%20cabinet%20directive%20in%202007.>

638 Ibid.

639 Calculated by author (2023). And National Statistics Office (2022). The Second Malawi Multidimensional Poverty Index (National Statistics Office: Zomba, Malawi).

640 ITU (2022). Population Coverage, by mobile network technology, accessed: 7th January 2024. Available here: [https://datahub.itu.int/data/?i=100095.](https://datahub.itu.int/data/?i=100095)

641 Ministry of Gender, Community Development and Social Welfare (n.d.). Cash Transfers, accessed: 7th January 2024. Available here: [https://mtukula.com/content?view=18&pageName=Cash%20Transfers.](https://mtukula.com/content?view=18&pageName=Cash%20Transfers)

**The availability of essential services in Malawi is paramount for fully realizing the benefits of social protection programs.** The healthcare workforce in Malawi requires scaling up, with only 0.5 doctors per 10,000 people and 7 nurses and midwives, falling far below the WHO's recommendation of at least 44 healthcare professionals per 10,000 people.<sup>642</sup> Neighboring countries like Zimbabwe and Zambia have considerably higher ratios, 1.89 and 2.97 doctors respectively.<sup>643</sup> Essential health service coverage in Malawi stands at 48%, emphasizing the need for improvement. In rural areas, healthcare services primarily rely on community-level centers staffed by health surveillance assistants (HSAs) rather than doctors or nurses.<sup>644</sup> Although the GoM asserts that all citizens should reside within an 8-kilometer radius of a health center or hospital, certain remote areas surpass this distance, posing challenges to accessibility.<sup>645</sup>

**Mental health services are particularly limited.** There is just one public in-patient facility available in the country.<sup>646</sup> Moreover, Malawi has just three public, full-time psychiatrists for a population of 20 million.<sup>647</sup> This further underlines the importance of scaling up services alongside CSSP initiatives focusing on health and nutrition outcomes.

**Sufficient food supplies represent another priority for a country.** While Malawi has a robust protein supply of 64g per day per individual and ample availability of fruits and vegetables (747g per day), the affordability of a healthy diet remains a challenge.<sup>648</sup> The State of Food Security and Nutrition in the World report for 2022 indicates a rating of 2.1 for Malawi, with lower numbers desired (closer to 1).<sup>649</sup> Zambia has a rating of 1.8 and South Africa 1.<sup>650</sup> Cash plus programs become crucial in this context, bridging the gap between a relatively good food supply and the additional support families require to access nutritious options.

**Education service availability is a critical component to consider.** Malawi, with a 34% enrolment rate in ECE, aligns closely with the African average.<sup>651</sup> Progress is evident with a pupil-to-teacher ratio of 42:1 in 2015, comparing favorably to regional counterparts like Zimbabwe and Tanzania.<sup>652</sup> However, overcrowded classrooms persist, as reflected in the 2023/2024 UNICEF education brief indicating a pupil-classroom ratio of 98:1.<sup>653</sup> As such, prioritizing the scaling up of services, particularly in ECE, becomes imperative. Cash plus programs can serve as effective tools for facilitating access to ECE and raising awareness about its importance. However, the realization of these benefits hinges on the availability of facilities for children to attend. Comprehensive consideration of these aspects is essential for the successful and impactful scaling up of CSSP in Malawi.

## 6.2.2 Program Selection

**The programme selected for this investment case is the Social Cash Transfer Programme (SCTP).** This program is an unconditional critical safety net for the most vulnerable, ultra-poor Malawians. It provides monthly cash transfers to vulnerable households to help them meet their basic needs and build resilience.

642 World Health Organization (2024). Nursing and midwifery personnel (per 10,000 people), accessed: 07.01.2024. Available here: [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/nursing-and-midwifery-personnel-\(per-10-000-population\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/nursing-and-midwifery-personnel-(per-10-000-population)). Data from 2020. And World Health Organisation (2024) Medical Doctors per 10,000 people, accessed: 07.01.2024. Available here: [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-\(per-10-000-population\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-(per-10-000-population)). Data from 2020.

643 World Health Organisation (2024) Medical Doctors per 10,000 people, accessed: 07.01.2024. Available here: [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-\(per-10-000-population\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-(per-10-000-population)). Data from 2020 and 2021.

644 Chirwa, M., et al. (2021). 'Developing Malawi's Universal Health Coverage Index,' *Front. Health Serv.* 1(1), accessed: 09.01.2024. Available here: <https://www.frontiersin.org/articles/10.3389/frhs.2021.786186/full>.

645 Ibid.

646 Zumazuma, A., (2021). Overview of Mental Health Services in Malawi, accessed: 07.01.2024. Available here: [https://www.rcpsych.ac.uk/docs/default-source/events/faculties-and-sigs/general-adult-psychiatry-conference-2021/speaker-presentations/calc---gap-alex-zumazuma-slides---14-15-october-2021.pdf?sfvrsn=4df67f42\\_2](https://www.rcpsych.ac.uk/docs/default-source/events/faculties-and-sigs/general-adult-psychiatry-conference-2021/speaker-presentations/calc---gap-alex-zumazuma-slides---14-15-october-2021.pdf?sfvrsn=4df67f42_2). Conducted for the Royal College of Psychiatrists.

647 Ibid.

648 Food Systems Dashboard (2020), average protein supply, accessed: 07.01.2023. Available here: <https://www.foodsystemsdashboard.org/indicators/average-protein-supply-3-year-average/map>.

649 Food Systems Dashboard (2017), affordability of a healthy diet: ratio of cost to food expenditures, accessed: 07.01.2024. Available here: <https://www.foodsystemsdashboard.org/indicators/affordability-of-a-healthy-diet-ratio-of-cost-to-food-expenditures-co-hd-fexp/map>.

650 Ibid.

651 UIS (2023), Sustainable Development Goals, accessed: 07.01.2024. Available here: [http://data.uis.unesco.org/Index.aspx?DataSetCode=SDG\\_DS#](http://data.uis.unesco.org/Index.aspx?DataSetCode=SDG_DS#).

652 Ibid.

653 UNICEF (2023). Education Budget Brief 2023/2024, accessed: 07.01.2024. Available here: <https://www.unicef.org/esa/media/12916/file/UNICEF-Malawi-Education-Budget-Brief-2023-2004.pdf>.

The reason that this programme has been selected over other potential options are listed below:

- **Size:** SCTP is already a significant size compared to other CSSPs in Malawi, with 10% of the population already covered by the programme. This has benefits given that it demonstrates there is already political will for the existence of the programme at scale. It also means that existing infrastructure for targeting, and disbursement of funds is already in place nationwide, and can be expanded upon more easily than creating new infrastructure.
- **Government support and commitment:** The SCTP is well-embedded in the country and the GoM is committed to its expansion. The Malawi SCTP Strategic (2022-2027) illustrates the government's continued commitment to the program, while revised approaches to the targeting policy also indicate that there is a potential for redesign. This suggests a desire to continue improving the SCTP, potentially through increased investment.

However, there are several limitations preventing the SCTP from being a child-sensitive cash-plus program.

- **"Plus" components:** The SCTP currently provides an additional monthly payment should participants enroll their children in primary or secondary school.<sup>654</sup> This is particularly important in Malawi where secondary school enrolment was at 34% in 2018.<sup>655</sup> However, this addition does not target young children, nor does it provide any additional support in the form of access to services or SBCC. Moreover, concerns have been raised about the value of the top-up, with critics suggesting it is not large enough to keep children enrolled in school.
- **Child-sensitivity:** As discussed throughout the context section, valid concerns suggest that the SCTP is not child-sensitive. While it reaches an estimated 600,000 children in Malawi, the coverage rate for children under 5 is just 2%, significantly below the national average of 10%.<sup>656</sup> Traditionally, the SCTP has focused on targeting ultra-poor households which has resulted in the exclusion of equally vulnerable groups.<sup>657</sup>

**Despite concerns around child-sensitivity of the SCTP, it was chosen for this study due to its governmental support and substantial size.** Governmental support is vital for the sustainability of a scaling-up a social protection program, while the size of the program means that available infrastructure and resources could be utilized to support the scale-up. Moreover, recent developments such as the Malawi Social Cash Transfer Program Strategic Plan, the Nutrition-Sensitive Social Protection Operational Framework (2023-2026), the Operational Manual for Categorical Targeting, and the draft National Social Protection Policy indicate that the GoM is committed to improving the child-sensitivity of the SCTP.<sup>658</sup> Programs such as Maziko are essential for generating evidence around what this approach could look like, and serve as a blueprint for program redesign. This study focuses not just on improving the size and scale-up of the SCTP, but also on generating evidence to advocate for a more child-sensitive approach.

### 6.2.3 Scaling-up SCTP

**In order for SCTP to have a greater impact, an increase in coverage is necessary.** SCTP is currently reaching 7% of the population. This constitutes less than 10% of the population that is in poverty, which is 72% of the population when defined as those living on less than \$2.15 a day.<sup>659</sup> More importantly, it is only reaching 2% of children under 5.<sup>660</sup> This is significantly less than the 63.5% of children (0-9-years-old) that are in multidimensional poverty.<sup>661</sup> The scale of poverty in Malawi requires increased scale-up from SCTP to come closer to addressing this need. Thus, this investment case proposes a scale-up of SCTP to increase its coverage.

654 Ibid.

655 World Bank (2018) Open Data.

656 Government of Malawi (2020). The Social Cash Transfer Program, accessed: 05.01.2024. Available here: [https://www.unicef.org/malawi/media/8311/file/The%20Social%20Cash%20Transfer%20Programme%20\(SCTP\):%20Factsheet.pdf](https://www.unicef.org/malawi/media/8311/file/The%20Social%20Cash%20Transfer%20Programme%20(SCTP):%20Factsheet.pdf).

657 Republic of Malawi (2022). Social Cash Transfer Program: Operational Manual Categorical Targeting. (Lilongwe: Malawi).

658 Republic of Malawi (2022). Social Cash Transfer Program: Operational Manual Categorical Targeting. (Lilongwe: Malawi)., Republic of Malawi (2023). National Social Protection Policy. (Lilongwe: Malawi). Republic of Malawi (2023). Nutrition-Sensitive Social Protection: Operational Framework. (Lilongwe: Malawi). Government of Malawi (2022). Malawi Social Cash Transfers Program.

659 World Bank (2023) Open Data

660 Save the Children (2020). Analysis of Child-Sensitive Social Protection in Malawi, accessed: 05.02.2024. Available here: [https://resourcecentre.savethechildren.net/pdf/Child+Sensitive+Social+Protection+Analysis\\_Malawi\\_July2020.pdf/](https://resourcecentre.savethechildren.net/pdf/Child+Sensitive+Social+Protection+Analysis_Malawi_July2020.pdf/).

661 UNFP (2023) Multidimensional Poverty Assessment: Malawi.

**This study also advocates for the development of cash ‘plus’ elements in the SCTP.** While the SCTP does provide additional support for families who are sending their children to primary and secondary school, these benefits can be expanded to increase the impact of the program. Based on key elements of the Maziko programme model, this study has costed the addition of cash “plus” elements into the SCTP and has modelled the benefits of a more comprehensive program. This supports the Maziko program and others like it by generating further evidence around the benefits of more child-sensitive programs.

Development of scale-up scenarios requires consideration of need among the target population, the current targeting approach of the program, and international targets for poverty reduction and improved human capital development. As iterated earlier, the current targeting approach for the SCTP focuses on households that are ultra-poor, however, plans are in place to move towards a categorical approach, with one target group children under three who are living in poverty. This aligns with SDG target 1.2, which aims to reduce by half the proportion of men, women, and children of all ages living in poverty in all dimensions.<sup>662</sup>

**Secondly, the scenarios must ensure that implementation capacities are considered.** To ensure the implementation of the scale-up, they must be sensitive to existing service coverage and availability. In this case, SCTP is already relatively well established nationwide, therefore the existing infrastructure and systems can be leveraged to facilitate the scale-up.

**Given the above considerations, two scale-up scenarios have been considered for SCTP which take into consideration the current targeting approach, the need to make the SCTP more child-sensitive, and international targets.** This study advocates for a shift towards a categorical approach to targeting, so is in alignment with the government. It also seeks to tackle child poverty, in line with the government and international targets, and leans on the findings from the 2022 Poverty Assessment which indicates that there is a multidimensional poverty rate in Malawi of 63.5% among 0 – 9-year-olds.<sup>663</sup> Given the discrepancies between the national coverage rate for the SCTP, and the coverage rate for the under 5s, this study has started with a baseline coverage rate of 2%, focusing just on young children.



The **scale of poverty** in Malawi requires increased scale-up from SCTP to come closer to addressing this need. Thus, this investment case proposes a scale-up of SCTP to increase its coverage.

**The study aims to scale up the program to cover a greater number of children under 3, aligning with the government’s approach.** The first scale-up scenario, Scenario A, proposes to expand coverage of the programme to reach 25% of children living in multidimensional poverty. Given the 2022 poverty rate of 63.5%, this would mean reaching 16% of children under 3 in Malawi, all of whom are living in multidimensional poverty. Scenario B, which aims to be more optimistic, increases this scale-up to cover 50% of children living in multidimensional poverty. This would mean scaling up coverage to reach 32% of children under 3 living in multidimensional poverty. This approach aligns with the government’s ambitions, while still advocating for a child-sensitive approach that meets international targets. Moreover, the addition of “plus” elements will continue to support the work of the Maziko program and others like it to improve the child-sensitivity of the SCTP.

**Table 152: SCTP Scale-up Scenarios**

Intervention	Target, Scale-up A	Target, Scale-up B	Target Year	Baseline
SCTP, Coverage of children under 3.	16%	32%	2033	2%



Development of **scale-up scenarios** require consideration of need among the target population, the current targeting approach of the program, and international targets for poverty reduction and improved human capital development.

662 ibid

663 UNFP (2023) Multidimensional Poverty Assessment: Malawi.

## 6.3 SCALING UP THE SOCIAL CASH TRANSFER PROGRAM

The benefit assessment for Malawi focused on applying the benefit pathways to the SCTP scale up. The benefits captured focused on three outcome areas: education, health, and poverty reduction. Details of these benefits are captured in the overarching methodology section which accompanies this case study. The monetary benefits are captured under each of the outcome areas, as well as non-monetary benefits where relevant. The overall benefits of the programme are highlighted first, before delving into the specific outcome areas in turn.

### 6.3.1 Aggregated Benefits

Scaling up coverage of the SCTP programme is found to have impressive benefits, in both monetary and non-monetary terms. The tables below indicate the non-monetary and monetary benefits from each of the scale-up scenarios. Both types are reported at three points at which these benefits are realized: 2030, 2045, and 2060. This is significant for certain types of benefit, such as additional years of schooling, given that the monetary benefit is not realized from this until beneficiaries reach working age. The monetary figures are 'discounted,' which reflects the fact that benefits received in the future are less valuable than those received today. Benefits are significant for both scale-up scenarios. As a reminder, scale-up Scenario A reaches 16% coverage, of children aged 0-3, by 2033, and scale-up Scenario B reaches 32% coverage by 2033 of the same age group.

Table 20: Aggregated Benefits of Scale-up Scenarios

Scale-up Scenario A			
		Total	
Non-monetary	2030	2045	2060
Additional years of schooling	171,409	1,155,523	2,224,360
Child lives saved	776	5,288	11,074
Stunting cases averted	2,089	14,991	28,184
Monetary			
Additional GDP from additional years of schooling (discounted, USD)	-	13,611,393	40,194,118
Additional GDP from DALYs (discounted, USD)	27,766,383	156,517,378	275,744,195
Additional GDP from the economic multiplier (discounted, USD)	84,033,795	566,498,472	1,090,499,162
<b>Total additional GDP (discounted, USD)</b>	<b>111,800,178</b>	<b>736,627,243</b>	<b>1,406,437,475</b>
Scale-up Scenario B			
		Total	
Non-monetary	2030	2045	2060
Additional years of schooling	367,305	2,476,120	4,766,485
Child lives saved	2,154	14,688	30,760
Stunting cases averted	5,802	41,642	78,289
Monetary			
Additional GDP from additional years of schooling (discounted, USD)	-	29,476,120	86,130,254
Additional GDP from DALYs (discounted, USD)	77,128,842	434,770,496	765,956,096
Additional GDP from the economic multiplier (discounted, USD)	180,072,417	1,213,925,297	2,336,783,919
<b>Total additional GDP (discounted, USD)</b>	<b>257,201,259</b>	<b>1,677,863,062</b>	<b>3,188,870,268</b>

### 6.3.2 Monetary Benefits

The SCTP scale-up contributes significantly to overall GDP in each of the respective scenarios. The total impact of Scenario A is over USD 1.4 billion, which between 2023 and 2060 constitutes a contribution to Malawi’s GDP of 0.001%. For Scenario B, the contribution is over USD 3.2 billion, or 0.29% of GDP over the period.

The graphs that follow visualize the contribution to GDP of the respective scenarios. Each shows the relative contributions of health, education, and economic multiplier benefits derived from the SCTP scale-up. As demonstrated in the graph, benefits from the economic multiplier and improved health increase significantly as the intervention reaches more people until it reaches full scale by 2033. Benefits continue to increase, partly due to an increasing population of 0–2-year-olds in Malawi. By the mid-2030s, beneficiaries enter the labor market, therefore gains from their improved education begin and increase as beneficiaries work for longer and additional people enter the labor market.

Figure 53: Scale-up Scenario A, Contribution to GDP (million USD)

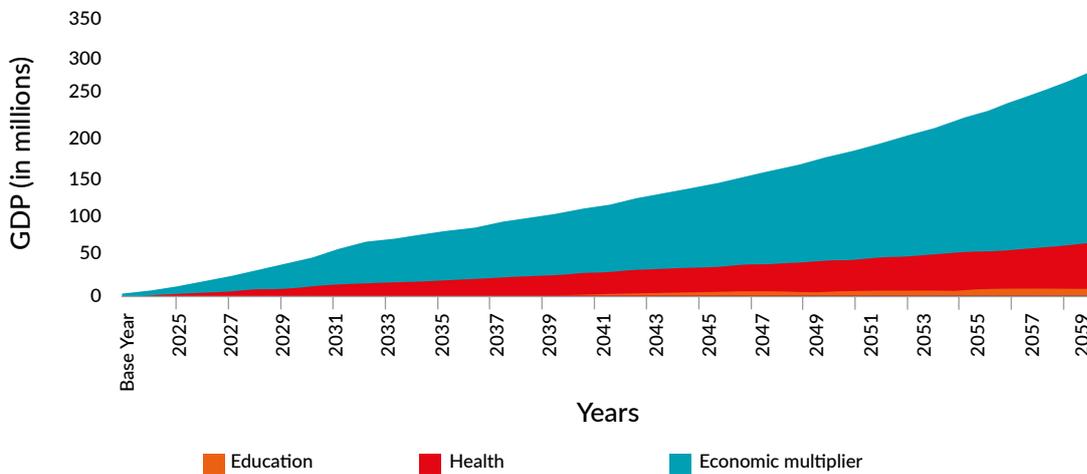
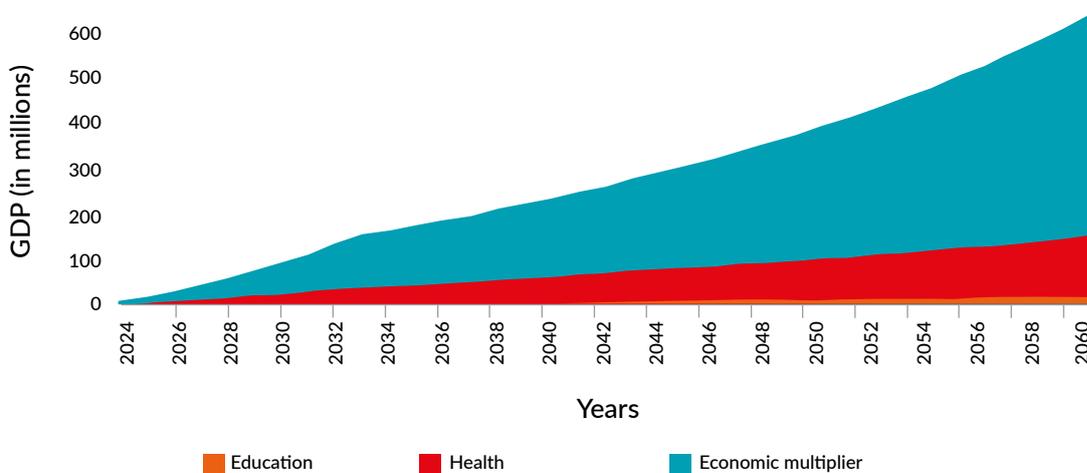


Figure 54: Scale-up Scenario B, Contribution to GDP (million USD)

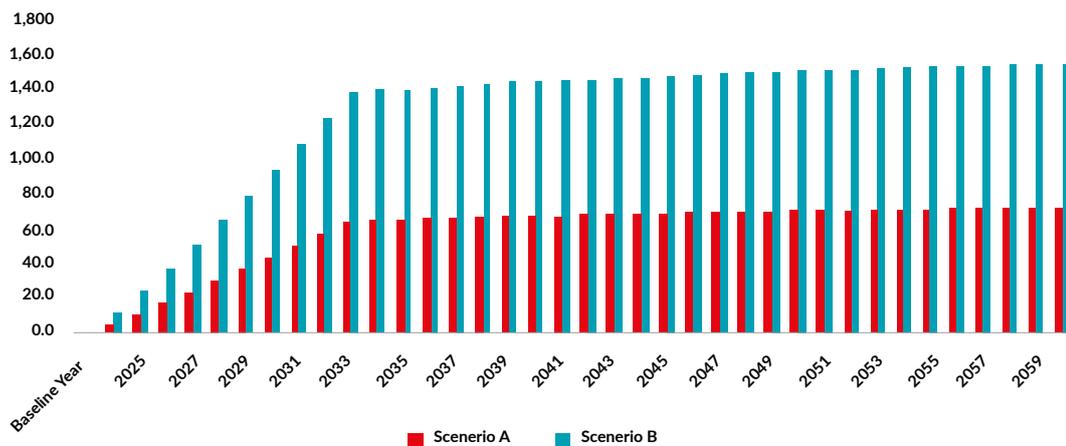


## 6.3.2 Non-Monetary Benefits

### 6.3.2.1 Education

**Additional years of schooling are derived from the enhanced SCTP intervention in Malawi.** By 2060, 2,224,360 additional years of schooling will have been received in Scenario A, and 4,766,485 in Scenario B. The average years of schooling currently stand at 9.6 years. The average years of schooling will be increased to 9.62 in Scenario A and 9.65 in Scenario B as a result of the SCTP scale-up, all other things being equal. Whilst these impacts are relatively small, there is significant potential to increase this further if the programme continues to increase its reach, along with other programmes that boost years of schooling.

**Figure 55: Additional Years of Schooling Created by the Scale-up, Thousands**



### 6.3.2.2 Qualitative Benefits

**Research findings underscore the potential positive impact of the SCTP on education outcomes.** Evaluations reveal that subsequent to addressing fundamental needs such as clothing, food, and footwear, schooling emerges as the second most prevalent category of expenditure for program beneficiaries.<sup>664</sup> The supplemental incentives provided to families for sending their children to school are identified as effective in improving enrolment rates.<sup>665</sup> Research indicates that families allocate the entirety of the provided top-up towards school-related expenses.<sup>666</sup> Beyond enhancing enrolment rates, the SCTP program demonstrates efficacy in fostering consistent attendance among children.<sup>667</sup> Parental testimonials underscore the SCTP's instrumental role in enabling the acquisition of additional school supplies and uniforms, as well as covering examination fees. Families' augmented financial resources facilitate the provision of lunchtime meals, thereby enhancing children's concentration and performance throughout the day.

**A noteworthy observation is the potential enhancement of educational outcomes through complementary services.** A report conducted by the Transfer Project advocates for the incorporation of 'plus' services into the SCTP framework to broaden its benefits.<sup>668</sup> Recent evaluations underscore the importance of

664 de Hoop., J and Groppo, V. (2020). *How Do Cash Transfers Affect Child Work and Schooling? Surprising Evidence from Malawi, the United Republic of Tanzania and Zambia*, (UNICEF Office of Research-Innocenti: Florence, Italy).

665 The Transfer Project (2020). *Improving Educational Outcomes Among Children in Malawi's Social Cash Transfer Program: A Summary of Research Findings and Policy Options*, accessed: 09.01.2024. Available here: <https://transfer.cpc.unc.edu/wp-content/uploads/2021/07/Educational-outcomes-SCTP-Policy-brief-18Aug2020.pdf>.

666 Ibid.

667 Ibid.

668 de Hoop., J and Groppo, V. (2020). *How Do Cash Transfers Affect Child Work and Schooling? Surprising Evidence from Malawi, the United Republic of Tanzania and Zambia*, (UNICEF Office of Research-Innocenti: Florence, Italy).

considering complementary services not only to amplify positive impacts but also to mitigate potential adverse effects.<sup>669</sup> For instance, supplemental training on the significance of education could counteract the unintended consequence of increased child labor - a phenomenon sometimes observed when families receive cash transfers and seek to expand their businesses.<sup>670</sup> The success of the 'Girls Empowering Girls' program in Uganda, incorporating peer mentoring and additional support, serves as a case in point, encouraging sustained female enrolment.<sup>671</sup>

**To further optimize program effectiveness, improvements to the SCTP and enhanced service availability are imperative.** It is acknowledged that the current value of the SCT benefit is insufficient to fully offset the costs associated with education, even with the supplementary bonuses tied to primary and secondary school attendance.<sup>672</sup> A recent UNICEF evaluation indicates that the school bonus constitutes only 9% and 12% of the total out-of-pocket costs for primary and secondary education, respectively.<sup>673</sup> Additionally, research from the Transfer Project highlights challenges related to school availability, particularly at the secondary level, with an average distance of 6.4 kilometers to the nearest secondary school.<sup>674</sup> This either imposes additional transportation costs on families or, in some instances, impedes children's access to education altogether due to the inaccessibility of facilities.<sup>675</sup>

**Furthermore, while the SCTP is able to have a positive impact on enrolment, this often comes at the cost of quality.** Additional numbers of students put strain on services that are already often stretched. In 2021, it was suggested that there can sometimes be up to 148 learners per classroom in public schools.<sup>676</sup> Many schools do not have enough classrooms and often lack electricity and clean water.<sup>677</sup> Issues around teachers' salaries being inadequate to support their families have meant a reduction in the number of well-trained teachers available, putting further strain on very limited resources.<sup>678</sup> Addressing these challenges is crucial for realizing the full potential of the SCTP in advancing educational outcomes.

### 6.3.2.3 Health

The health benefits that accrue from the scale up of the intervention are noted in the figures below. These benefits are expressed in terms of child lives saved and stunting cases averted. During the scale-up of the intervention, up to 2030, the increase in child lives saved and stunting cases averted is significant, before increasing more gradually up to 2060. The number of stunting cases averted peaks around 2046, given the decreasing number of stunting cases overall in the population projected at this time, as well as a slowdown in population growth. By 2060, it is estimated that over 11,000 child lives will be saved in Scenario A, and over 30,000 child lives will be saved in Scenario B.



**11,000**  
Child lives

**By 2060, it is estimated that over 11,000 child lives will be saved in Scenario A, and over 30,000 child lives will be saved in Scenario B.**

669 Ibid.

670 Ibid.

671 Save the Children (2021). Child-Sensitive Social Protection in Uganda, accessed: 09.01.2024. Available here: <https://resourcecentre.savethechildren.net/pdf/CSSP-final-report-Spread.pdf/>.

672 Archibald, E. (2020). Analysis of Child-Sensitive Social Protection in Malawi. (Save the Children: Malawi).

673 Ibid.

674 The Transfer Project (2020). Improving Educational Outcomes Among Children in Malawi's Social Cash Transfer Program: A Summary of Research Findings and Policy Options, accessed: 09.01.2024. Available here: <https://transfer.cpc.unc.edu/wp-content/uploads/2021/07/Educational-outcomes-SCTP-Policy-brief-18Aug2020.pdf>.

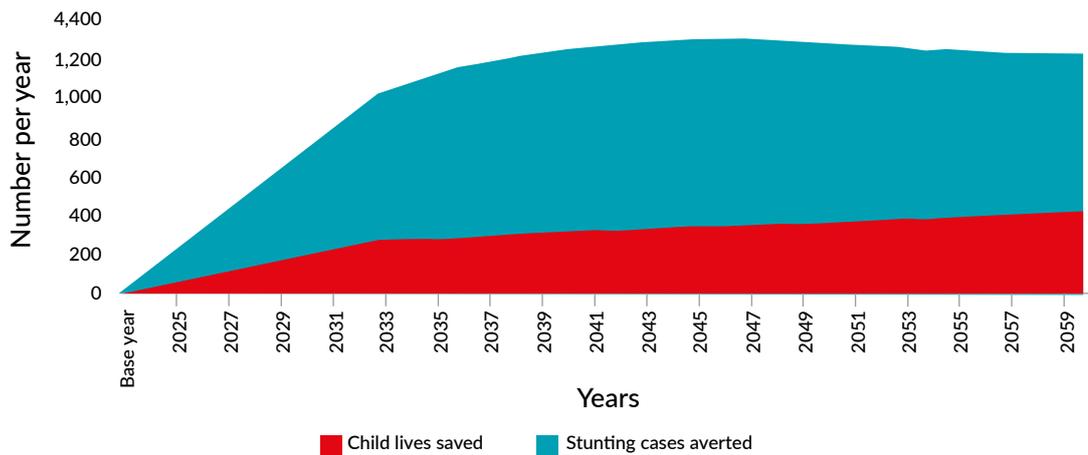
675 Ibid.

676 UNICEF (2020). Policy Options to Improve the Educational Impact of the Malawi Social Cash Transfer Program, accessed: 05.02.2024. Available here: [https://transfer.cpc.unc.edu/wp-content/uploads/2021/04/Malawi-SCTP\\_Education-Policy-Options-Final-Report-14.08.20.pdf](https://transfer.cpc.unc.edu/wp-content/uploads/2021/04/Malawi-SCTP_Education-Policy-Options-Final-Report-14.08.20.pdf).

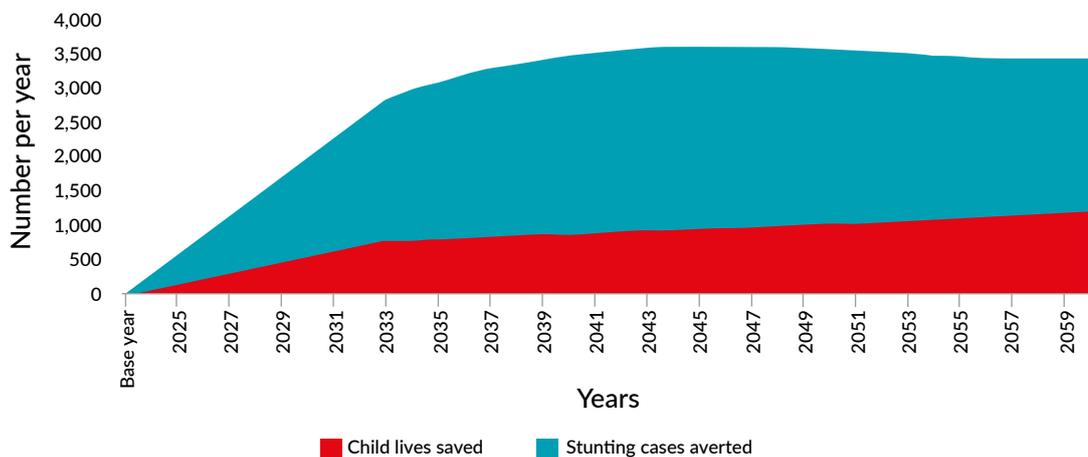
677 Ibid.

678 Education International Research (2022). Teacher Wage Constraints: Perspectives from the Classroom, accessed: 05.02.2024. Available here: <https://www.ei-ie.org/file/521#:~:text=In%20Malawi%2C%20researchers%20estimate%20that,the%20inadequacy%20of%20teacher%20housing>.

**Figure 56: Scenario A, Non-monetary Health Benefits**



**Figure 57: Scenario B, Non-monetary Health Benefits**



### 6.3.3 Qualitative Benefits

#### 6.3.3.1 Health and Nutrition

**Empirical findings indicate that the SCTP significantly enhances food security within beneficiary families.** A comprehensive analysis conducted in 2021 revealed noteworthy impacts on consumption expenditures, particularly evident in a pronounced increase in food consumption.<sup>679</sup> The program also demonstrated a positive effect on the frequency of households consuming two or more meals daily, with an impressive 94% of beneficiary households achieving this compared to 80% in non-SCT recipient households.<sup>680</sup> Furthermore, SCTP beneficiaries exhibited a propensity for a more diverse and nutritious diet, attaining sufficient caloric intake and a reduced likelihood of facing food-energy deficiencies.<sup>681</sup> Leveraging the relatively robust food supplies in Malawi, households effectively utilized the additional funds to cultivate a more nutritionally sound diet.

679 The Transfer Project (2017). Malawi’s Social Cash Transfer Program: A Comprehensive Summary of Impacts, accessed: 09.01.2024. Available here: [https://transfer.cpc.unc.edu/wp-content/uploads/2021/07/Malawi-SCTP\\_Comprehensive-Summary-of-Impacts\\_2017-Brief.pdf](https://transfer.cpc.unc.edu/wp-content/uploads/2021/07/Malawi-SCTP_Comprehensive-Summary-of-Impacts_2017-Brief.pdf).

680 Ibid.

681 Brugh, K., et al. (2018). ‘Impacts of the Malawi social cash transfer program on household food and nutrition security’ *Food Policy*, 76(1).

**In addition to bolstering food security, the SCTP has shown tangible benefits in facilitating access to healthcare services.** Beneficiaries exhibited a considerable increase in seeking treatment at both public and private healthcare facilities, accompanied by a reduced likelihood of regularly reporting illness or injury.<sup>682</sup> Notably, the program contributed to an enhancement in overall resilience measures among beneficiaries, indicating an improved capacity to cope positively with various shocks, particularly in the realm of health crises.<sup>683</sup>

**Notably, the SCTP demonstrated a limited impact on diet quality,** emphasizing the potential for additional training and support on the significance of a healthy, diversified diet to further optimize outcomes.<sup>684</sup> The Maziko program, developed in collaboration with the GoM, development partners, and academic institutions, exemplifies the potential success of incorporating behavioral change communication elements.<sup>685</sup> This program focuses on maternal and child nutrition education through initiatives such as cooking demonstrations and home visits, drawing parallels with successful cash-plus programs like NutriCash in Uganda.<sup>686</sup> Testimonials from NutriCash beneficiaries underscore the profound impact of understanding nutrition, resulting in healthier dietary choices and reduced susceptibility to illness.<sup>687</sup> A significant number of programs across Africa illustrate similar benefits. Cash-plus programs from Burundi, Ethiopia, Kenya, Mozambique, Rwanda, and Tanzania all found that well-designed cash-plus programs could have a significant impact on nutrition outcomes for young children.<sup>688</sup> Programs implemented by Save the Children globally have also noted similar benefits.<sup>689</sup> These outcomes underscore the imperative need for 'cash plus' elements, substantiating the rationale for their incorporation.

### 6.3.3.1.1 Mental Health

**The SCTP has been proven to have significant impacts on improving mental health outcomes.** Research suggests that the SCTP is able to reduce indications of depression by as much as 15%, improving their self-confidence and their desire to take new opportunities.<sup>690</sup> It was noted that unconditional cash transfers had a larger impact than conditional cash transfers, in part due to less stress caused by having to comply with certain conditions.<sup>691</sup> It was also determined that the SCTP was able to improve maternal mental health outcomes, particularly for young mothers who were given the opportunity to continue pursuing school or training. In turn, this had a positive impact on the mental health of their children as good maternal mental health is paramount for young children. Furthermore, a review of the literature ascertained that the unconditional CTs, including the SCTP in Malawi, had a positive impact on at least one measure of mental health.<sup>692</sup> While research did suggest that CTs were unable to have a positive impact on all mental health outcomes, in no instances did they have negative outcomes.<sup>693</sup>



The SCTP has been proven to have **significant impacts** on improving **mental health outcomes**. Research suggests that the SCTP is able to reduce indications of depression by as much as 15%, improving their self-confidence and their desire to take new opportunities.<sup>690</sup>

- 682 The Transfer Project (2017). Malawi's Social Cash Transfer Program: A Comprehensive Summary of Impacts, accessed: 09.01.2024. Available here: [https://transfer.cpc.unc.edu/wp-content/uploads/2021/07/Malawi-SCTP\\_Comprehensive-Summary-of-Impacts\\_2017-Brief.pdf](https://transfer.cpc.unc.edu/wp-content/uploads/2021/07/Malawi-SCTP_Comprehensive-Summary-of-Impacts_2017-Brief.pdf).
- 683 UNICEF (2018). The Malawi Social Cash Transfer Program increases Household Resilience, accessed: 09.01.2024. Available here: <https://www.unicef-irc.org/publications/935-malawi-social-cash-transfer-programme-increases-household-resiliency.html>.
- 684 Brugh, K., et al. (2018). 'Impacts of the Malawi social cash transfer program on household food and nutrition security' *Food Policy*, 76(1).
- 685 Save the Children (2023). Maziko: Malawi Integrated Maternal and Child Grant Project, accessed: 09.01.2024. Available here: <https://resourcecentre.savethechildren.net/pdf/MAZIKO-Malawi-Integrated-Maternal-and-Child-Grant-Project.pdf/>.
- 686 Ibid.
- 687 Save the Children et al., (2023) *Review of the Social and Behavior Change Communication Approaches for the NutriCash Intervention in the West Nile Region*, (Save the Children: Malawi).
- 688 UNICEF (2022). Learning from six government-led and UNICEF supported cash-plus programs in Eastern and Southern Africa, accessed: 05.02.2024. Available here: <https://www.unicef.org/esa/media/12516/file/Synthesis-SP-Nutrition-Case-Studies-2022.pdf>.
- 689 Save the Children (2018). Resourcing Families for Better Nutrition, accessed: 05.02.2024. Available here: [https://resourcecentre.savethechildren.net/pdf/rfbn\\_2\\_pager\\_dec\\_2018.pdf/](https://resourcecentre.savethechildren.net/pdf/rfbn_2_pager_dec_2018.pdf/).
- 690 Angeles, G., et al. (2019). 'Government of Malawi's Unconditional Cash Transfer Improves Youth Mental Health', *Soc Sci Med.*, accessed: 09.01.2024. Available here: <https://pubmed.ncbi.nlm.nih.gov/30826585/#:~:text=We%20explore%20the%20impacts%20of,significantly%20improved%20mental%20health%20outcomes>.
- 691 Ibid.
- 692 Araya, R., et al. (2023). 'Potential mechanisms by which cash transfer programs could improve the mental health and life chances of young people: A conceptual framework and lines of enquiry for research and policy' *Cambridge Prisms: Global Mental Health* 1(10), accessed: 09.01.2024. Available here: [https://www.cambridge.org/core/services/aop-cambridge-core/content/view/14DA948E403648292F288C3777317C7D/S2054425123000043a.pdf/potential\\_mechanisms\\_by\\_which\\_cash\\_transfer\\_programmes\\_could\\_improve\\_the\\_mental\\_health\\_and\\_life\\_chances\\_of\\_young\\_people\\_a\\_conceptual\\_framework\\_and\\_lines\\_of\\_enquiry\\_for\\_research\\_and\\_policy.pdf](https://www.cambridge.org/core/services/aop-cambridge-core/content/view/14DA948E403648292F288C3777317C7D/S2054425123000043a.pdf/potential_mechanisms_by_which_cash_transfer_programmes_could_improve_the_mental_health_and_life_chances_of_young_people_a_conceptual_framework_and_lines_of_enquiry_for_research_and_policy.pdf).
- 693 Ibid.

**This report advocates for the introduction of ‘plus’ elements to the SCTP as they can boost mental health benefits.** A recent review conducted on the impact of CTs on mental health for children ascertained that benefits could be optimized by linking CTs to mental health interventions.<sup>694</sup> It is noted that providing beneficiaries with positive information around addressing mental health problems can help break down the stigma that is often associated with discussing mental health.<sup>695</sup> SBCC programs can also assist in helping beneficiaries learn positive coping mechanisms when dealing with mental health. Research by Araya et al., also found the value of CTs to be important, they highlighted \$20 as a minimum for mental health benefits to be realized.<sup>696</sup> \$20 is considered the minimum for impacts to be seen, due to beneficiaries requiring funds to address the causes of poor mental health, such as food or housing insecurity.<sup>697</sup> However, benefits are likely to be more substantial as the value of the cash transfer increases. This report advocates for a cash transfer of at least \$76.60 to improve the likelihood of seeing significant benefits. Moreover, the longevity of the transfer is important, with the impacts on mental health improving the longer the transfer is provided.<sup>698</sup>

### 6.3.4 A Safe and Secure Environment

**Evidence on the impacts of the SCTP on cultivating a safe and secure environment for children is limited.** Impact evaluations of the SCTP have focused on health and education outcomes for children, however, some evidence exists to suggest it has a positive impact on their broader well-being. Evaluations of the SCTP have suggested well-being indicators for children such as material possessions have improved.<sup>699</sup> An increase in material possessions suggests that children are in a more stable and secure environment and have basic necessities such as clothes and shelter.<sup>700</sup> The program also significantly reduces the time children spend engaged in labor outside of the house.<sup>701</sup> If young children are sent to work outside of their home, this can put them in very vulnerable positions.<sup>702</sup> A reduction in child-labor would also suggest that the SCTP is able to create a more safe and secure environment for children.

**The SCTP is able to positively impact stress levels and mental health outcomes.** Evidence suggests that the SCTP is able to reduce stress and depressive systems amongst caregivers.<sup>703</sup> There can be a risk to children’s safety if their parents are under an immense amount of stress or suffering with poor mental health. The evidence that suggests that SCTP goes some way towards alleviating stress and mental health problems, suggests a link between the program and cultivating a safe environment for children.<sup>704</sup> Nonetheless, additional research is required to ascertain what impact the SCTP is having on child wellbeing. Including additional cash-plus elements and making the program more CSSP should increase these benefits and should make this area a priority.



**If young children are sent to work outside of their home, this can put them in very vulnerable positions.<sup>702</sup> A reduction in child-labor would also suggest that the SCTP is able to create a more safe and secure environment for children.**

694 Ibid.

695 Bauer, A., and Evans-Lacko, S. (2021). ‘Prioritizing the life chances of young people living in poverty during the COVID-19 pandemic: A call for integrating youth mental health into cash transfer programs’, accessed: 09.01.2024. Available here: <https://blogs.lse.ac.uk/globalhealth/2021/06/07/prioritising-the-life-chances-of-young-people-living-in-poverty-during-the-covid-19-pandemic-a-call-for-integrating-youth-mental-health-into-cash-transfer-programmes/>.

696 Araya, R., et al. (2023). ‘Potential mechanisms by which cash transfer programs could improve the mental health and life chances of young people: A conceptual framework and lines of enquiry for research and policy’ Cambridge Prisms: Global Mental Health 1(10), accessed: 09.01.2024. Available here: [https://www.cambridge.org/core/services/aop-cambridge-core/content/view/14DA948E403648292F288C3777317C7D/S2054425123000043a.pdf/potential\\_mechanisms\\_by\\_which\\_cash\\_transfer\\_programmes\\_could\\_improve\\_the\\_mental\\_health\\_and\\_life\\_chances\\_of\\_young\\_people\\_a\\_conceptual\\_framework\\_and\\_lines\\_of\\_enquiry\\_for\\_research\\_and\\_policy.pdf](https://www.cambridge.org/core/services/aop-cambridge-core/content/view/14DA948E403648292F288C3777317C7D/S2054425123000043a.pdf/potential_mechanisms_by_which_cash_transfer_programmes_could_improve_the_mental_health_and_life_chances_of_young_people_a_conceptual_framework_and_lines_of_enquiry_for_research_and_policy.pdf).

697 Ibid.

698 Ibid.

699 The Malawi Cash Transfer Evaluation Team (2018). The Importance of Understanding and Monitoring the Effects of Cash Transfer Programs on Child Labor and Education: Findings from Malawi A Policy Brief, accessed: 12.01.2024. Available here: <https://www.unicef-irc.org/publications/pdf/IRB2018-03%20Effects%20of%20Cash%20Transfer%20Programmes.pdf>.

700 Ibid.

701 Owusu-Addo, E., et al. (2018). ‘The impact of cash transfers on social determinants of health and health inequalities in sub-Saharan Africa’, *Health Policy and Planning*, 33(1), accessed: 12.01.2024. Available here: <https://www.jstor.org/stable/48508777>.

702 Ibid.

703 Angeles, G., et al. (2023). ‘Impacts of cash transfer and ‘cash plus’ programs on self-perceived stress in Africa: Evidence from Ghana, Malawi, and Tanzania’, *SSM – Population Health*, accessed: 12.01.2024. Available here: <https://www.sciencedirect.com/science/article/pii/S235282732300068X>.

704 Owusu-Addo, E., et al. (2018). ‘The impact of cash transfers on social determinants of health and health inequalities in sub-Saharan Africa’, *Health Policy and Planning*, 33(1), accessed: 12.01.2024. Available here: <https://www.jstor.org/stable/48508777>.

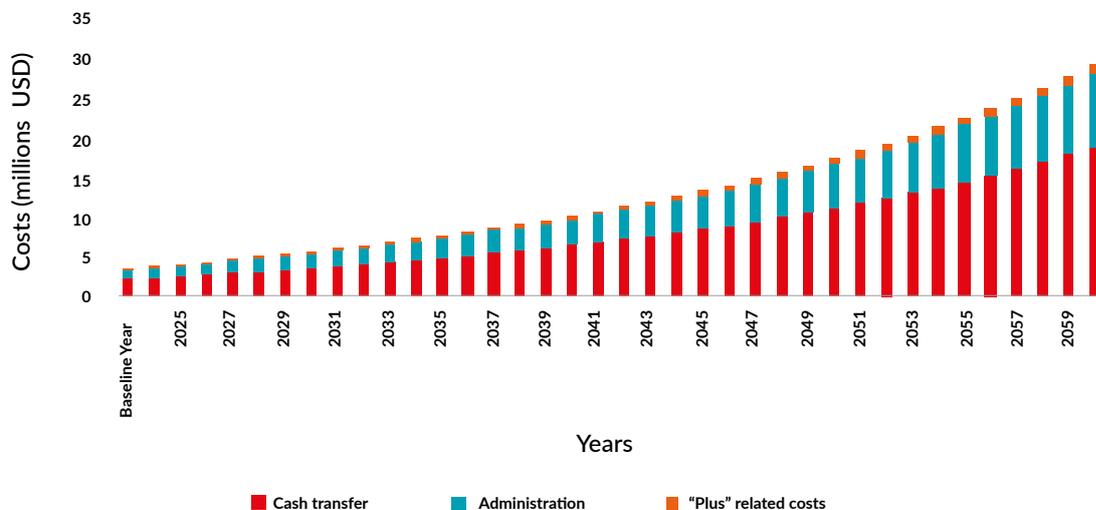
## 6.4 COST ASSESSMENT

The cost assessment for the enhanced SCTP considered the scale-up of various costing inputs to derive an overall cost of the programme. Costing inputs received by programme implementers were broken down according to cash transfers, administrative costs involved in running the program, and the “plus” component. Aside from counting for inflation, the value of cash transfers remained the same at USD 5.30 per month. Costing data relied entirely on inputs from program implementers, however administrative data collected included costs for delivery, case management, and monitoring and evaluation among others. Costing data for the addition of “plus” elements was based on assumptions following an analysis of regional, comparable programs.

The figures below outline the cost components of the SCTP over time. In every scenario, the costs of the programme grow, due to increases in inflation and increase in the size of the target population. In scenarios A and B, costs grow fastest as the scale-up increases up to 2033, then level out to become back in line with increases in inflation and the target population. Additional information on the assumptions behind the costing can be found in the annex.

In each scenario, a significant proportion of the expense is related to the cash transfer, and this proportion increases as the program is scaled up. In 2023, 65% of the budget is attributed to the cash transfer, 31% to administrative costs, and 4% to the cash “plus” costs. Based on international literature, the study has assumed economies of scale will occur as the program is scaled up.<sup>705</sup> This assumption has been made based on well-established, larger social protection programs that spend roughly 3% of their budget on admin costs.<sup>706</sup> Therefore, it assumes that operating costs will reduce until they are 5% of the total budget by 2060.

Figure58: Cost of SCTP, Baseline Scenario (million USD)

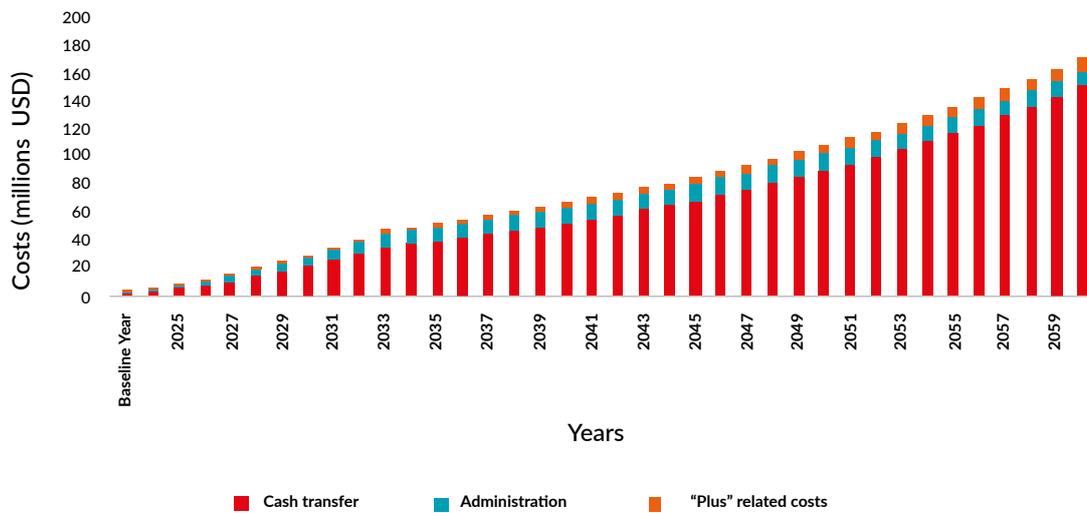


In 2023, 65% of the budget is attributed to the cash transfer, 31% to administrative costs, and 4% to the cash “plus” costs.

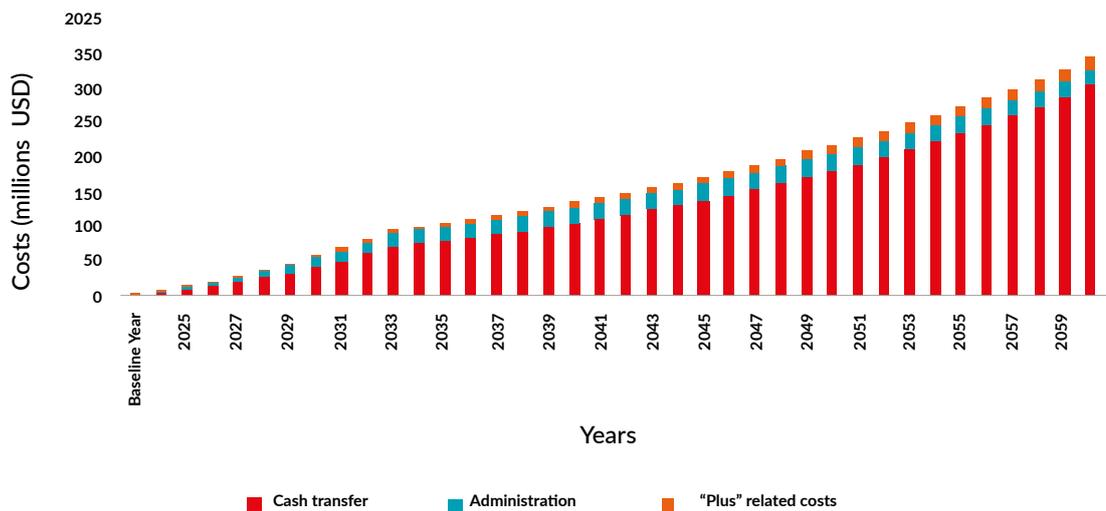
705 Cecchini, S., et al. (2020). Estimates of the cost of cash transfers under the National Policy on Social Protection and Promotion in Haiti, accessed: 22.01.2024. Available here: <https://repositorio.cepal.org/server/api/core/bitstreams/836f2877-6640-4a35-8f9f-2a8dbf2e4ce9/content>.

706 Ibid. and Ortiz, I. et al. (2017). Universal Social Protection Floors: Costing Estimates and Affordability in 57 Lower Income Countries, accessed: 22.01.2024. Available here: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---soc\\_sec/documents/publication/wcms\\_614407.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_614407.pdf)

**Figure 59: Cost of SCTP, Scale-up Scenario A (million USD)**



**Figure 60: Cost of SCTP, Scale-up Scenario A (million USD)**



The total cost of the programme for each scenario is presented in the table below. The table displays costs by year at which they will be spent. By 2060, Scenario A will cost an additional USD 779 million and Scenario B will cost an additional USD 1,688 million.

**Table 21: Cost of SCTP by scale up scenario (million USD)**

	2023 - 2030	2023 - 2045	2023 - 2060
<b>Baseline</b>	30	95	164
<b>Scenario A total cost</b>	95	517	944
<b>Scenario A additional cost</b>	65	422	780
<b>Scenario B total cost</b>	172	1,014	1,853
<b>Scenario B additional cost</b>	142	919	1,689

## 6.5 COST-BENEFIT ANALYSIS

This section of the report brings together the benefits assessment and the costing exercise to produce benefit-cost ratios (BCRs) and a cost of inaction (COI). The BCR shows the relationship between the relative costs and benefits of the SCTP scale-up, expressed in monetary terms. If the BCR is greater than 1.0, the scale-up is expected to deliver a positive net present value to the economy. The cost-benefit analysis also incorporates a COI, which is the opportunity cost associated with not scaling up SCTP. Both the BCR and the COI are reported below, for each scale-up scenario, and by timeframe.

**Table 22: SCTP, Cost-Benefit Analysis by Scale-up Scenario**

Scenario	Indicator	2023 - 30	2023 - 45	2023 - 60
Scale-up Scenario A	Total additional monetary benefits, discounted (million USD)	112	737	1,406
	Total additional costs, discounted (million USD)	65	422	780
	Benefit Cost Ratio (BCR)	1.9		
	Cost of inaction (COI) (million USD)	47	315	627
Scale-up Scenario B	Total additional monetary benefits, discounted (million USD)	257	1,678	3,189
	Total additional costs, discounted (million USD)	142	920	1,689
	Benefit Cost Ratio (BCR)	1.9		
	Cost of inaction (COI) (million USD)	115	758	1,500

Both scenarios include positive benefit-cost ratios, indicating that the SCTP scale-up is an investment that represents good value for money. By 2060, both scenarios deliver a benefit-cost ratio of 1.9. This means that for every \$1 invested in the SCTP programme, the benefits to society will equate to \$1.90.

This benefit includes both short-term and lifelong benefits. The short-term benefits are primarily seen through poverty reduction, via the economic multiplier effect generated through increased consumption by beneficiary families, as well as the lifelong benefits of the improved education and healthcare of the 0-6-year-olds. Given the additional qualitative benefits of the programme that are not captured in the quantitative analysis, this estimate is conservative, with the actual figure very likely to be higher than this, and likely to be significantly higher.

Whilst both report positive BCRs, the BCR is higher for scenario B and the COI is significantly higher. The opportunity cost of not investing in the SCTP scale-up equates to USD 627 million for Scenario A and USD 1,500 million for Scenario B. These figures reflect that significant economic benefits will be foregone if these investments are not made. Across both scale-up scenarios, the COI is greater over longer time horizons. This is a result of additional benefits accruing at a much faster rate than costs, translating into a greater loss of opportunity over the long-term. Given that both report positive BCRs, and the COI is significantly higher for Scenario B, the more ambitious Scenario B is the preferred option for scale-up should the fiscal space be adequate.

Alongside the significant monetary costs that will be lost without investment, the Investment Case found that there will also be non-monetary consequences. If investment in CSSP does not happen, it is estimated that over 2 million years of schooling will not be realized in Scenario A, and nearly 5 million in Scenario B by 2060. The health consequences are also substantial. In Scenario A it is estimated that, by 2060, over 11,000 child lives will be lost if investment does not occur. In Scenario B, this figure rises to over 30,000 child lives. These figures reiterate the importance of investment in CSSP, the consequences of not doing so are very far-reaching. Moreover, it is estimated that the longer investment continues not to happen, the greater these missed opportunities will become.

## The Adequacy of Transfer

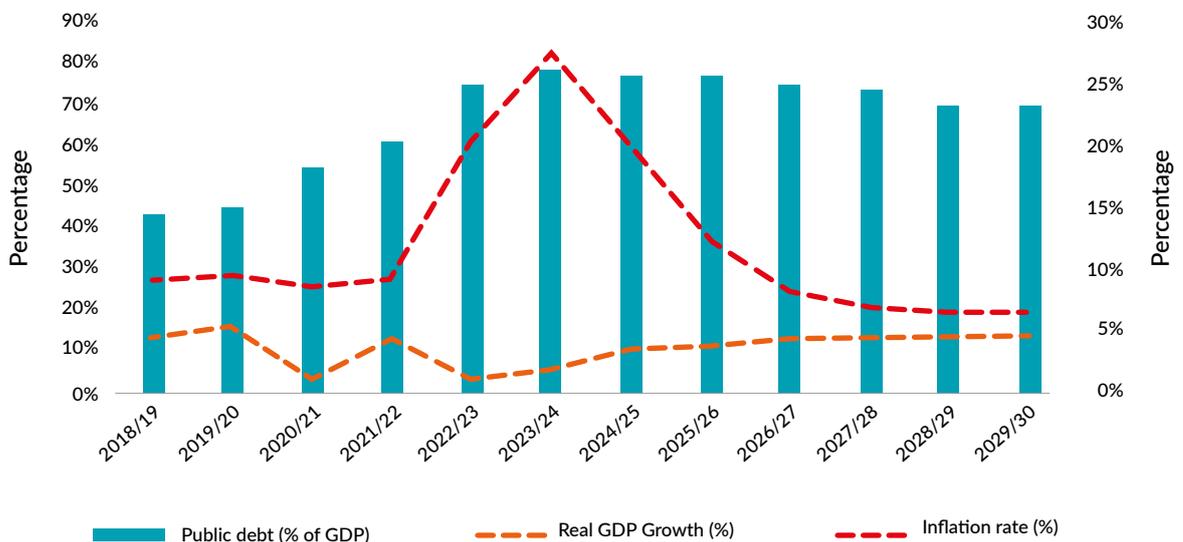
This study also considered the adequacy of the cash transfer values. Throughout the study, cash transfer values remained constant, however, it is recognized that increasing the value until they are ‘adequate’ is likely to increase the benefits gained. As iterated above, an adequate cash transfer is considered to be one that is at least 30% of the international poverty line (\$2.15), which was determined to be USD 76.60.<sup>707</sup> This study, therefore, modeled increasing the value of the SCTP transfer from USD 5.30 to USD 76.60. From these calculations, it was determined that increasing the value of the cash transfer could result in a cost-benefit ratio that is 2.6 times higher.

## 6.6 FISCAL SPACE ANALYSIS

### 6.6.1 Macroeconomic Overview

The Malawian economy continues to experience persistent economic challenges emanating largely from frequent external shocks and macro-fiscal imbalances. The economy only grew by 1.7% in 2023, reflecting a slight improvement from the previous year’s 0.9%.<sup>708</sup> It is expected to grow at 2.8% in 2024, driven by macroeconomic reforms, but this remains insufficient to significantly alleviate high poverty levels with the poverty rate of \$2.15 per day (2017 PPP) projected to increase from 71% in 2023 to 72% in 2023.<sup>709</sup> Moreover, per capita incomes are projected to decline from about USD 580 in 2023 to USD 503 by 2028, exacerbating the poverty situation and the need for even greater resources for social service delivery. A continuing challenge is low agricultural output which has only marginally increased since Tropical Cyclone Freddy, contributing to high inflation peaking at 28.4% in July 2023.<sup>710</sup> Recurrent climate shocks pose a substantial risk of exacerbating food supply shortages. Furthermore, while fiscal consolidation reforms have slightly reduced expected deficits, public debt remains distressingly high at 78.6% of GDP in 2023,<sup>711</sup> with interest expenditure consuming a significant portion of the budget.

Figure 61: Trends in Malawi’s Real Gdp Growth, Inflation, and Public Debt (2018/19 – 2029/30)



707 World Bank. Further information on how this was calculated can be found in the introduction sections of this report.

708 World Bank (n.d.). Malawi overview, development news and data. Available at: <https://www.worldbank.org/en/country/malawi/overview>

709 Ibid

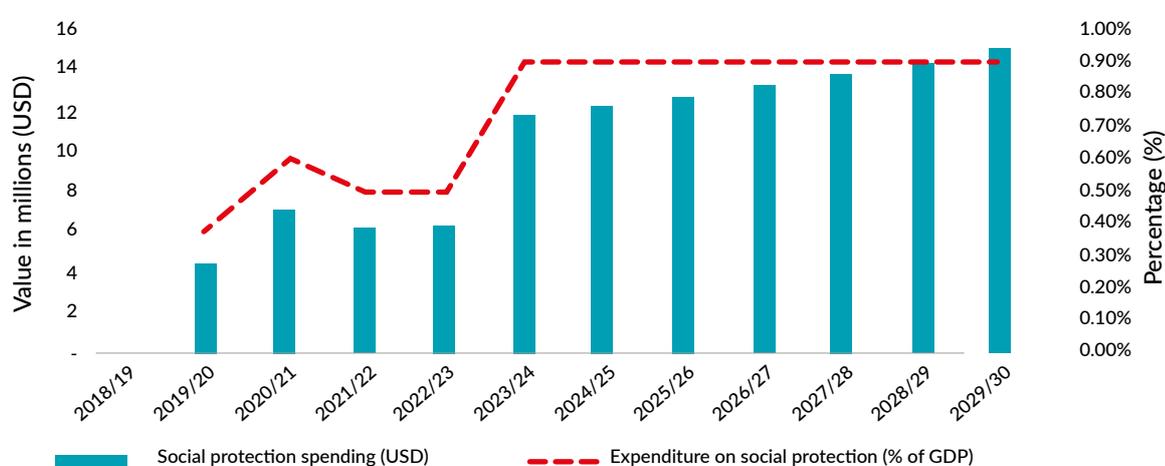
710 Ibid

711 IMF (2023). Malawi at a glance. Available at: <https://www.imf.org/en/Countries/MWI>

## 6.6.2 Social Protection Spending: Available Resources

The following figure highlights trends in social protection spending in Malawi between 2019- 2023, projected to the medium-term (until 2030). The projections undertaken here are conservative with the main assumption being that current social protection spending will be maintained in the short to medium term. The historical expenditures are obtained from the most recent UNICEF social protection budget brief.<sup>712</sup> The data suggests that social protection spending increased from 2.1% of general government expenditure (GGE) or 0.4% of GDP in the 2019/20 financial year to 3.4% of GGE or 0.9% of GDP in 2023/24 i.e., from about USD 44 million to about USD119 million. Spending is projected to reach about USD 152 million by the 2029/30 financial year if the current spending as a share of the national budget is maintained. Between 2019/20 and 2023/24, social protection funding was 95% from donor funding on average, with the government contributing the 5% difference, indicating the sectors' heavy reliance on external financing.<sup>713</sup>

Figure 62: Trends in social protection spending



### 6.6.2.1 Business as usual scenario

Under the normative scenario, the social protection financing gap is projected to increase from an estimated **USD 79 million** in 2023/24, to an estimated **USD 101 million** in 2029/30 using the 1.5% of GDP regional spending average to benchmark resource needs.

# USD 44m to USD 119m

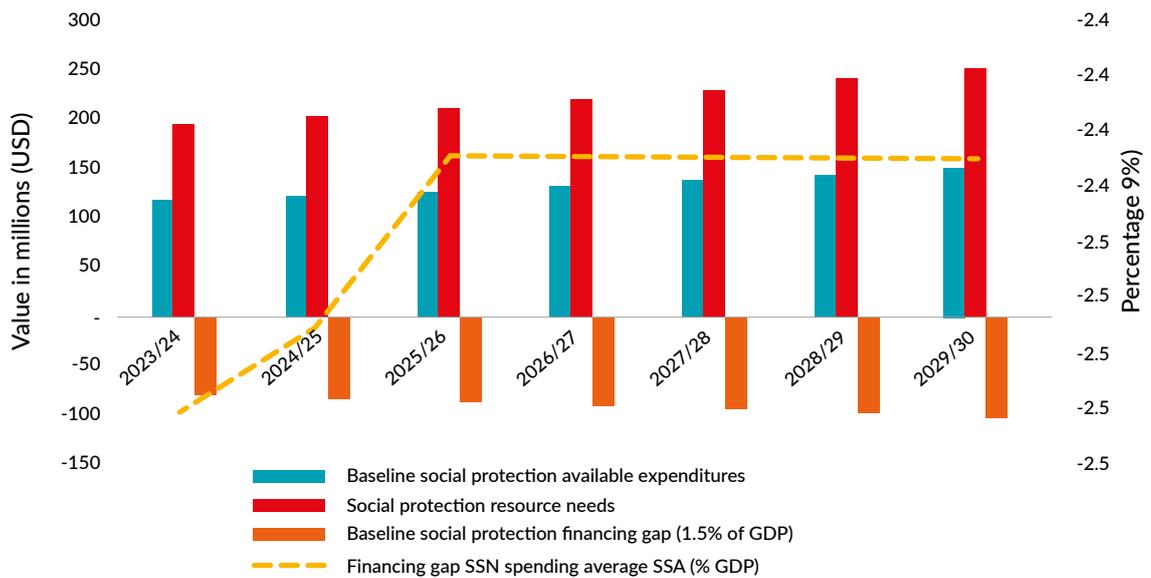


**Social protection spending** increased from 2.1% of general government expenditure (GGE) or 0.4% of GDP in the 2019/20 financial year to 3.4% of GGE or 0.9% of GDP in 2023/24.

712 Social Protection in Malawi is defined to encompass social security and social care and support services. Social security is defined as protective and preventive interventions to mitigate factors that lead to income shocks and affect consumption. On the other hand, Social Care and Support Services are a range of services that provide care, support, protection and empowerment to vulnerable individuals who are unable to care for themselves entirely.

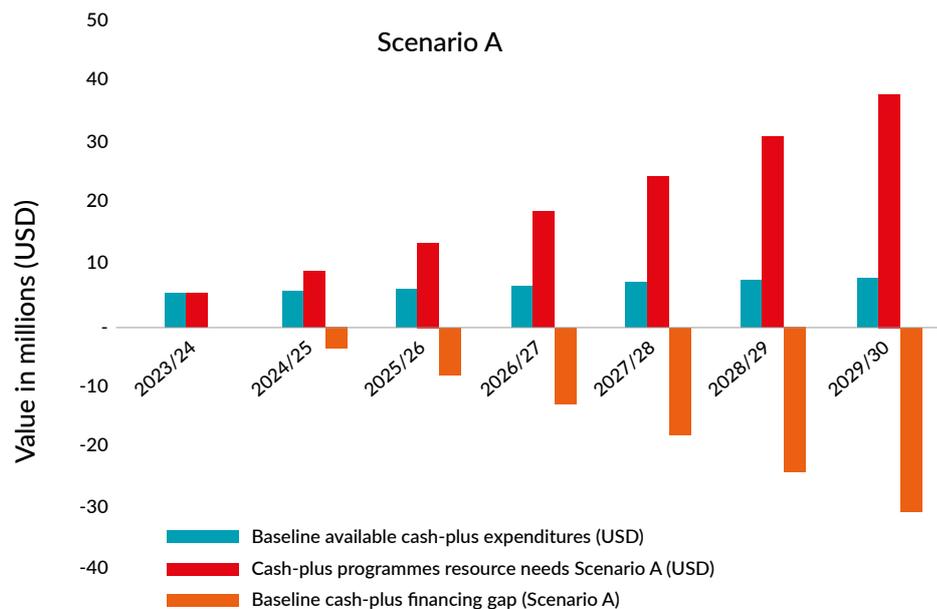
713 UNICEF (2023). Malawi social protection budget brief. Building a shock-sensitive social protection system in the face of frequent shocks. Available at: <https://www.unicef.org/esa/media/12931/file/UNICEF-Malawi-Social-Protection-Budget-Brief-2023-2004.pdf>

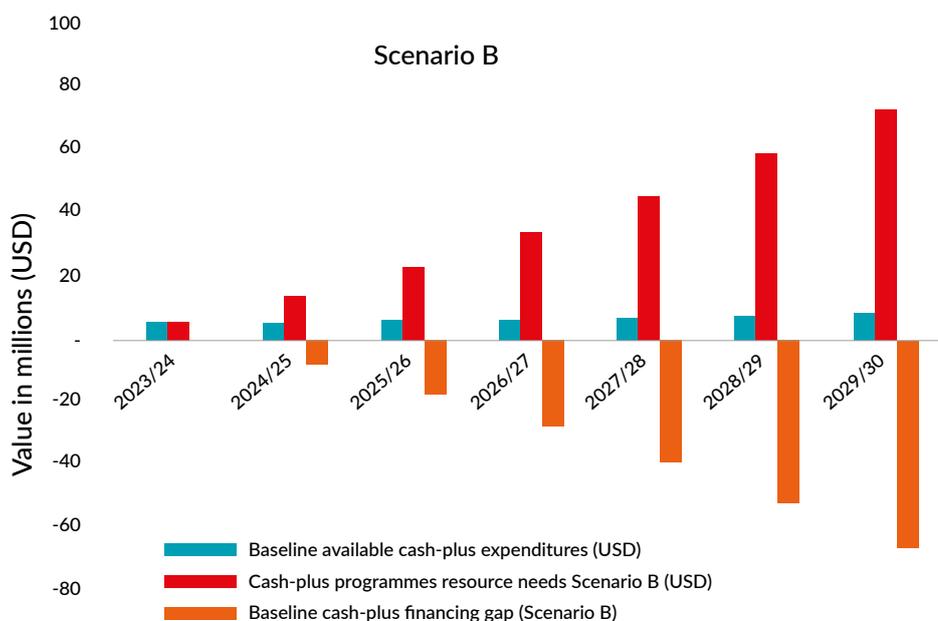
**Figure 63: Projected Financing Gap for Social Protection under Different Spending Targets (million USD)**



Narrowing the analysis to the cash-plus programme resource needs and costs, the estimated financing gaps vary under the two scenarios i.e., the financing gap is much bigger under scenario B where the target cash-plus coverage is 32% of the population receiving the cash plus programme compared to under scenario A where the target coverage is 16% of the population receiving the cash plus programme as discussed in greater detail the cost-benefit analysis section of this study. For the cash-plus programme resource needs, we utilize the costs of scaling coverage under different scenarios. Under scenario A, the financing gap is estimated to increase from an estimated baseline of **USD 3.2 million** in 2023/24 to USD 30 million by 2029/30 whereas under scenario B, the increase is from **USD 7.6 million** in 2023/24 to about **USD 65.5 million** by 2029/30.

**Figure 64: Projected Financing Gap for Cash-plus Programmes under Scenarios A and B (USD millions)**





## 6.6.2.2 Financing Options

### 6.6.2.2.1 Domestic Revenue Mobilisation Strategy (DRMS) and Allocation

Malawi has a Domestic Revenue Mobilisation Strategy (DRMS)<sup>714</sup> spanning the period 2021 to 2026. The strategy sets out revenue collection targets in line with the national development goals. It further outlines comprehensive tax reforms aimed at broadening the tax base, strengthening tax compliance and institutional capacity, improving the perception of the tax system, and improving non-tax revenue and as well as the efficiency of state-owned enterprises. The DRMS targets a tax-to-GDP ratio of 18.5% by the 2025/26<sup>715</sup> financial year and this is projected until 2030 based on the DRMS' projected tax revenue growth rate between 2021-2026. We therefore calibrate and use these indicators to model an increase in revenue mobilisation as per the strategy to project the current tax-to-GDP ratio into the medium term (2030). A recent ECORYS fiscal space study shows that ambitious fiscal consolidation measures (such as increasing VAT from 16.5% to 19%) demonstrate the potential for stabilizing public debt and reducing fiscal deficits, while other projections depict persistent deterioration in public finances, highlighting the urgency for significant reforms. With expenditure needs expected to remain high due to various factors, including population growth and inflation, the mobilization of additional revenue sources, both domestically and internationally, becomes imperative.

Beyond revenue-raising strategies through taxes, the government has also undertaken initiatives to address some structural issues imbedding economic development in general, especially in the agricultural sector. One such initiative is the Affordable Inputs Program (AIP), launched in 2020 with a budget four times higher than its predecessor, which aims to boost food security by subsidizing farm inputs. However, challenges include low supply, leakages, and delays in input distribution.<sup>716</sup> The International Monetary Fund advocates for targeted cash transfers, emphasizing broader impact. Furthermore, ongoing efforts to review and strengthen the AIP underscore a commitment to addressing complexities in Malawi's agricultural subsidy landscape. A more narrowly targeted farm input subsidy program could free up much-needed resources for other social protection programmes. This reform has been supported by an increase in grants from the World Bank, providing a total of USD 108 million to fund social protection over two years, resulting in a USD 54 million increase in social protection expenditure as reported by an ECORYS 2022 report.

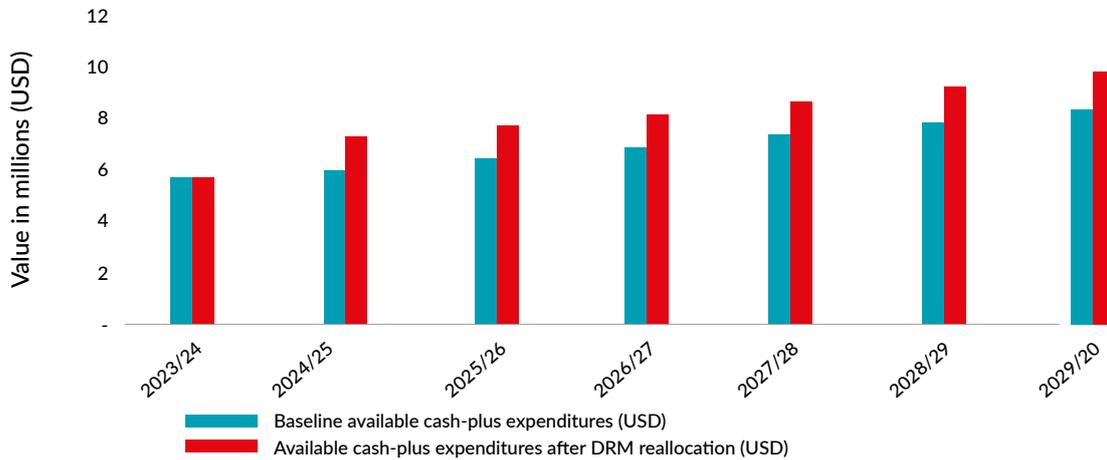
714 Ministry of Finance, Planning, and Economic Development (2019). Domestic Revenue Mobilisation Strategy 2019/20 - 2023/24. Available at: <https://www.ldpg.or.ug/wp-content/uploads/2021/03/Domestic-Revenue-Mobilisation-Strategy-Oct19.pdf>. This strategy underpins ongoing tax reforms and among other strategic domestic revenue mobilisation efforts and its targets are regularly referenced in URA revenue performance reports, the NDPIII, MoF reports and policy discussions.

715 Ministry of Finance (2021). Domestic Revenue Mobilisation Strategy 2021-2026: BUILDING A TAX COMPLIANT CULTURE FOR NATIONAL DEVELOPMENT. Available at: [https://www.mra.mw/assets/upload/downloads/Domestic\\_Resource\\_Mobilization\\_Strategy.pdf](https://www.mra.mw/assets/upload/downloads/Domestic_Resource_Mobilization_Strategy.pdf)

716 Devex (n.d.). Can Malawi's agricultural inputs program improve food security? Available at: <https://www.devex.com/news/can-malawi-s-agricultural-inputs-program-improve-food-security-102499>

Nonetheless, the outlined strategies in the DRMS, if implemented and realized, would contribute to an increase in domestic revenues, which is arguably the most sustainable way of creating fiscal space for funding the national budget. For instance, using the DRMS' revenue targets would create additional government revenue of about **USD 73 million** annually between 2024/25 and 2029/30. Prioritizing CSSP through scaling up cash-plus programmes, strategies would increase the budgetary room from the current **USD 5.7 million** to about **USD 9.9 million** by 2030. This would on average reduce the cash-plus programme financing gap by about **USD 1.1 million** year on year between 2023 and 2030.

**Figure 65: Potential Tax Revenues and Reallocation for Cash-plus Programmes (million USD)**

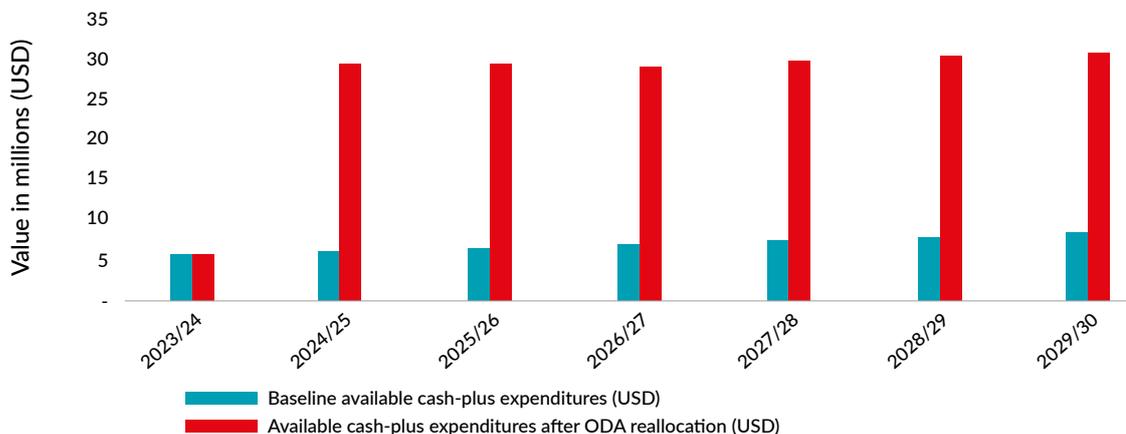


#### 6.6.2.2 Official Development Assistance (ODA)

World Bank data indicates that net ODA to Malawi between 2018 and 2021 averaged **USD 1.26 billion**.<sup>717</sup>

Given the observed upward trend in social protection spending in Malawi of which 95% has come from donor funding, we project ODA with the assumption that spending from donors will remain on the current path in the medium term. This would on average create fiscal space of about **USD 77.5 million** for social protection annually between 2023 and 2030. These funds from ODA would generate about **USD 31 million** for cash-plus programmes by 2030 from an estimated baseline of **USD 5.7 million** in 2023. Using the SSN spending average for sub-Saharan Africa of 1.5% of GDP to calibrate allocations from ODA to cash-plus programmes would reduce the financing gap by about **USD 19.5 million** on average annually. Recent reports indicate that Malawi's social protection system is fragmented, consisting of various programs with differing objectives, coverage, and implementation mechanisms, some of which lack legal anchoring and are short-term in nature, relying heavily on donor funding. Consequently, the government struggles to provide comprehensive social protection entitlements, relying on reports from implementers due to limited oversight capacity.<sup>718</sup> Given this context, there is a greater need to consolidate fragmented donor spending and repurpose this towards child-sensitive social protection programmes which entail high socio-economic impact.

**Figure 66: Potential ODA for Cash-plus Programmes (million USD)**



717 World Bank Data (n.d.). World Development Indicators. Available at: <https://databank.worldbank.org/source/world-development-indicators>

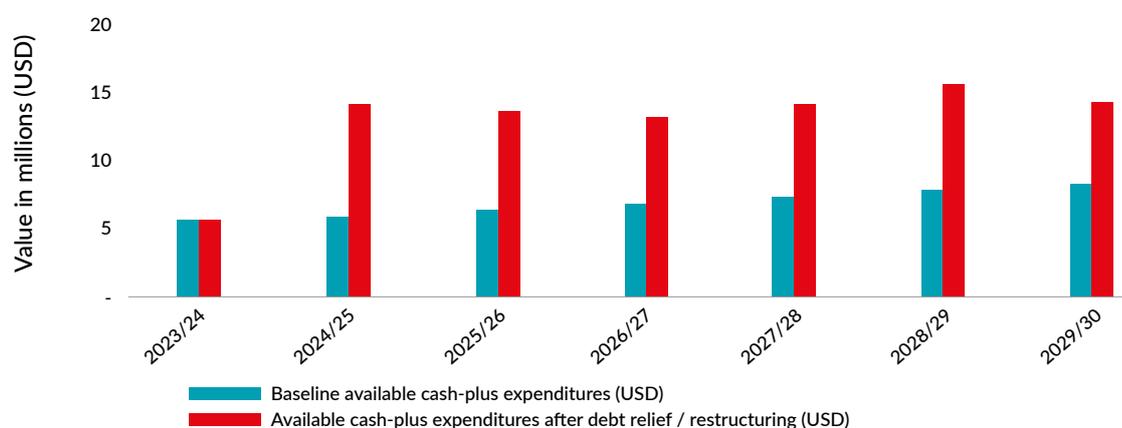
718 ILO (n.d.). Social Protection in Malawi: ASSESSMENT BASED NATIONAL DIALOGUE BRIEF. Available at: [https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---ilo-lusaka/documents/publication/wcms\\_493330.pdf](https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---ilo-lusaka/documents/publication/wcms_493330.pdf)

### 6.6.2.2.3 Deficit Relief / Restructuring

Malawi's debt stands at 78.6% of GDP, although above the 50% IMF threshold for developing nations to gauge sustainability<sup>719</sup> is assessed to be unsustainable. Public debt is projected to decline to 70.1% by 2029/30 according to the national debt sustainability analysis and IMF report.<sup>720</sup> Given this context, we therefore do not propose borrowing for social protection financing. Additionally, the Debt Sustainability Analysis (DSA) report also indicates an increasing trend in external commercial deficit financing in the medium term. These are often more costly due to their commercial and non-concessional nature and hence tend to be channeled mainly towards funding infrastructure projects such as roads, electricity, etcetera.

Moreover, Malawi is in need of nearly \$1 billion in debt relief by 2027, according to the International Monetary Fund (IMF).<sup>721</sup> This is largely driven by severe shortages of medicine, fuel, and fertilizers due to chronic foreign currency shortages. The IMF approved a \$178 million, four-year loan to Malawi in 2023, contingent on commitments from key bilateral creditors, China and India, to restructure their portion of the country's \$4 billion external debt. To address the 2023-2027 financing gap of \$1.6 billion, the majority is expected to come from debt restructuring, with the remainder sourced from grants, concessional loans, and the IMF loan. We therefore combine these debt relief/restructuring initiatives and a reform scenario proposed by the IMF to investigate ways of creating fiscal space for social sector spending. The reform scenario in particular would be aimed at stabilising public debt and returning to a moderate risk level within the medium term. The reforms mainly involve fiscal adjustments, rebuilding reserves, and external sector adjustments. These reforms would create an additional budgetary room of up to an estimated **USD 23.6 million** on average annually between 2023 and 2030. If channeled towards social protection (i.e., spending up to 1.5% of GDP), this would entail a reduction of the financing gap of cash-plus programmes by about **USD 6.1 million** annually on average, between 2023 and 2030.

Figure 67: Potential Savings from Debt Relief / Restructuring for Cash-plus Programmes (million USD)



### 6.6.2.3 Maximising Fiscal Space Scenario

Summing the total of these initiatives would eliminate the financing gap in Scenario A and create a surplus of 23% by 2030.

- DRM would create additional government revenue of about **USD 73 million** annually between 2024/25 and 2029/30. Prioritising CSSP through scaling up cash-plus programmes, these strategies would increase the budgetary room from the current **USD 5.7 million** to about **USD 9.9 million** by 2030. This would on average reduce the cash-plus programme financing gap by about USD 1.1 million year on year between 2023 and 2030.
- ODA would on average create fiscal space of about USD 77.5 million for social protection annually between 2023 and 2030. These funds from ODA would generate about **USD 31 million** for cash-plus programmes by 2030 from an estimated baseline of **USD 5.7 million** in 2023. Using the SSN spending average for sub-Saharan Africa of 1.5% of GDP to calibrate allocations from ODA to cash-plus programmes would reduce the financing gap by about **USD 19.5 million** on average annually.

719 IMF (2021). ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR MALAWI

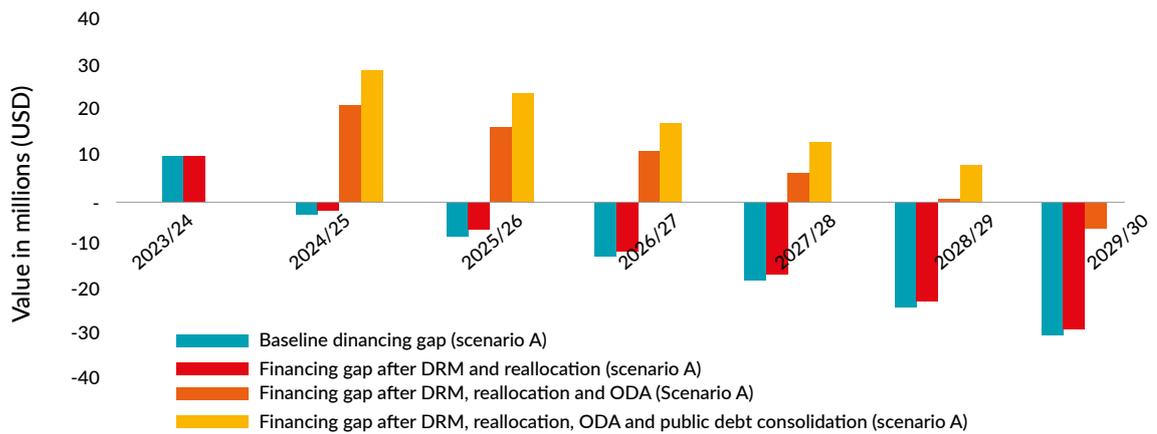
720 Ibid

721 Ibid; Reuters (2023). Malawi needs almost \$1 bln debt relief by 2027 – IMF. Available at: <https://www.reuters.com/world/africa/malawi-needs-almost-1-bln-debt-relief-by-2027-imf-2023-11-22/>

- Debt relief and restructuring would create an additional budgetary room of up to an estimated **USD 23.6 million** on average annually between 2023 and 2030. If channeled towards social protection, this would entail a reduction of the financing gap of cash-plus programmes by about **USD 6.1 million** annually on average, between 2023 and 2030.

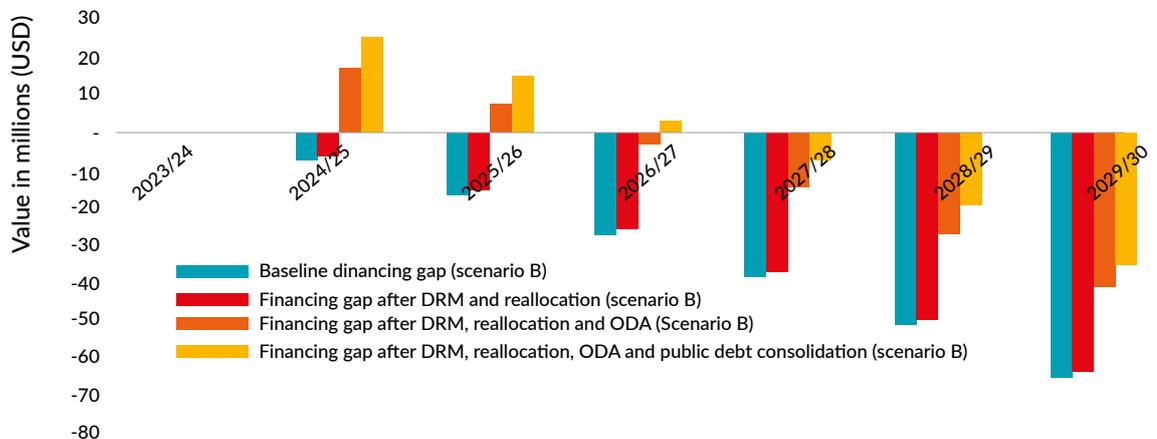
Therefore, scaling up cash plus programmes to cover up to 16% of the population under scenario A is feasible if these financing options are mobilized effectively. Prioritizing the social protection sector through CSSP programmes such as cash transfers is not just an expenditure but a significant investment in the futures of young children. This lays the foundation for social-economic transformation and long-term economic development through human capital development.

**Figure 68: Potential Fiscal Space for Cash-plus Programmes – Scenario A (million USD)**



On the other hand, under scenario B, the financing gap would be reduced by 54% using the above-modelled financing options and leave a gap of about USD 35.5 million by 2030 (or 46%). This is in part due to the larger cash-plus coverage target of 32% under scenario B, implying larger financial costs and requirements. This therefore means that to fully fund the financing gap for cash-plus programmes under both scenarios, it is important to increase funding from current sources, allocate more to social protection, and explore other financing options not modelled here. In addition to spending enough, which ought to be underlined by a comprehensive strategic plan for the social protection sector that aligns with broader national development plans, it is also vital to spend well by ensuring efficiency in service delivery and institutional arrangements that minimize leakages within the system.

**Figure 69: Potential Fiscal Space for Cash-plus Programmes – Scenario B (million USD)**



## 6.7 POLICY OPTIONS AND RECOMMENDATIONS

To secure the much-needed resources for scaling up cash plus programmes in Malawi, the following recommendations based on the findings of our fiscal space analysis ought to be undertaken.

**Fast-track domestic revenue mobilisation and increase the share of cash transfers in social protection expenditure.** Prioritizing the social protection sector through CSSP programmes such as cash transfers is not just an expenditure but a significant investment in the futures of young children. This lays the foundation for social-economic transformation and sustained long-run economic development through facilitating human capital development. Current spending on social protection needs to be increased to at least 1.5% of GDP (the regional average for SSA spent on SSN) in the medium term.

**Accelerate evidence-based advocacy for greater ODA for CSSP.** Within the current constrained fiscal environment, an evidence-based advocacy plan is necessary to convince development partners to allocate more funding towards the sector and CSSP programmes in particular. Widely circulating the evidence built in this study around the benefits of investing in CSSP through cash plus programmes will be necessary to garner support from key stakeholders. It is therefore crucial to demonstrate the link between increased spending and the heightened benefits of investing in CSSP and how this feeds into long-term socioeconomic transformation.

**Secure debt relief & restructuring and prioritize social spending.** Additional savings could be made from reduced debt servicing and interest payments resulting from debt relief and or debt restructuring to create budgetary room that can be repurposed towards CSSP in the short-medium term (2024-2030). A combination of debt relief/restructuring initiatives and a reform scenario aimed at stabilizing public debt through fiscal adjustments, rebuilding reserves, and external sector adjustments would put the country back to a moderate-risk debt level within the medium term and would free up resources for social spending.

**Explore other potential avenues for creating fiscal space and enhance institutional arrangements that incentivize investments in the sector.** These include leveraging climate finance / the green economy to fund climate-sensitive programmes through the carbon market to optimize desired socio-economic outcomes for children, curbing leakages within the PFM system that allow for waste and allocative inefficiencies and improving the efficiency of the social protection sector and CSSP programs. Additionally, curbing illicit financial flows (IFFs) is an important strategy, however, this requires building institutional capacity and sophisticated mechanisms to address the complexities involved in curbing IFFs.

**Table 23: Policy Options / Recommendations Implementation Timelines and Responsibilities**

Specific recommendation	Priority	Implementation Timeline	Responsible entities
<b>Fast track tax revenues and Increase expenditure on social protection and CSSP</b>	High	Short - medium term and on an ongoing basis. Spending targets can be aligned with national development goals	MoF, All relevant line ministries / departments
<b>Restructure SOEs to be more efficient</b>	High	Short - medium term and on an ongoing basis.	All relevant MDAs
<b>Accelerate evidence-based advocacy for greater ODA for CSSP.</b>	High	Ongoing each year, possibly organised around investments for greatest impact and human capital development more generally.	MoF, All relevant line ministries / departments, Development Partners (DPs)
<b>Secure debt relief &amp; restructuring and prioritise social spending.</b>	High	Sort-medium term	MoF
<b>Enhance institutional arrangements and improve efficiency of service delivery</b>	High	On-going on an annual basis	All ministries, departments and agencies (MDAs)
<b>Build institutional capacity to minimise illicit financial flows</b>	High	On-going on an annual basis	MoF, All relevant MDAs
<b>Explore climate finance for social sector financing</b>	Medium	On-going on an annual basis	MoF, All relevant line ministries / departments, DPs

## 6.8 KEY FINDINGS AND POLICY OPTIONS

### 6.8.1 Key Findings

**The CBA in Malawi focused on expanding the SCTP, chosen for its scale, proven impacts, and widespread political support.** The SCTP is deeply ingrained in the country's framework. The CBA focused on making the SCTP more child-sensitive and advocated for categorical targeting. It simulated the incorporation of cash-plus components such as behavior change communication and referral to essential services and sought to expand the reach of the SCTP to 0-3-year-olds. Scaling-up scenarios were guided by the rates of multidimensional poverty in Malawi, particularly the 63.5% prevalence among 0-9-year-olds. In the more conservative Scenario A, coverage was modeled to increase to 16% of children aged younger than three years, representing a quarter of these children (0-3). Scenario B, a more ambitious approach, envisioned coverage expansion to 32%, or half of the children (0-3) experiencing multidimensional poverty. The value of the cash transfer remained constant at USD 5.3.

**The advantages of scaling up the SCTP are substantial.** In Scenario A, spanning from 2023 to 2060, an additional GDP of **USD 1.4 billion** (0.001% of Malawi's GDP) is projected, while the more ambitious Scenario B anticipates **USD 3.1 billion** (0.29% of Malawi's GDP) during the same period. These benefits result from improved healthcare, enhanced education access, and increased GDP stemming from the economic growth facilitated by cash transfer spending.

**Beyond monetary gains, health and education are expected to see non-monetary benefits.** Between 2023 and 2060, Scenario A is projected to yield an additional 2.2 million years of schooling and save over 11 thousand child lives. In the more ambitious Scenario B, within the same period, projections include 4.8 million extra years of schooling, and 30 thousand child lives saved.

**Additionally, the program's qualitative impacts are significant.** These include the enhanced prioritization of education, 100% increase in the amount spent on educational expenses, and healthcare by beneficiaries.<sup>722</sup> The program has seen a reduction in child labor and facilitated access to healthcare services. Cash-plus programs such as Maziko, suggest that expanding the SCTP to more children could also have significant impacts on nutrition outcomes.<sup>723</sup>

**Scaling up the program requires additional funds.** Between 2023 and 2060, these are estimated at **USD 780 million** for Scenario A and **USD 1.7 billion** for Scenario B. Despite the financial requirements, both scenarios offer substantial rates of return, with every USD 1 invested expected to yield **USD 1.9** in returns.

#### The rate of return on CSSP in Malawi

For every \$1 invested, \$1.9 is returned

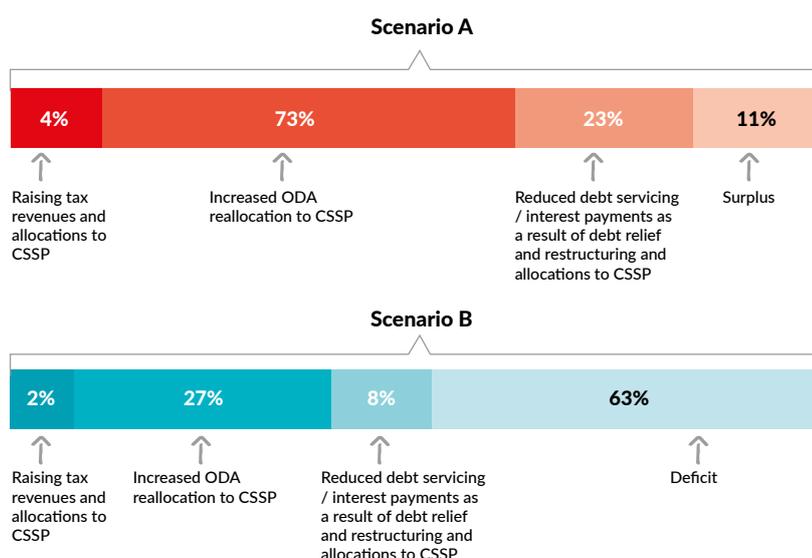


**The CBA also explores the option of enhancing the adequacy of cash transfers,** considering 30% of the international poverty line, or **USD 76.60**, per household, per month, as adequate<sup>724</sup>. While more expensive, increasing transfer adequacy is anticipated to generate more substantial returns, primarily through increased expenditure and consumption by beneficiaries. While these may currently be financially challenging, showcasing these returns is essential for advocacy purposes.

722 Damoah, K., et al. (2020). Policy Options to Improve the Educational Impact of the Malawi Social Cash Transfer (UNICEF; Malawi).

723 Roschnik, N. (2023). Maziko - Malawi Integrated Maternal and Child Grant Project.

724 Based on the average household size and composition in Malawi.

**Figure 70: Potential Fiscal Space for Cash-plus Programs, Scenario A**

**Investing in scaling up the SCTP program entails significant financing gaps compared to current social protection spending.** The FSA finds that scaling up the SCTP program would result in a financing gap of about **USD 3.2 million** in 2024, which is estimated to reach **USD 30 million** by 2030 for Scenario A. The financing gap for Scenario B is estimated to increase from about **USD 9.9 million** in 2024 to **USD 82 million** by 2030.

**The FSA explores ways to close this financing gap.** This can be achieved most significantly through Domestic Resource Mobilisation (DRM), public debt consolidation, and ODA reprioritization. Malawi has a Domestic Revenue Mobilisation Strategy (DRMS) which spans 2021-2026 and has undertaken initiatives to address structural issues in economic development such as the Affordable Inputs Program launched in 2020. Malawi must realize the strategies outlined in the DRMS to benefit from the increase in fiscal space. ODA remains an avenue for funding CSSP, which has seen an upward trend in recent years. Finally, fiscal space could be realized through debt relief and restructuring initiatives. Summing the total of these initiatives would eliminate the financing gap in Scenario A create a surplus of **11%** by 2030 and reduce the financing gap in Scenario B by **37%**.

**Other potential avenues exist for creating fiscal space for CSSP not modeled here.** These include leveraging climate finance / the green economy to fund climate-sensitive programmes to optimize desired socio-economic outcomes for children, curbing leakages within the PFM system that allow for waste and allocative inefficiencies, reforming State-Owned Enterprises (SOEs), and improving the efficiency of the social protection sector and CSSP programs. Moreover, curbing illicit financial flows is important.

## 6.8.2 Recommendations

Based on the findings of this analysis, a series of key findings and policy options have been developed.

- ✓ **R1: Malawi should scale up CSSP in order to harness the demographic dividend.** Nearly half of Malawian's are under the age of 18. Investing in CSSP will help improve socioeconomic indicators, such as high stunting rates and child poverty rates. Providing children with a strong start in life will help them prosper as adults, leading to economic growth. Social protection coverage has improved in Malawi, however only 7.61% of children are currently covered, compared to 21.13% of all Malawians.<sup>725</sup> The ILO's goal is for countries in Africa to reach 40% coverage by 2025, indicating a substantial way to go for Malawi, particularly for children. In comparison, Zambia is currently covering 17.95% of children.<sup>726</sup>

725 ILO (2023). Africa Social Protection Clock, accessed: December 22nd 2023. Available here: [https://africasocialprotection.io/?utm\\_source=hs\\_email&utm\\_medium=email&\\_hsenc=p2ANqtz-83W73w5\\_nUvuPnRvbxCCee530ts1HKrhvy4gFoaO7U1ZxT5a2ufs9cpie8Heb-xCtW3PnT](https://africasocialprotection.io/?utm_source=hs_email&utm_medium=email&_hsenc=p2ANqtz-83W73w5_nUvuPnRvbxCCee530ts1HKrhvy4gFoaO7U1ZxT5a2ufs9cpie8Heb-xCtW3PnT).

726 Ibid.

**Increased investment will also help Malawi build on the progress made thus far and reach national targets faster.** Investment in CSSP will contribute to the implementation of the MNSSP II. It will also support the government's ambition to scale up nutrition-sensitive social protection.

**Several suggestions for financing this scale-up are also made:**

- ✓ **R2: The percentage of social protection expenditure spent on cash transfer programmes should be increased.** As illustrated in this report, increasing expenditure on cash transfer programs yields very high rates of return Malawi should aim to reach the regional average of spending up to 1.5% of GDP on social protection. This will help build a resilient shock-responsive system able to respond to the needs and vulnerabilities of different population groups.
- ✓ **R3: Domestic resource mobilization (DRM) is a tool that can be used to scale up social protection spending in Malawi.** DRM is arguably the most sustainable option to increase expenditure in this sector. There are a range of ways to do this such as diligent implementation of the DRM strategy, or introducing a tourist levy, etc.<sup>727</sup> However, generating political support for DRM requires careful and thoughtful advocacy.
- ✓ **R4: Donors should continue playing a key role in helping Malawi build a strong national social protection system.** ODA is currently the most feasible option to increase expenditure and support government actions. Donor support will continue to play a crucial role, at least in the short- to medium-term, and so additional advocacy is required to generate support for continued ODA.
- ✓ **R5: The government should accelerate efforts to curb illicit financial flows, corruption, and leakages within the PFM system that allow for waste and allocative inefficiencies.** Government should also work on reforming State Owned Enterprises (SOEs), and assess the efficacy of subsidy programmes.
- ✓ **R6: The expansion of CSSP is feasible depending on the design of programmes and decisions made on how to progressively cover more beneficiaries.** Cost efficiencies could be made by applying additional categorical targeting. For example, the age range of children could be reduced, starting with a scale-up of cash-plus benefits targeting pregnant women, and children aged 0-2 years (instead of those aged 0-3 as presently modeled). Additionally, the scale-up can start by prioritising regions with higher poverty rates (e.g., Mangochi).

**Costs can also be contained by leveraging existing national programs.** The SCTP program is a national program, meaning its substantial existing infrastructure and resources can be utilized to speed up the scale-up. Working closely, and learning from, CSSP programs such as Maziko could support a more efficient scale-up, particularly in regards to cash-plus components. However, service availability must also be considered.

- ✓ **R7: The SCTP is a well-established program suitable for expansion but needs to be more child sensitive.** The SCTP is well-embedded in Malawi and is in line with government priorities, making it a good program to consider scaling up. However, it is imperative that the program becomes more child sensitive. This can be achieved through its targeting approach and the introduction of "plus" components. Ensuring that children aged 0-3 are highlighted as an important category will help the program become more child-sensitive. The government already has plans to make changes to the targeting approach. The addition of "plus" components is also important. Work done by development partners in this space, such as the Maziko program, is generating important evidence about what this could look like. Moreover, the government's investment in the 1,000-day program and the Nutrition-Sensitive Social Protection Framework suggests a commitment to cash-plus elements.

While further research would be needed to establish the exact parameters of these components, initial suggestions include:

- A focus on improving health-seeking behavior and nutrition practices.
- A focus on positive parenting, making sure to actively engage fathers.
- Additional training on the importance of education for young children, particularly ECE.



# SOMALIA



The subsequent section undertakes an examination of the landscape of child-sensitive social protection (CSSP) in Somalia. It commences by presenting the rationale for prioritizing CSSP, elucidated through an analysis of the country's socio-economic indicators.



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# 7 SOMALIA

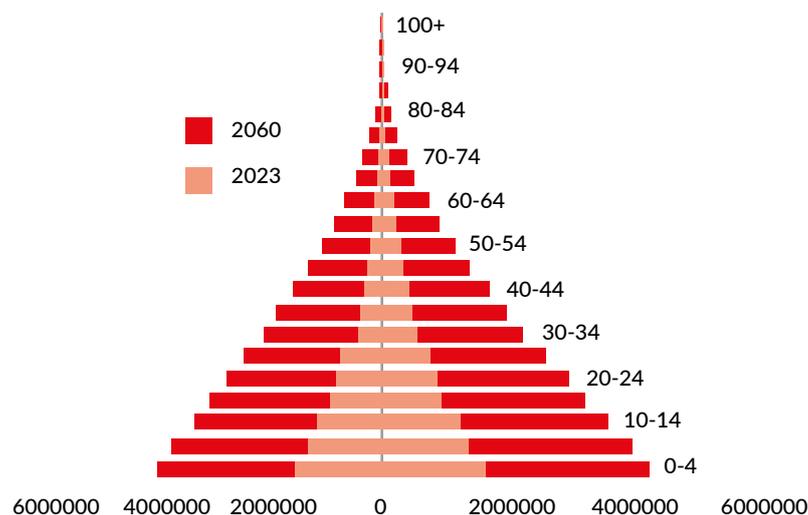
## 7.1 CONTEXT

The subsequent section undertakes an examination of the landscape of child-sensitive social protection (CSSP) in Somalia. It commences by presenting the rationale for prioritizing CSSP, elucidated through an analysis of the country's socio-economic indicators. Subsequently, it outlines the pertinent policies, legislation, and governance structures that define the social protection system for children, scrutinizing the financial mechanisms, available programs, and the efficacy of access.

### 7.7.1 Why is it Important for the FGS to Invest in CSSP?

In the FGS, prioritizing CSSP is crucial. In part, this is due to its youthful population, with 47% under 14 years old, and 73% of children experiencing poverty.<sup>728</sup> Strategic resource allocation is necessary to ensure CSSP supports the health and education of young people in the FGS, fostering their transition into successful adults.

Figure 71 : Population Pyramid FGS



In the FGS, the humanitarian situation remains challenging, with 5.1 million children needing urgent assistance.<sup>729</sup> Acute malnutrition affects 1.5 million children, emphasizing the need for immediate intervention.<sup>730</sup> Ongoing insecurity and conflict contribute to displacement and food insecurity, affecting 3.85 million children in need of humanitarian education assistance.<sup>731</sup>

728 The World Bank (2022). Population ages 0-14 (% of the total population), the World Bank Data, accessed on: 02.01.2024. Available at: <https://data.worldbank.org/indicator/SP.POP.0014.TO.ZS?locations=ZM>.

729 UNICEF (2022) Humanitarian Situation Report. <https://www.unicef.org/somalia/media/4186/file/SitRep%20August%202023.pdf>

730 Ibid

731 Ibid

**The Somalia Protection Monitoring System (SPMS) reports alarming protection risks, including family separation and sexual violence.**<sup>732</sup> Regions like Middle Jubba, Bari, Bay, and Bakool report significant percentages of family separation, posing additional challenges for the well-being of children.<sup>733</sup> A cholera outbreak exacerbates the current health crisis, demanding a coordinated response in hotspots like Buurhakaba, Banadir, Lower Juba, and Afgoye. Water scarcity affects 6.4 million people, necessitating a comprehensive approach to address WASH needs.<sup>734</sup>

**Beyond health challenges, the FGS faces protection risks and educational disruptions, making it one of the most dangerous places for children.** An estimated 2.3 million children are at risk, and the number of out-of-school children will increase to 4.84 million in 2022.<sup>735</sup> Drought-related issues further impact 2.4 million school-aged children, reiterating the need for urgent efforts to protect and support Somalia's vulnerable children.<sup>736</sup> Without timely action, these children face increased vulnerability to various threats, including sexual violence, child labor, child marriage, and recruitment into armed groups.<sup>737</sup>

**The socioeconomic landscape further underscores the need for comprehensive social protection measures in the FGS.** It is estimated that 82.2% of children are experiencing poverty, significantly higher than 40% of children across Africa. Moreover, the COVID-19 pandemic and subsequently the most severe drought in 40 years has had significant impacts on the economy, increasing poverty and reducing employment levels.<sup>738</sup> Given these challenges, the imperative for implementing CSSP is evident, aiming to address the multifaceted needs of the population across the FGS.

**Table 24: Socio Economic Indicators in the FGS** <sup>739</sup>

Socio Economic Indicators at a Glance	Figure	Data Year
Inequality (measured through the Gini Coefficient)	37	
Multidimensional Child Poverty	82.2%	2022
Youth Unemployment Rate	33.8%	2019
Youth Working in the Informal Sector	N/A	2021
Life Expectancy	55	2021
Mortality Rate, under 5s, per 1,000 live births	112	2021
Stunting Rates	25.3%	2009 and 2021
Literacy Rates	41%	2022 and 2020
Primary School Enrolment Rate (% Gross)	8%	2021 and 2020
Gender Inequality Index	N/A	

732 Ibid

733 Ibid.

734 Ibid

735 UNICEF (2022) 2022 UNICEF Somalia Annual Report. <https://www.unicef.org/somalia/media/3701/file/UNICEF%20Somalia%202022%20Annual%20Report%20ExtSum.pdf>

736 Ibid

737 Ibid.

738 UNICEF (2022). Somaliland: Regional Brief, accessed: 19.01.2024. Available here: <https://www.unicef.org/somalia/media/3766/file/Somaliland%20Brief%202022.pdf>.

739 The World Bank (2023). School Enrolment, Primary (% gross), accessed: 01.02.2024. Available here: <https://data.worldbank.org/indicator/SE.PRM.ENRR?locations=ZG>. Data from the UNESCO Institute for Statistics. The World Bank (2023). Mortality rate, under-5 (per 1,000 live births), accessed: 02.01.2024. Available here: <https://data.worldbank.org/indicator/SH.DYN.MORT?locations=MW>. Estimates developed by the UN Inter-agency Group for Child Mortality Estimation. Zambia Statistics Agency, *Highlights of the 2022 Poverty Assessment in Zambia*, (Zambia Statistics Agency: Lusaka, Zambia). The World Bank (2023). Gini Index, accessed: 02.01.2024. Available here: <https://data.worldbank.org/indicator/SI.POV.GINI?locations=TZ>. Based on household survey data. OPHI and UNDP (2022). *The Second Malawi Multidimensional Poverty Index Report*, (The National Statistics Office, Zomba, Malawi). UNICEF (2016). *Child Poverty in Tanzania*, (National Bureau of Statistics, Dar es Salaam, Tanzania). The World Bank (2023). Unemployment, youth total (% of total labor forces aged 15-24), accessed: 02.01.2024. Available here: <https://data.worldbank.org/indicator/SU.UEM.1524.NE.ZS?locations=TZ>. Data from the ILO. Zambia Statistics Agency (2021). *2021 Labor Force Survey Report*, (Zambia Statistics Agency: Lusaka, Zambia). UNDP (2021). Gender Inequality Index, accessed: 02.01.2024. Available here: <https://hdr.undp.org/data-center/thematic-composite-indices/gender-inequality-index#/indicies/GII>. Central Statistics Department, Ministry of Planning and National Development, Somaliland Government. *The Somaliland Health and Demographic Survey*, 2020.

## 7.1.2 Policies, Legislation, and Governance

**The Constitution of Somalia guarantees the entitlement of all individuals to their economic and social rights, encompassing social protection and the safeguarding of specific vulnerable groups.** The FGS has also ratified key international conventions relevant to social protection as the Convention on the Rights of the Child. Somalia is also in the process of ratifying the African Charter on the Rights and Welfare of the Child. Although Somalia has not ratified the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), other conventions, national action plans, and labor conventions provide frameworks for addressing gender-based violence and discrimination. Article 29 of the Constitution emphasizes children's rights, protecting them from mistreatment and ensuring suitable work conditions.

**The 2040 Vision Statement envisions a functional social protection system, progressively reducing deprivation and inequality.**<sup>740</sup> The evolving social protection system from 2019 to 2040 will employ various approaches, including social assistance, social insurance, active labor market policies, and social care services. The policy objectives aim to strengthen government capacities, expand social assistance, establish social insurance, integrate income support with labor-related policies, and extend access to quality social care services.<sup>741</sup>

**A transitional safety net has been developed to assist impoverished and vulnerable groups in Somalia.** The transitional safety net program, operational for three years, serves as a testing ground for categorical targeting in lifecycle schemes, with a potential transition to a child grant.<sup>742</sup> Policies in Somalia related to childcare or protection include the Somali Health Policy, the National Nutrition Strategy, and the 2017 National Youth Policy. Other policies indirectly impact child welfare, such as the National Disaster Management Policy and the Draft National Employment Policy.<sup>743</sup>

**The Somalia Social Protection Policy aligns with international conventions, recognizing social protection as a fundamental human right.**<sup>744</sup> The policy has fed into the creation of the Somalia National Development Plan (NDP). The NDP emphasizes the FGS's commitment to addressing the needs of vulnerable populations through social protection. The NDP's overarching goal is to achieve peace, stability, economic prosperity, and national cohesion.<sup>745</sup> It recognizes the importance of granting a larger proportion of the population access to a minimum standard of living and basic services for inclusive economic growth.<sup>746</sup> The NDP, serving as a guiding framework, integrates components such as social care services, resilience-building measures, social protection, and safety net programming.<sup>747</sup>

**Social protection institutions, led by the Ministry of Labor and Social Affairs (MoLSA), are emerging at the federal and state levels.** MoLSA works closely with the Ministry of Humanitarian Affairs and Disaster Management (MoHADMD) and the Ministry of Planning, Investment, and Economic Development (MoPIED).<sup>748</sup> During the COVID-19 pandemic, Somalia expanded safety net programs to support the poorest and vulnerable families, suggesting a growing interest in social protection across the country.<sup>749</sup>

Effective coordination mechanisms at both the federal and member state levels have been instituted, serving as valuable tools for harmonizing the efforts of government and non-governmental stakeholders crucial for the implementation of the Social Protection Policy.<sup>750</sup> However, institutional capacity emerges

740 Ibid.

741 Ibid.

742 Ibid.

743 Ibid.

744 Ibid.

745 Ministry of Labor and Social Affairs (2019) Social Protection Policy. <https://reliefweb.int/report/somalia/somalia-social-protection-policy-march-2019>. Accessed on 17 January 2024.

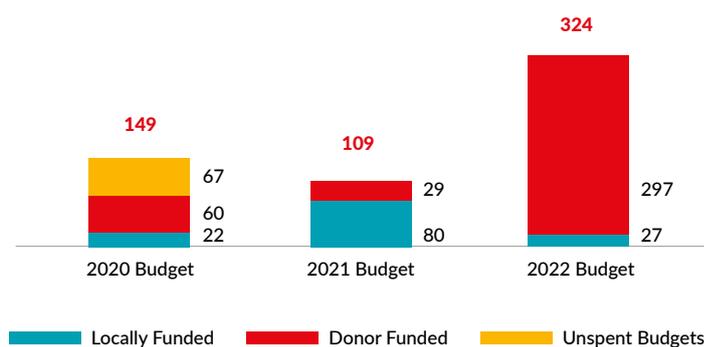
746 Ibid.

747 Ibid

748 Ibid

749 World Bank (2020). Somalia Scales up Social Protection Measures as COVID-19 Constrains Economic growth, accessed: 19.01.2024. Available here: <https://reliefweb.int/report/somalia/somalia-scales-social-protection-measures-covid-19-constrains-economic-growth>.

750 Ministry of Labor and Social Affairs (2019) Social Protection Policy. <https://reliefweb.int/report/somalia/somalia-social-protection-policy-march-2019>. Accessed on 17 January 2024

**Figure 72: Social Sector Spending in Somalia, US\$ Mn**<sup>751</sup>

Source: UNICEF Somalia Budget Brief 2022

as a significant challenge in executing social protection programs in Somalia across all government tiers. MoLSA aims to invest in human resources and foster technical expertise to formulate robust systems for social protection programming. At the FMS level, social transfers in cash and food remain extremely limited and sporadic, catering to only a small number of vulnerable and destitute individuals.<sup>752</sup>

### 7.1.3 Spending on CSSP in the FGS

**While the total budget for Somalia experienced growth from 2022 to 2023, there was a reduction in the allocation for the social services sector.** The FGS approved a budget of \$977 million for 2023, marking a 4 percent increase from the previous fiscal year's \$929.9 million.<sup>753</sup> Notably, \$260 million, equivalent to 26.6 percent of the total budget, was allocated to five social service ministries—namely, the Ministry of Labor and Social Affairs, the Ministry of Education and Higher Education, the Ministry of Health, the Ministry of Youth and Sport, and the Ministry of Women and Human Rights Development. This represents a significant decrease of \$63 million from its 2022 budget (\$323 million), primarily attributed to the reduction of the Ministry of Labor and Social Affairs (MOLSA) allocation from \$231 million in 2022 to \$128 million in 2023.<sup>754</sup> This reduction is influenced, among other factors, by a \$37 million cut in funding for the safety net program (BAXNAANO) run by MoLSA, decreasing from \$157 million in 2022 to \$120 million in 2023.<sup>755</sup>

**Social sector spending in Somalia relies heavily on donor support and has historically faced underspending until 2022.**<sup>756</sup> In prior years, social sector spending fell significantly short of budgeted amounts, with disbursements being 45 percent and 26 percent lower than budgeted amounts in 2020 and 2021, respectively.<sup>757</sup> The budget for social spending in 2022 exceeded the actual spending of the previous two years, mainly due to budgeted programs like Social Protection and Locust Emergency Response, as well as the COVID-19 response, among others.

**The specific allocation for Child-Sensitive Social Protection (CSSP) is not clearly indicated but dispersed across various ministries.** The Ministry of Justice, besides MOLSA, plays a pivotal role in child protection, with its budget allocation for 2023 ranking as the fifth highest in the Administration sector. This share has slightly increased from \$12 million in 2022 to \$14 million in 2023. Despite substantial investments in social services related to child development, the FGS needs to mainstream child rights across key ministries, ensuring that the budget formulation process, policies, and allocations are guided by the best interests of children.<sup>758</sup>

751 Ibid

752 Somali Public Agenda (2023) SPA\_Governance\_Briefs\_22\_2023\_ENGLISH.pdf (somalipublicagenda.org). Accessed 17 January 2024

753 Ibid

754 Ibid

755 UNICEF (2022) Investing in Social Development in Federal Republic of Somalia. <https://www.unicef.org/esa/media/11721/file/Somalia%20National%20Brief.pdf>. Accessed 17 January 2024

756 Ibid

757 Ibid

758 Save the Children (2018) Investment in Children: Public Health Spending and Child Protection in Somaliland. [FS18\\_Investment\\_In\\_Children.pdf](https://www.savethechildren.net/publications/fs18-investment-in-children) (savethechildren.net). Accessed 17 January 2024

## 7.1.4 CSSP Programs in the FGS

### SAGAL (Social Transfers to Vulnerable Somali People)

The SAGAL program, funded by the EU Emergency Trust Fund for Africa with a budget of €27 million and set to run from 2020 to 2024 in Somalia, is implemented by the government with the support of the Somali Cash Consortium (SCC).<sup>759</sup> This consortium comprises NGOs with a significant history of engagement in cash-based programming within Somalia. The program's primary objectives are to enhance household resilience to conflicts, climate-related shocks, and disasters. Additionally, it aims to deliver cash-based social transfers, coupled with system-building initiatives in collaboration with the government for effective social protection delivery.<sup>760</sup>

**Geographically, SAGAL predominantly focuses on urban areas in Somalia, specifically four corridors: Juba, Shabelle, Central North, and Somaliland.** Currently, the program covers 44,221 households across the FGS, with a particular emphasis on internally displaced people, returnees, and host communities. SAGAL adopts a testing approach by experimenting with four different models of social transfers. These models are targeted specifically at different groups: the first 1,000 days of life, youth, and the elderly at risk of contracting COVID-19 (a model that has now concluded), and people living with disabilities.<sup>761</sup> Beneficiaries are targeted with monthly cash transfers of USD 20, and with SBCC communicated via text messages.

**SAGAL utilizes a community-based and categorical targeting approach.** Local communities are informed about the program and who falls into the targeted categories. Community members support the selection of people they consider to be in those categories. Targeting is also done through health centers, as beneficiaries have to be enrolled in a health center in order to be on the program.

**More recently, the consortium has developed another cash transfer that focuses more closely on children under the age of 1.** This is implemented in three districts and the focus is on providing universal coverage in those areas.<sup>762</sup> The exact target group are women with children under the age of 1, or those who are pregnant.<sup>763</sup> The program focuses on providing cash transfers and additional support of the same kind as SAGAL.

### BAXNAANO

**Baxnaano, designed to operate in the FGS from 2020 to 2024, relies on the implementation systems and methodologies of WFP and UNICEF for its execution.**<sup>764</sup> The program's initial geographical focus was predominantly rural, spanning 21 districts, but it is currently expanding its reach to urban areas. As of now, the program covers 220,000 households for regular transfers and 315,000 households for emergency transfers.<sup>765</sup> Households are provided with a monthly transfer of USD 20. Targeting within Baxnaano occurs at three distinct levels. Firstly, at the district level, a distress index is used to rank districts within each state, and three are subsequently selected. The distribution of the total number of households targeted is then proportionally allocated to these districts based on their share of the total households with children under five, as per the 2014 population data. Secondly, at the community level within each district, communities are selected by considering factors such as the availability of nutrition services and the presence of WFP/UNICEF partners, along with the experience of WFP partners in implementing cash-based transfers. Thirdly, household selection utilizes a community-based approach. A selection committee prioritizes households into four categories using criteria provided by the program, with one of the initial criteria being those with children under five.<sup>766</sup>

759 IDS (2023) [Conflict-Sensitive Social Protection: Somalia Country Report \(ids.ac.uk\)](https://ids.ac.uk). Accessed 17 January 2024.

760 Ibid

761 Ibid

762 Genesis Meeting with the Somali Cash Consortium. November 2023.

763 Ibid.

764 Ibid

765 Ibid

766 Ibid

## Child Sensitive Social Protection Pilot

This pilot was implemented by Save the Children and Horn of Africa Voluntary Youth Committee (HAVOYOCO) as collaborators, in partnership with the Ministry of Employment, Social Affairs and Family of the Republic of Somaliland (MESAF) and National Displacement and Refugee Agency (NDRA).<sup>767</sup> The pilot initiative for Child-Sensitive Social Protection facilitates a monthly transfer of US\$20 (Sl. Sh. 170,000) to 450 vulnerable households with a minimum of two children under the age of five in the Mohamed Mooge IDP settlement.<sup>768</sup> The program specifically aims at households experiencing poverty, using a community-based targeting approach. Beyond the regular income transfer, beneficiary families partake in child-sensitive awareness sessions and life skills training. Leveraging social and behavior change communication, the initiative further advocates for improved access to social services and education.<sup>769</sup>

### 7.1.5 Access and Coverage

**The FGS has performed modestly in terms of social protection coverage in recent years, with only 12.67% of the general population currently benefiting from these programs.**<sup>770</sup> Amongst children (0-18), only 8.81% of the FGS receive social protection benefits, falling below the Eastern Africa average of 12.16%. In comparison to Djibouti, the FGS lags in coverage but surpasses Ethiopia. In Djibouti, 20.03% of the general population and 15.84% of children are covered by social protection benefits, while in Ethiopia, the coverage is 10.57% for the general population and 7.38% for children. The FGS falls significantly short of the International Labor Organization's (ILO) ambitious target of achieving 40% coverage by 2025. According to the ILO's Africa Social Protection clock, the outlook for the FGS in 2025 is modestly positive, anticipating an increase in child coverage to 9.08%. However, this projection remains below the Eastern African average.<sup>771</sup>



Amongst children (0-18), only **8.81%** of the FGS receive social protection benefits, falling below the Eastern Africa average of 12.16%.

**In a fragile context like the FGS, numerous persistent barriers hinder vulnerable populations from accessing the necessary assistance.**

Challenges encompass the limited technical, institutional, and financial capacity of government actors, constraints in short-term funding streams, concerns related to perceived trust and accountability in international aid, and issues of marginalization, insecurity, and restricted access in significant portions of South and Central Somalia.<sup>772</sup> These challenges hinder the overall effectiveness of the programs, requiring a thorough assessment and possible adjustments to providing assistance to the most vulnerable.

### 7.1.6 Conclusion

The FGS **acknowledges the significance of CSSP, particularly in the face of pressing humanitarian crises.** Despite this recognition, efforts to address child-specific challenges have not fully kept pace with the severity of the existing crises across the country. The Somalia National Development Plan charts a comprehensive path for social protection, with the ambition of establishing a robust system by 2040. While this foundational framework is vital for the long-term, its effectiveness hinges on sustained and coordinated efforts from key stakeholders, including both government entities and donors. It is imperative to align actions with desired outcomes and ensure a prolonged commitment to tangible impacts on child welfare. As the FGS strives to realize its development objectives, the implementation of an extensive and inclusive CSSP framework will be pivotal in nurturing a resilient, healthy, and skilled population, laying the groundwork for enduring growth and prosperity.

767 Ministry of Employment, Social Affairs and Family (2023) The Somaliland Social Protection Policy 2022-2030. <https://mesaf.govsomaliland.org/article/somaliland-social-protection-policy-2022-2030?category=publications>. Accessed 17 January 2024

768 Ibid

769 Ibid

770 ILO (2023). Africa Social Protection Clock, accessed: 17.01.2024. Available here: [https://africasocialprotection.io/?utm\\_source=hs\\_email&utm\\_medium=email&hsenc=p2ANqtz-83W73w5\\_nUvuPnRvbxCCee530ts1HKrhvy4gFoaO7U1ZxT5a2ufs9cpie8Heb-xCtW3PnT](https://africasocialprotection.io/?utm_source=hs_email&utm_medium=email&hsenc=p2ANqtz-83W73w5_nUvuPnRvbxCCee530ts1HKrhvy4gFoaO7U1ZxT5a2ufs9cpie8Heb-xCtW3PnT). Data is provided by World Data Lab.

771 Ibid

772 Federal Government of Somalia (2019) MoLSA-Somalia-FINAL-min.pdf (baxnaano.so). Accessed on 17 January 2024

## 7.2 PROGRAM SELECTION

### 7.2.1 The Conditions for Scaling up and Benefitting from Cash Plus Programs in the FGS

The complete realization of the benefits of scaling up CSSP in the FGS hinges on considering the availability of services.

The adoption of mobile money in the FGS reflects a shift toward remote monitoring and learning, especially in a high-risk operating environment.<sup>773</sup> In the initial stages, cash transfers relied on the hawala system with trusted agents, but by 2012, there was a transition to mobile money platforms, particularly utilizing the services of the dominant telecom company, Hormuud.<sup>774</sup> With 80% mobile phone coverage and 50% of the population having mobile cellular subscriptions, mobile money remains a viable choice for transfer of funds.<sup>775</sup> However, the integration of digital technologies brings about new risks and vulnerabilities, such as concerns related to data privacy, surveillance, susceptibility to network shutdowns, and the potential exclusion of certain groups or individuals, either due to political motives or socioeconomic status.<sup>776</sup> Despite the challenges associated with mobile money technology, expanding its usage could streamline the scale-up of social protection programs, offering increased efficiency and cost-effectiveness.<sup>777</sup>

The FGS grapples with a significant shortage of healthcare workers. This includes amongst others, accessible healthcare, and education services, coupled with robust food supplies. In the FGS, the availability of healthcare professionals is concerning, with only 0.23 doctors and 1.13 nurses and midwives per 10,000 people, indicating a critical shortage.<sup>778</sup> Moreover, when compared to neighboring countries, the FGS lags, as Djibouti boasts 2.03 doctors and Ethiopia has 1.03. The coverage of essential health services for Somalians is notably low, with only 27% benefiting, falling far below the African average of 44%.<sup>779</sup> A 2010 situation analysis by the World Health Organization (WHO) revealed the FGS's alarming prevalence of mental health problems, affecting one-third of the population. Despite these distressing figures, the country lacks adequate mental health services, with merely five low-capacity psychiatric units primarily located in Somaliland, the more stable region.<sup>780</sup>



The war in Ukraine significantly aggravated the food crisis situation, as more than 90% of the FGS's grains were historically sourced from Ukraine and Russia.<sup>782</sup>

The FGS grapples with the persistent challenge of limited access to nutritious food. It contends with frequent climate change-related droughts and floods, locust infestations, the global COVID-19 pandemic, persistent conflict, and, more recently, the exacerbating impact of the war in Ukraine on its food crisis.<sup>781</sup> The FGS currently faces some of the highest rates of acute malnutrition and severe micronutrient deficiencies globally. The war in Ukraine significantly aggravated the

situation, as more than 90% of the FGS's grains were historically sourced from Ukraine and Russia.<sup>782</sup> With the onset of the war, the FGS faced a substantial shortage of food supplies. Compounding the issue, the cost of a nutritious diet, estimated at USD 7 for a family of five, becomes an impractical expense in a country where 69% of the population lives on less than USD 2 per day.

773 IDS (2023) Conflict-Sensitive Social Protection: Somalia Country Report (ids.ac.uk)

774 Ibid

775 ITU, (n.d.). Population Coverage, by Mobile Network Technology, accessed: 03.01.2024. Available here: <https://datahub.itu.int/data/?i=100095>.

776 IDS (2023) Conflict-Sensitive Social Protection: *Somalia Country Report* (ids.ac.uk). Accessed 17 January 2024.

777 Ibid

778 The World Health Organization (2023). Medical Doctors (per 10,000 population), accessed: 03.01.2023. Available here: [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-\(per-10-000-population\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/medical-doctors-(per-10-000-population)).

779 Ibid

780 World Health Organization. A situation analysis of mental health in Somalia October 2010. Geneva: World Health Organization. 2010. EMROPUB\_2010\_EN\_736.pdf (who.int). Accessed 17 January 2024.

781 FAO (2023) Building nutrition resilience in a crisis context in Somalia | FAO Stories | Food and Agriculture Organization of the United Nations. Accessed 17 January 2024.

782 NRC (2023) How severe is Somalia's food crisis? | NRC. Accessed 17 January 2024.

**Consideration must also be given to educational services in the FGS, particularly in its Central and Southern regions.** Currently, preschool facilities, such as kindergartens and nursery schools, are managed by local NGOs and private foundations in larger urban centers.<sup>783</sup> However, for the majority of pre-primary age children, structured learning opportunities are primarily concentrated in Quranic schools. In rural nomadic communities, where formal ECE services are often non-existent, young children may be excluded, and traditional Quranic schools are often the only available option.<sup>784</sup> There is a need to provide transportation to ensure children can access schools, as well as increasing the number of available schools.

**There is a need to improve service availability across the FGS, alongside scaling up CSSP.** Ideally, these two things would happen at the same time as they support one another. The full benefits of CSSP will not be felt if service availability is very limited. If parenting programs enable caregivers to see the value of vaccination programs, but there are no available healthcare facilities, then caregivers will still be unable to vaccinate their children. However, cash transfers can assist families in accessing essential services by providing them with a means to get there. Cash-plus programs can also be sites to implement basic services, particularly healthcare services. As such, while it is imperative that CSSP is scaled up in the FGS, it is equally important that service availability is considered and improved in tandem.

## 7.2.2 Program Selection

Two programs were selected for scale-up in this study. The SAGAL program, specifically the ST1 grant, was selected, as was the Child-Sensitive Social Protection Pilot. Both programs run across the FGS and provide significant opportunity to scale up access to CSSP.

### 7.2.2.1 The SAGAL Program

**The programme selected for this investment case is the SAGAL program. Within the SAGAL program, the study focuses on scaling up ST1, the Maternity Child Grants.** The reason that this programme has been selected over other potential options are listed below:

- **Child sensitivity:** ST1 specifically targets mothers with children under 2 as a distinct category, meaning that a substantial proportion of the beneficiaries are children. This recognizes the importance of the first 1,000 days in a child's life, which is when the foundations of optimum health, growth, and neurodevelopment across the lifespan are established.<sup>785</sup> It also recognizes the strong rates of return that can emerge from investing in the early years.
- **Adequacy of the “cash” component:** The cash transfer is worth USD 20 per month or \$240 per year. While this does not meet the suggested adequate value of USD 76.60, it is considerably higher than other cash transfers in the region.
- **The “plus” components:** “Cash plus” programmes, also known as integrated social protection, are the combination of cash transfers with complementary programmes that are designed to generate additional benefits for households.<sup>786</sup> ST1 delivers SBCC through text messages, largely focused on health and nutrition. There is potential for the SBCC component to be expanded, to sectors outside of health and nutrition.

**As iterated above, the Baxnaano Program also runs across Somalia, on a larger scale.** However, the ST1 has been selected due its child-sensitivity and “plus” elements. Nonetheless, there is perhaps scope for the ST1 and the SAGAL program more generally to work more closely with Baxnaano. This might enable both programs to reach a greater number of children. Cost savings could be made through the sharing of resources, infrastructure and staff.

783 GPE (2017) Education Sector Strategic Plan 2018-2020. [https://www.globalpartnership.org/node/document/download?file=document/file/federal\\_government\\_of\\_somalia\\_essp.pdf](https://www.globalpartnership.org/node/document/download?file=document/file/federal_government_of_somalia_essp.pdf)

784 Ibid

785 UNICEF Office of Research (2013) The first 1,000 days of life: The brain's window of opportunity. Available at: <https://www.unicef-irc.org/article/958-the-first-1000-days-of-life-the-brains-window-of-opportunity.html>

786 UNICEF Office of Research (no date) Cash Plus. Available at: <https://www.unicef-irc.org/research/cash-plus/>

### 7.2.2.2 Child-Sensitive Social Protection Pilot

The second programme selected for this investment case is the **Child Sensitive Social Protection (CSSP) pilot cash plus programme**. The reason that this programme has been selected over other potential options are listed below:

- **Child sensitivity:** The CSSP pilot programme specifically targets children, with its target audience as children below the age of 5 in households with 2 or more children. This recognizes the importance of the first 1,000 days in a child's life, which is when the foundations of optimum health, growth, and neurodevelopment across the lifespan are established.<sup>787</sup> It also recognizes the strong rates of return that can emerge from investing in the early years.
- **Adequacy of the “cash” component:** The cash transfer is worth USD 20 per month, or \$240 per year. While this does not meet the suggested adequate value of USD 76.60, it is considerably higher than other cash transfers in the region.
- **The “plus” components:** “Cash plus” programmes, also known as integrated social protection, are the combination of cash transfers with complementary programmes that are designed to generate additional benefits for households.<sup>788</sup> The CSSP pilot contains a substantive “plus” component with a focus on behavior change for parents and caregivers in an attempt to improve the nutrition, education and overall well-being of children.

There are other CSSP pilots in the FGS, such as the **SAGAL and Baxnaano**. This project has chosen to also include the CSSP Pilot due to its focus on children aged 0-5 (rather than 0-2) and the cash-plus elements that support ECD more generally, without a specific focus on nutrition. However, it is important to note that there is the potential to make efficiency savings if these programs work more closely together. Not only could this be more cost-effective, but it could also support a larger scale-up that could then move towards a universal child grant.

## 7.3 SCALING UP THE SAGAL PROGRAM, ST 1

In order for ST 1 to have a greater impact on children, an increase in coverage is necessary. ST 1 is currently reaching around 2.8% of the population of 0-1-year-olds.<sup>789</sup> This is significantly less than the 73% of children (0-13) that are living in poverty and the 90% of the general population that are in multidimensional poverty.<sup>790</sup> The scale of poverty in the FGS requires scaling up ST1 to come closer to addressing this need. Thus, this investment case proposes a scale-up of ST1 to increase its coverage.

The development of scale-up scenarios requires consideration of need among the target population and the current targeting approach of the program. The scale up must ensure it responds to a specific need present in the target population and it must be aligned with the current status of the program. The SAGAL program relies on a combination of community-based targeting, and categorical targeting. The ST1 focuses on targeting children in the first 1,000 days of life, as well as pregnant and lactating women. However, as it is unable to currently target all of those children, an additional layer of targeting has been incorporated which focuses on targeting children living in poverty. The approach this investment case has taken has tried to align with this approach. Firstly, it continues to target children under two. It then targets children living in multidimensional poverty, as is aligned with the SDG target 1.2, which aims to reduce by half the proportion of men, women, and children of all ages living in poverty in all dimensions.<sup>791</sup> The study has utilised a national poverty rate of 73%, taken from 2023, and assumed that rate will also apply to 0-1 year olds.<sup>792</sup> As such, reaching 100% would involve reaching 73% of 0-1 year olds. As the program scales up, there will be the potential to increase the number of children reached, as well as the age range of those children.

787 UNICEF Office of Research (2013) The first 1,000 days of life: The brain's window of opportunity. Available at: <https://www.unicef-irc.org/article/958-the-first-1000-days-of-life-the-brains-window-of-opportunity.html>

788 UNICEF Office of Research (no date) Cash Plus. Available at: <https://www.unicef-irc.org/research/cash-plus/>

789 Please note that the research team was unable to access coverage data for just Somalia. As such, these scale-up scenarios and baseline coverage rates account for the whole of the FGS. The study recommends that the scale-up targets children just in Somalia to begin with, particularly because of the relationship between SAGAL and the Social Cash Transfer.

790 World Bank (2022) Somalia Economic Update. Available at : <https://www.worldbank.org/en/news/feature/2022/11/29/somalia-economic-update-investing-in-social-protection-to-boost-resilience-for-economic-growth>. Please note these figures cover the FGS not just GoS.

791 United Nations (2023) SDGs, Goal 1. Available at: <https://sdgs.un.org/goals/goal1>

792 The World Bank (2023). Somalia, accessed: 31.01.2024. Available here: <https://thedocs.worldbank.org/en/doc/bae48ff2f5c5a869546775b3f010735-0500062021/related/mpo-som.pdf>.

**Secondly, the scenarios must ensure that implementation capacities are considered.** To ensure the implementation of the scale up, they must be sensitive to existing service coverage and availability. In this case, ST1 could explore leveraging the capabilities of programs already in place across Somalia. In particular, this refers to Baxnaano, a large but less child-sensitive program in place across Somalia. Encouraging closer cohesion between both programs could support the scale-up of ST1, while also ensuring Baxnaano becomes more child-sensitive. Currently, ST1 targets areas that are not covered by Baxnaano, to ensure wider coverage across the country. This study suggests that this approach should continue, at least for Scenario A, to ensure wider reach across geographic areas. However, as the program scales up, there should be a focus on working with Baxnaano to avoid duplication. In this, there is a potential to improve the adequacy of cash transfers, and to reach more children with 'plus' components.

**Given the above considerations, two scale-up scenarios have been considered for ST1.** The first scale-up scenario, Scenario A, proposes to expand coverage of ST1 to 9% of the target population. This would reach one-eighth of the 0-2 population who are living in poverty, significantly increasing the reach of the programme and its impact on poverty rates, whilst limiting the increased cost of the programme. This approach to the scale-up is more realistic, presenting a scenario that could be Scenario B proposes to expand coverage of the program to 36.5% of the target population, or half of the children aged 0-2 living in poverty in Somalia, according to the above assumptions. This aligns with the aim of SDG 1.2 to reduce by half the proportion of children (0-18) living in poverty in all dimensions. Given that ST1 not only tackles monetary poverty but also health and learning poverty, it is likely to have a significant impact on multidimensional poverty on multiple fronts. This approach aligns with the current targeting approach of SAGAL while maintaining a strong focus on young children.

**Table 25: ST1 Scale-up Scenarios**

Intervention	Target, Scale-up A	Target, Scale-up B	Target Year	Baseline
ST1, Coverage of 0-2-year-olds.	9%	36.5%	2030	0.08%

## 7.3.1 Benefit Assessment

**The benefit assessment for Somalia focused on applying the benefit pathways to the scale-up of the SAGAL program, specifically ST1.** The benefits captured focused on three outcome areas: education, health, and poverty reduction. Details of these benefits are captured in the overarching methodology section which accompanies this case study. The monetary benefits are captured under each of the outcome areas, as well as non-monetary benefits where relevant. The overall benefits of the programme are highlighted first, before delving into the specific outcome areas in turn.<sup>793</sup>

### 7.3.1.1 Aggregated Benefits

**Scaling up coverage of ST1 is found to have impressive benefits, in both monetary and non-monetary terms.** The tables below indicate the non-monetary and monetary benefits from each of the scale-up scenarios. Both types are reported at three points at which these benefits are realized: 2030, 2045, and 2060. This is significant for certain types of benefits, such as additional years of schooling, given that the monetary benefit is not realized from this until beneficiaries reach working age. The monetary figures are 'discounted,' which reflects the fact that benefits received in the future are less valuable than those received today. Benefits are significant for both scale-up scenarios. As a reminder, scale-up scenario A reaches 9% coverage of children under 5 by 2030, and scale-up scenario B reaches 36.5% coverage of children under 2 by 2030.

793 Population data for Somalia excludes Somaliland.

**Table 26: Aggregated Benefits of Scale-up Scenarios**

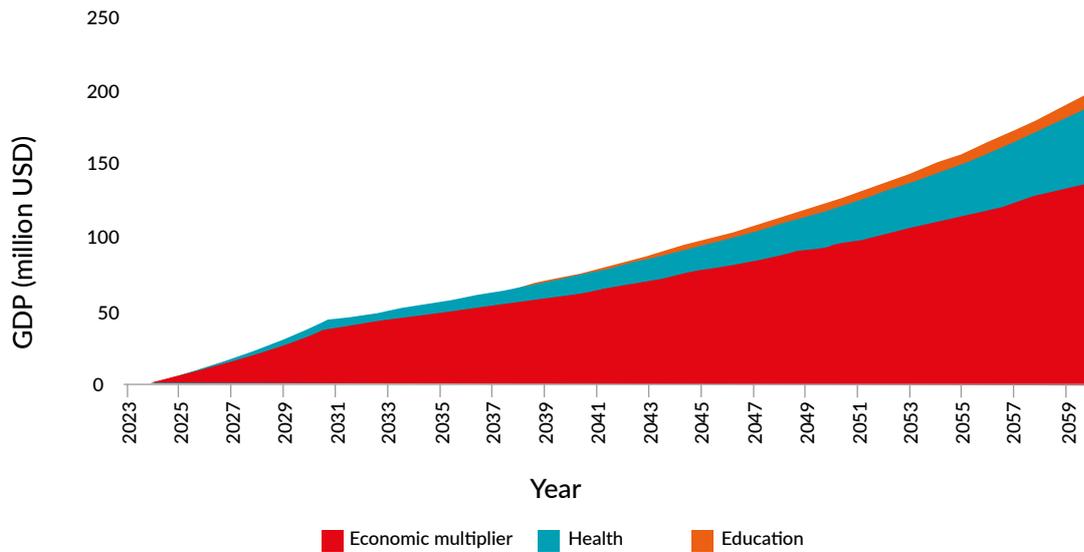
<b>Scale-up Scenario A</b>			
		<b>Total</b>	
<b>Non-monetary</b>	<b>2030</b>	<b>2045</b>	<b>2060</b>
Additional years of schooling	55,852	297,855	570,085
Child lives saved	229	1,364	3,011
Stunting cases averted	366	2,442	4,256
<b>Monetary</b>			
Additional GDP from additional years of schooling (discounted, USD)	-	5,783,865	26,644,845
Additional GDP from DALYs (discounted, USD)	13,862,150	83,477,694	186,035,235
Additional GDP from the economic multiplier (discounted, USD)	106,131,735	497,355,109	849,618,908
<b>Total additional GDP (discounted, USD)</b>	<b>119,993,884</b>	<b>586,616,669</b>	<b>1,062,298,988</b>
<b>Scale-up Scenario B</b>			
		<b>Total</b>	
<b>Non-monetary</b>	<b>2030</b>	<b>2045</b>	<b>2060</b>
Additional years of schooling	302,386	1,612,591	3,086,443
Child lives saved	1,240	7,385	16,302
Stunting cases averted	1,982	13,225	23,046
<b>Monetary</b>			
Additional GDP from additional years of schooling (discounted, USD)	-	32,157,362	145,098,851
Additional GDP from DALYs (discounted, USD)	75,049,776	451,949,365	1,007,196,608
Additional GDP from the economic multiplier (discounted, USD)	583,724,540	2,735,453,101	4,672,903,995
<b>Total additional GDP (discounted, USD)</b>	<b>658,774,317</b>	<b>3,219,559,827</b>	<b>5,825,199,454</b>

### 7.3.1.2 Monetary Benefits

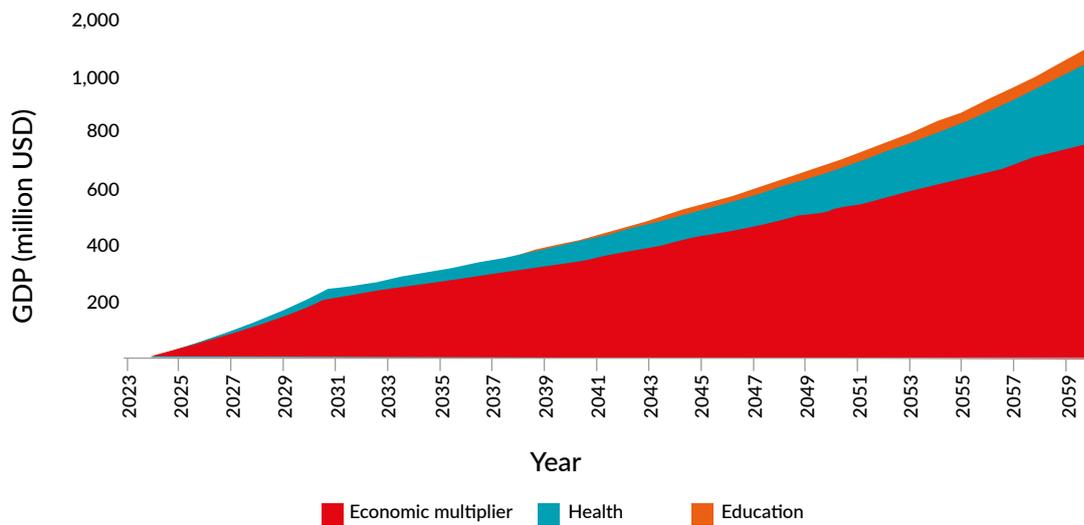
The ST1 scale-up contributes significantly to overall GDP in each of the respective scenarios. The total impact of Scenario A is nearly USD 1.1 billion, which between 2023 and 2060 constitutes a contribution to Somalia's GDP of 0.07%. Scenario B's contribution to GDP is over USD 5.8 billion, or 0.29% of GDP over the timeframe.

The graphs that follow visualize the contribution to GDP of the respective scenarios. Each shows the relative contributions of health, education, and economic multiplier benefits derived from the ST1 scale-up. As demonstrated in the graph, benefits from the economic multiplier and improved health increase significantly as the intervention reaches more people until it reaches full scale by 2030. Benefits continue to increase, partly due to an increasing population of children under 2 in Somalia. By the mid-2030s, beneficiaries enter the labor market, therefore gains from their improved education kick in and increase as a greater number of years are worked and more beneficiaries begin working.

**Figure 73: Scale-up Scenario A, Contribution to GDP (million USD)**



**Figure 74: Scale-up Scenario B, Contribution to GDP (million USD)**

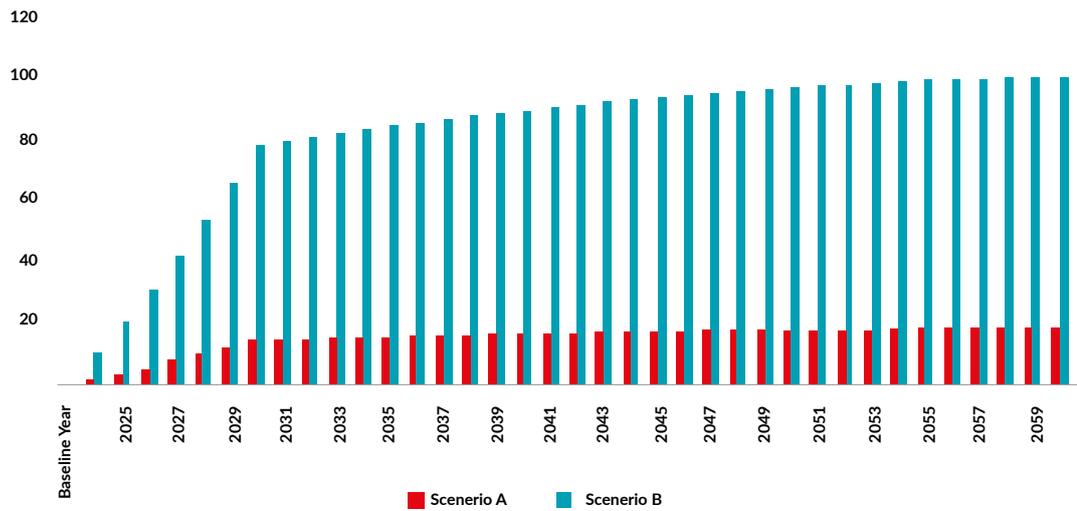


### 7.3.1.3 Non-Monetary Benefits

#### 7.3.1.3.1 Education

**Additional years of schooling are derived from the cash plus intervention in Somalia.** By 2060, 570,085 additional years of schooling will have been received in Scenario A, and 3,086,443 in Scenario B. The average years of schooling currently stands at 1.72 years. The average years of schooling will be increased to 1.79 in Scenario B as a result of the ST1 scale-up, all other things being equal. Whilst these impacts are relatively small, there is significant potential to increase this further if the programme continues to increase its reach and age range, along with other programmes that boost years of schooling.

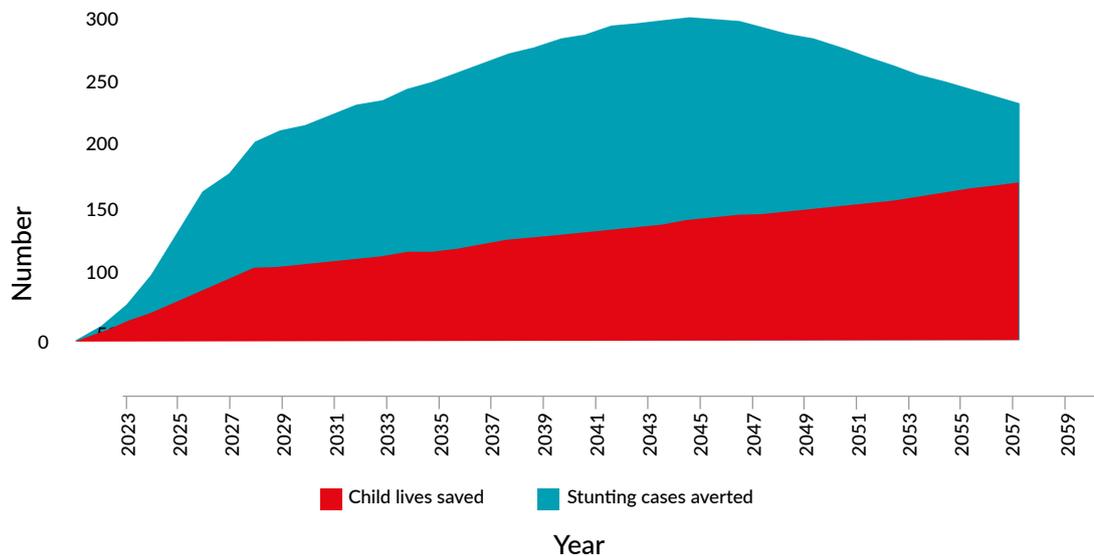
**Figure 75: Additional Years of Schooling from the ST1 Scale-up, Thousands**

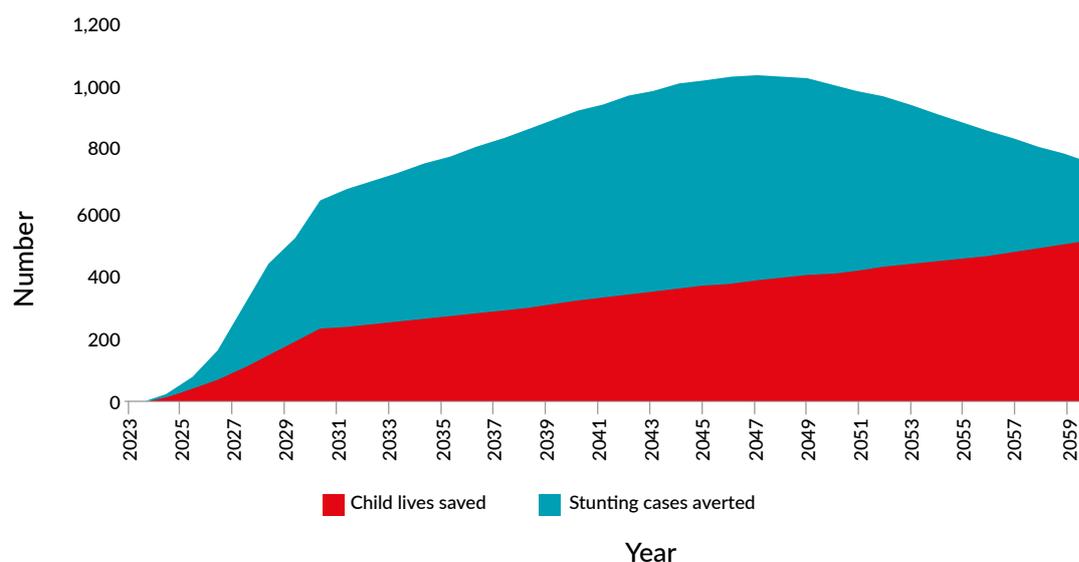


### 7.3.1.3.2 Health

The health benefits that accrue from the scale-up of ST1 are noted in the figures below. These benefits are expressed in terms of child lives saved and stunting cases averted. During the scale-up of the intervention, up to 2030, the increase in child lives saved and stunting cases averted is significant, before increasing more gradually up to 2050. The number of stunting cases averted peaks around 2046, given the decreasing number of stunting cases overall in the population projected at this time, as well as a slowdown in population increases. By 2060, it is estimated that over 3,000 child lives will be saved in Scenario A, and as many as 16,000 in Scenario B.

**Figure 76: Scenario A, Non-monetary Health Benefits**



**Figure 77: Scenario B, Non-monetary Health Benefits**

### 7.3.1.3.3 Qualitative Benefits

**Cash transfers facilitated by the ST1 have yielded substantial positive effects on the lives of recipients, extending beyond financial gains.** Evaluations conducted on the impact of cash transfers reveal that beneficiaries judiciously utilized the funds for essential material needs, including the purchase of food, clothing, debt repayment, and medical expenses.<sup>794</sup> Moreover, the financial support had a noteworthy influence on enhancing the diversity and substance of beneficiaries' diets.<sup>795</sup> The observed increase in the number of meals consumed within the last 24 hours following the introduction of cash transfers suggests a tangible alleviation of financial barriers to obtaining food.<sup>796</sup>

**Significantly, the assessments indicate a constructive impact on negative coping strategies employed by beneficiaries.** The cash transfers played a pivotal role in reducing negative coping mechanisms by an impressive 20%.<sup>797</sup> This positive shift is attributed to the role of cash transfers in alleviating household stress and mitigating fears related to financial stability. The ability of cash transfers to contribute to improved well-being by addressing immediate material needs and fostering more resilient coping strategies underscores their multifaceted impact on the lives of beneficiaries.

## 7.3.2 The Cost Assessment

**The cost assessment for ST1 is considered the scale-up of costing inputs to derive an overall cost of the programme.** Costing inputs received by programme implementers were broken down according to the cash component and operating costs involved in running the program.<sup>798</sup> The value of the cash transfer remained the same, at USD 20 per month. The 'plus' elements of the program are incorporated into the administration costs as the plus elements of the ST1 are not costly and are focused on providing text messages.

**The figures below outline the cost components of ST1 over time.** In every scenario, the costs of the programme grow, due to increases in inflation and increase in the size of the target population. In Scenarios A and B, costs grow fastest as the scale-up increases up to 2030, then level out to become back in line with increases in inflation and the target population.

794 OCHA (2022). Somali Cash Consortium Midline Assessment, accessed: 17.01.2024. Available here: <https://reliefweb.int/report/somalia/somali-cash-consortium-mpca-midline-assessment-december-2021>. Conducted by ReliefWeb.

795 Ibid.

796 Ibid.

797 Ibid.

798 Additional assumptions were made around economies of scale, and these were incorporated into the costing model. Further information on this can be found in the annex.

Figure 78: Cost of SCC, Baseline Scenario (million USD)

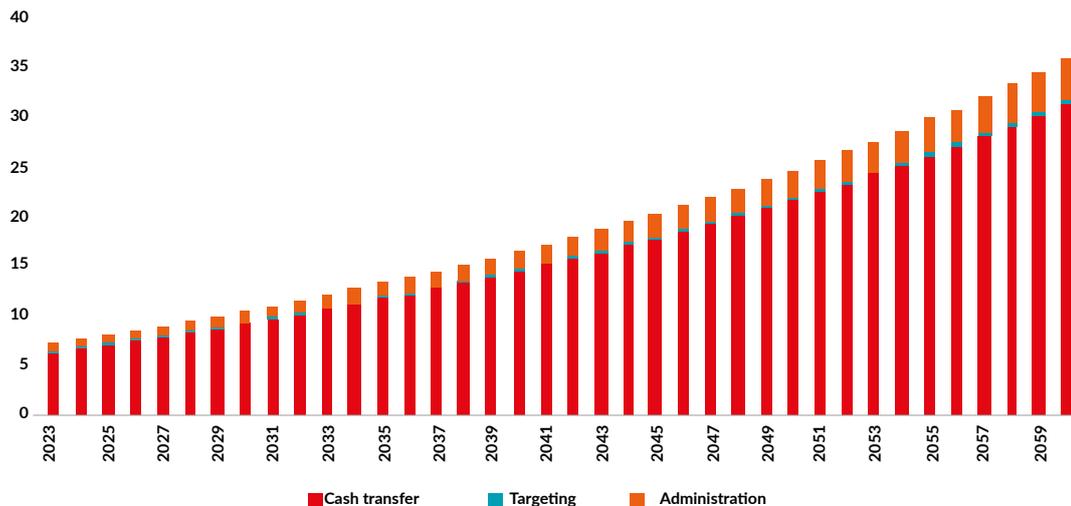


Figure 79: Cost of SCC, Scale-up Scenario A (million USD)

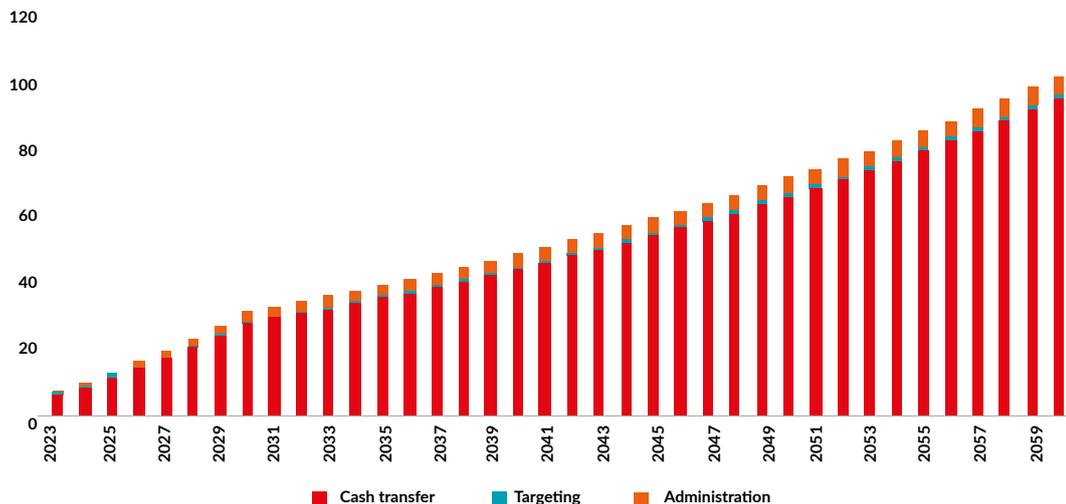
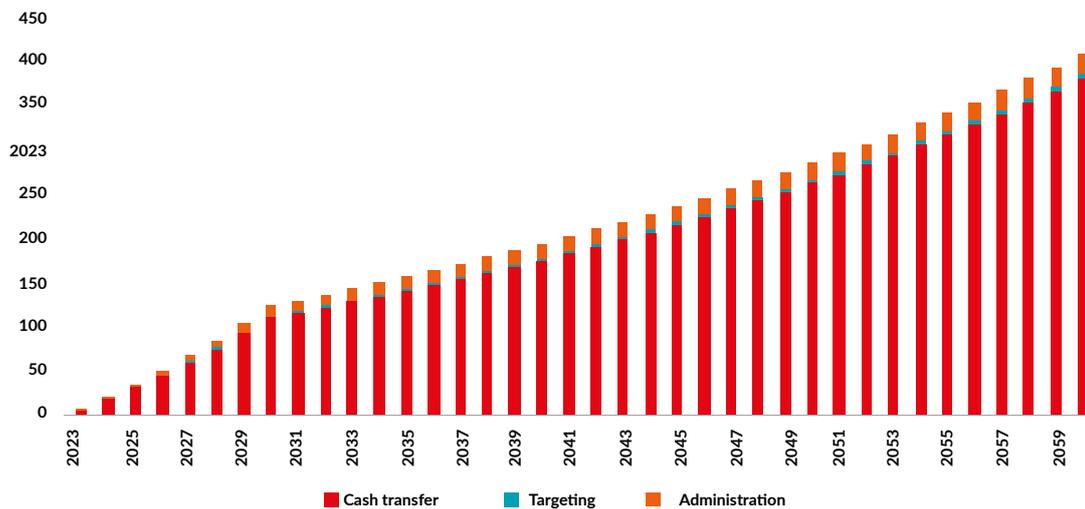


Figure 80: Cost of SCC, Scale Up Scenario B (million USD)



In each scenario, the majority of the expense is on the cash transfer. In 2023, the cost of the cash transfer equates to 88% of the total budget, 1% is spent on targeting, and 11% is spent on administrative and “plus” costs. Based on international literature, the study has assumed economies of scale will occur as the program is scaled up.<sup>799</sup> This assumption has been made based on well-established, larger social protection programs that spend roughly 3% of their budget on admin costs.<sup>800</sup> Therefore, it assumes that administrative costs will reduce until they are 5% of the total budget by 2060.

The total cost of the programme for each scenario is presented in the table below. The table displays costs by year at which they will be spent. By 2060, Scenario A will cost an additional USD 440 million and Scenario B will cost an additional USD 2,415 million.

**Table 27: Cost of ST1 Scale-up Scenario (million USD)**

	2023 - 2030	2023 - 2045	2023 - 2060
Baseline	57	161	253
Scenario A total cost	115	426	693
Scenario A additional cost	58	265	440
Scenario B total cost	378	1609	2668
Scenario B additional cost	321	1448	2415

### 7.3.3 Cost-Benefit Analysis

This section of the report brings together the benefits assessment and the costing exercise to produce benefit-cost ratios (BCRs) and a cost of inaction (COI). The BCR shows the relationship between the relative costs and benefits of the CSSP scale-up, expressed in monetary terms. If the BCR is greater than 1.0, the scale-up is expected to deliver a positive net present value to the economy. The cost-benefit analysis also incorporates a COI, which is the opportunity cost associated with not scaling up CSSP. Both the BCR and the COI are reported below, for each scale-up scenario, and by timeframe.

**Table 29: ST1, Cost-Benefit Analysis by Scale-up Scenario**

Scenario	Indicator	2023 - 30	2023 - 45	2023 - 60
Scale-up Scenario A	Total additional monetary benefits, discounted (million USD)	120	587	1062
	Total additional costs, discounted (million USD)	58	265	440
	Benefit Cost Ratio (BCR)	2.4		
	Cost of inaction (COI) (million USD)	61	120	182
Scale-up Scenario B	Total additional monetary benefits, discounted (million USD)	659	3220	5825
	Total additional costs, discounted (million USD)	321	1448	2415
	Benefit Cost Ratio (BCR)	2.4		
	Cost of inaction (COI) (million USD)	337	651	1001

Both scenarios include positive benefit-cost ratios, indicating that the ST1 scale-up is an investment that represents good value for money. By 2060, both scale-up scenarios deliver a benefit-cost ratio of 2.4. This means that for every \$1 invested in the CSSP programme, the benefits to society will equate to \$2.40.

799 Cecchini, S., et al. (2020). Estimates of the cost of cash transfers under the National Policy on Social Protection and Promotion in Haiti, accessed: 22.01.2024. Available here: <https://repositorio.cepal.org/server/api/core/bitstreams/836f2877-6640-4a35-8f9f-2a8dbf2e4ce9/content>.

800 Ibid. and Oritz, I. et al. (2017). Universal Social Protection Floors: Costing Estimates and Affordability in 57 Lower Income Countries, accessed: 22.01.2024. Available here: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---soc\\_sec/documents/publication/wcms\\_614407.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_614407.pdf)

**This benefit includes both short-term and lifelong benefits.** The short-term benefits are primarily seen through poverty reduction, via the economic multiplier effect generated through increased consumption by beneficiary families, as well as the lifelong benefits of the improved education and healthcare of the 0-1-year-olds. Given the additional qualitative benefits of the programme that are not captured in the quantitative analysis, this estimate is conservative, with the actual figure very likely to be higher than this, and likely to be significantly higher.

**Whilst both report positive BCRs and COIs, the BCR is higher for Scenario B and the COI is significantly higher for Scenario B.** The opportunity cost of not investing in the ST1 scale-up between 2023 and 2060 equates to 182 million USD for Scenario A and 1,001 million USD for Scenario B. These figures reflect that significant economic benefits will be foregone if these investments are not made. Across both scale-up scenarios, the COI is greater over longer time horizons. This is a result of additional benefits accruing at a much faster rate than costs, translating into a greater loss of opportunity over the long-term. Given that both the BCR and the COI are higher for Scenario B, the more ambitious Scenario B is the preferred option for scale-up should the fiscal space be adequate.

**Alongside the significant monetary cost-of-inaction, non-monetary consequences will also be felt if investment is not made.** If investment is not made in the SAGAL program, it is estimated that over 570,000 additional years of schooling will not be realized by 2060 in Scenario A. In Scenario B, this figure could be as high as over 3 million. If investment does not happen, there are also likely to be health consequences. In Scenario A, it is estimated that by 2060, over 3,000 child lives could be lost, in Scenario B this figure could be as high as 16,000. As such, investment in CSSP is paramount.

### The Adequacy of Transfer

**This study also considered the adequacy of the cash transfer values.** Throughout the study, cash transfer values remained constant, however, it is recognized that increasing the value until they are 'adequate' is likely to increase the benefits gained. As iterated above, an adequate cash transfer is considered to be one that is at least 30% of the international poverty line (\$2.15), which was determined to be USD 76.60.<sup>801</sup> This study, therefore, modeled increasing the value of the ST1 transfer from USD 5.30 to USD 76.60. From these calculations, it was determined that increasing the value of the cash transfer could result in a cost-benefit ratio that is 1.1 times higher.

## 7.4 SCALING UP THE CHILD-SENSITIVE SOCIAL PROTECTION PILOT

**In order for the CSSP pilot to have a greater impact on children, an increase in coverage is necessary.** The CSSP pilot is currently reaching around 0.08% of the population of 0-4-year-olds. This is significantly less than the 73% of children (0-13) that are in poverty and the 90% of the population that are in multidimensional poverty.<sup>802,803</sup> The scale of poverty in the FGS requires increased scale-up from the CSSP pilot to come closer to addressing this need. Thus, this investment case proposes a scale-up of the CSSP pilot to increase its coverage.

**Development of scale-up scenarios requires consideration of need among the target population.** The scale-up must ensure it responds to a specific need present in the target population and is also aligned with the targeting approach currently adopted by the program. The CSSP Pilot relies largely on categorical and community-based targeting. Households with two or more children under the age of five, living in poverty, are the chosen criteria. Community-based targeting helps reach the chosen beneficiaries. This project has therefore taken an approach that seeks to support the current targeting approach and will also meet international targets. In this case, SDG target 1.2 is the most relevant, that aims to reduce by half the proportion of men, women, and children of all ages living in poverty in all dimensions.<sup>804</sup>

801 World Bank. Further information on how this was calculated can be found in the introduction sections of this report.

802 World Bank (2022) Somalia Economic Update. Available at : <https://www.worldbank.org/en/news/feature/2022/11/29/somalia-economic-update-investing-in-social-protection-to-boost-resilience-for-economic-growth>

803 Figures for Somalia have been used in the absence of specific and up to date figures for Somaliland specifically.

804 United Nations (2023) SDGs, Goal 1. Available at: <https://sdgs.un.org/goals/goal1>

**Secondly, the scenarios must ensure that implementation capacities are considered.** To ensure the implementation of the scale-up, they must be sensitive to existing service coverage and availability. In this case, the CSSP pilot currently is small and only targeted at internally displaced people (IDPs) in the settlements of Mohamed Mooge, Sheikh Omar, and Sancaani, all in Hargeisa. There is a need to develop infrastructure for any scale-up scenario beyond this. The existing cash transfer programmes, such as the SAGAL, could be leveraged should these provide cost-efficient options for cash distribution as the program is scaled up. Given the very small size of the CSSP Pilot in its current form, this study recommends that that scale-up begins by targeting children who are not covered by any form of social protection in order to increase their reach. However, as the scale-up expands there will be scope to align more closely with other CSSP pilots. One larger program with comprehensive 'plus' elements could be better placed to support the government in its development of a universal child grant.

**Considering the above, this project proposes two scale-up scenarios.** These scenarios maintain the CSSP Pilot's current focus on children under 5, and poor households. However, they also acknowledge international targets. Utilizing the national poverty rate, Scenario A, the more conservative scenario, proposes scaling up the CSSP to cover half of the children living in poverty in the region of Hargeisa. Scenario B, more optimistic, proposes to expand coverage of the programmes to 36.5% of the target population, or half of the children living in poverty. Both scale-up scenarios align with the aim of SDG 1.2 to reduce by half the proportion of children living in poverty in all dimensions, while also considering the current targeting approach of the CSSP Pilot. Given that the CSSP pilot not only tackles monetary poverty but also health and learning poverty, it is likely to have a significant impact on multidimensional poverty on multiple fronts. These benefits will be increased as the program continues to scale up or expands its criteria such as reaching a wider age range of children.

**Table 30: CSSP Pilot Scale-up Scenarios**

Intervention	Target, Scale-up A	Target, Scale-up B	Target Year	Baseline
CSSP, Coverage of 0-5-year-olds.	7.5%	36.5%	2030	0.08%

## 7.4.1 Benefit Assessment

The benefit assessment for Somaliland focused on applying the benefit pathways to the scale-up of the Child Sensitive Social Protection (CSSP) pilot programme. The benefits captured focused on three outcome areas: education, health, and poverty reduction. Details of these benefits are captured in the overarching methodology section which accompanies this case study. The monetary benefits are captured under each of the outcome areas, as well as non-monetary benefits where relevant. The overall benefits of the programme are highlighted first, before delving into the specific outcome areas in turn.<sup>805</sup>

### 7.4.1.2 Aggregated Benefits

Scaling up coverage of the CSSP pilot is found to have impressive benefits, in both monetary and non-monetary terms. The tables below indicate the non-monetary and monetary benefits from each of the scale-up scenarios. Both types are reported at three points at which these benefits are realized: 2030, 2045, and 2060. This is significant for certain types of benefits, such as additional years of schooling, given that the monetary benefit is not realized from this until beneficiaries reach working age. The monetary figures are 'discounted,' which reflects the fact that benefits received in the future are less valuable than those received today. Benefits are significant for both scale-up scenarios. As a reminder, scale up scenario A reaches 7.5% coverage of children under 5 by 2030, and scale-up scenario B reaches 36.5% coverage of children under 5 by 2030.

<sup>805</sup> Where data is available for Somaliland, such as GDP per capita and population, it has been applied in the model. Where unavailable or outdated, data for Somaliland has been applied e.g. for average years of schooling or life expectancy.

**Table 31: Aggregated Benefits of Scale-up Scenarios**

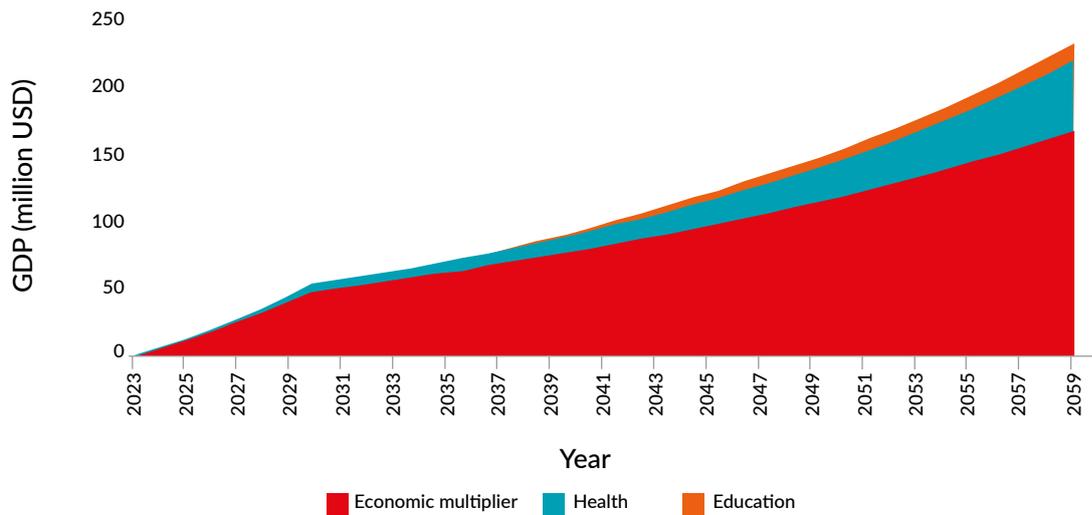
<b>Scale-up Scenario A</b>			
	<b>Total</b>		
<b>Non-monetary</b>	<b>2030</b>	<b>2045</b>	<b>2060</b>
Additional years of schooling	72,541	390,431	753,848
Child lives saved	229	1,364	3,011
Stunting cases averted	366	2,442	4,256
<b>Monetary</b>			
Additional GDP from additional years of schooling (discounted, USD)	-	8,051,001	36,329,835
Additional GDP from DALYs (discounted, USD)	14,710,279	87,652,853	193,346,435
Additional GDP from the economic multiplier (discounted, USD)	132,622,722	609,212,920	1,032,437,764
<b>Total additional GDP (discounted, USD)</b>	<b>147,333,001</b>	<b>704,916,774</b>	<b>1,262,114,033</b>
<b>Scale-up Scenario B</b>			
	<b>Total</b>		
<b>Non-monetary</b>	<b>2030</b>	<b>2045</b>	<b>2060</b>
Additional years of schooling	355,943	1,915,758	3,698,961
Child lives saved	1,108	6,632	14,647
Stunting cases averted	1,774	11,877	20,705
<b>Monetary</b>			
Additional GDP from additional years of schooling (discounted, USD)	-	39,504,453	178,262,348
Additional GDP from DALYs (discounted, USD)	71,174,932	426,162,126	940,537,558
Additional GDP from the economic multiplier (discounted, USD)	650,749,940	2,989,271,107	5,065,940,451
<b>Total additional GDP (discounted, USD)</b>	<b>721,924,872</b>	<b>3,454,937,686</b>	<b>6,184,740,357</b>

### 7.4.1.3 Monetary Benefits

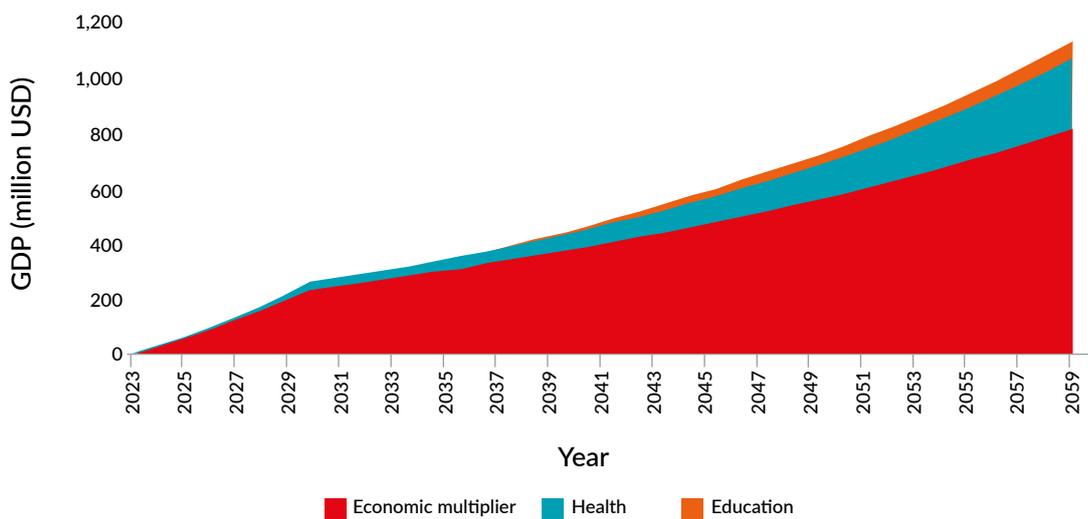
**The CSSP pilot scale-up contributes significantly to overall GDP in each of the respective scenarios.** The total impact of Scenario A is over USD 1.26 billion between 2023 and 2060, while Scenario B's contribution to GDP is over USD 6.2 billion across the timeframe.

**The graphs that follow visualize the contribution to GDP of the respective scenarios.** Each shows the relative contributions of health, education, and economic multiplier benefits derived from the CSSP pilot scale-up. As demonstrated in the graph, benefits from the economic multiplier and improved health increase significantly as the intervention reaches more people until it reaches full scale up by 2030. Benefits continue to increase, partly due to an increasing population of children under 5 in the FGS. By late-2030s, beneficiaries enter the labor market, therefore gains from their improved education kick in and increase as a greater number of years are worked and more beneficiaries enter the labor market.

**Figure 81: Scale-up Scenario A, Contribution to GDP (million USD)**



**Figure 82: Scale-up Scenario B, Contribution to GDP (million USD)**

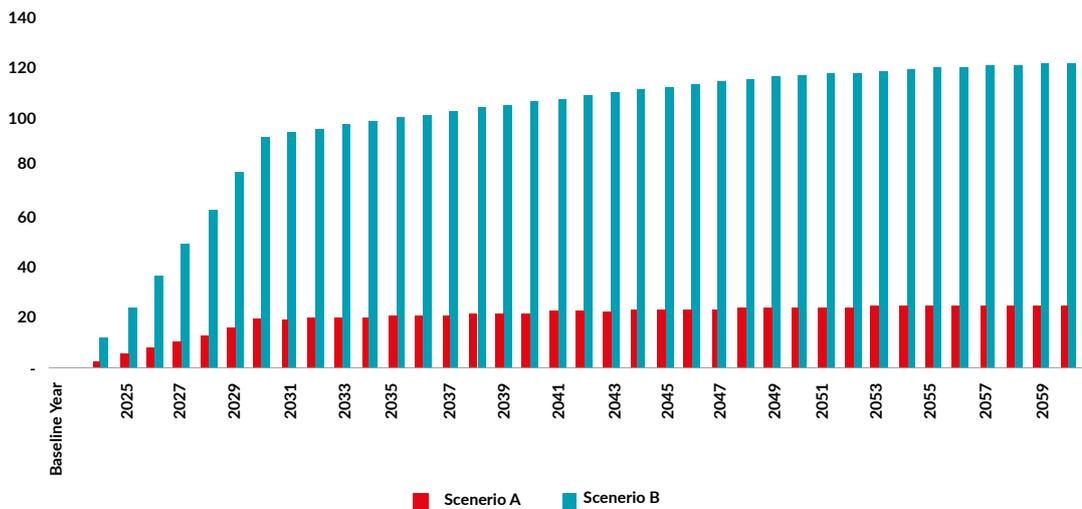


### 7.4.1.4 Non-Monetary Benefits

#### 7.4.1.4.1 Education

**Additional years of schooling are derived from the cash plus intervention across the FGS.** By 2060, 753,848 additional years of schooling will have been received in Scenario A, and 3,698,961 in Scenario B. The average years of schooling currently stand at 1.72 years. The average years of schooling will be increased to 1.79 in Scenario B as a result of the CSSP pilot scale-up, all other things being equal. Whilst these impacts are relatively small, there is significant potential to increase this further if the programme continues to increase its reach and age targeting, along with other programmes that boost years of schooling.

**Figure 83: Additional Years of Schooling Created by the Scale-ups, Thousands**



**7.4.1.4.1.1 Qualitative Benefits**

The midline and endline assessments of the CSSP pilot reveal significant improvements in various facets, notably in the realm of children’s education. The mid-term review indicates a substantial 40% increase in school enrolment, coupled with a commendable 6% reduction in school dropouts.<sup>806</sup> Beneficiaries have reported enhancements in the quality and accessibility of education, particularly for vulnerable children.<sup>807</sup> One noteworthy testimony comes from a woman who, thanks to additional financial support, enrolled her three children with disabilities in school, and noted improvements in the school’s conditions for children with disabilities.<sup>808</sup> The assessments also highlight increased engagement and understanding of the grant’s importance among children, fostering a more positive attitude towards education.

**Box 14: Opportunities for Education <sup>809</sup>**

“ Some of my siblings didn’t get to go to school, however after the project this was possible. And it was also possible for families who did not have any child go to school though they had a number of them, to get some of their children to school. ”

The program’s impact extends beyond education to address attitudes towards girls’ schooling. Both mid-term and endline assessments underscore a positive shift, with families expressing greater willingness to send their daughters to school.<sup>810</sup> Focus group discussions reveal that the program played a pivotal role in promoting the value of girls’ education. The endline survey further indicates a substantial change, with 97% of beneficiaries evenly allocating child grant money between boys and girls, challenging previous notions that favored keeping girls at home.<sup>811</sup>

806 Save the Children (2022). Impact Evaluation of the Child-Sensitive Social Protection Project in Somaliland (Ministry of Foreign Affairs of Finland).

807 Ibid.

808 Ibid.

809 Ibid.

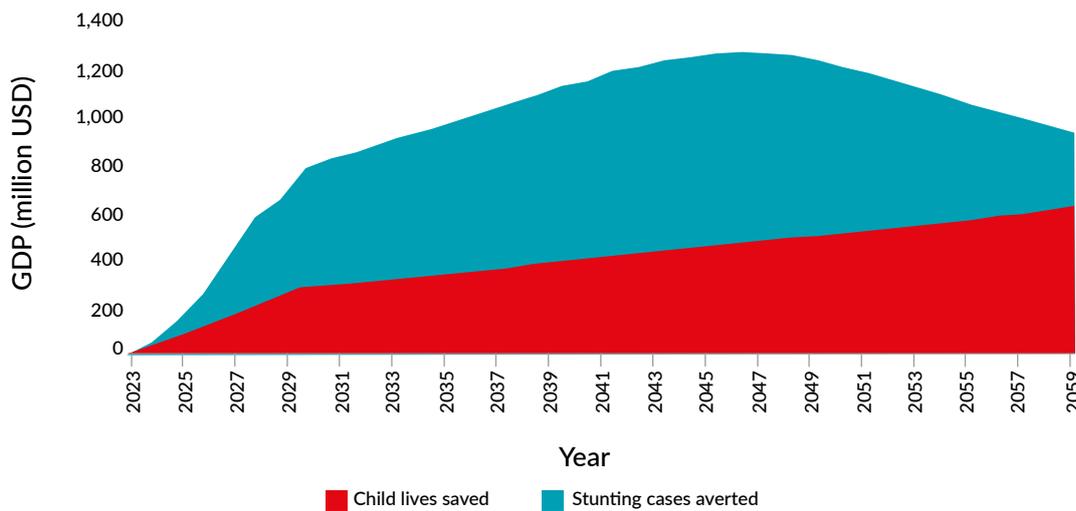
810 Ibid.

811 Ibid.

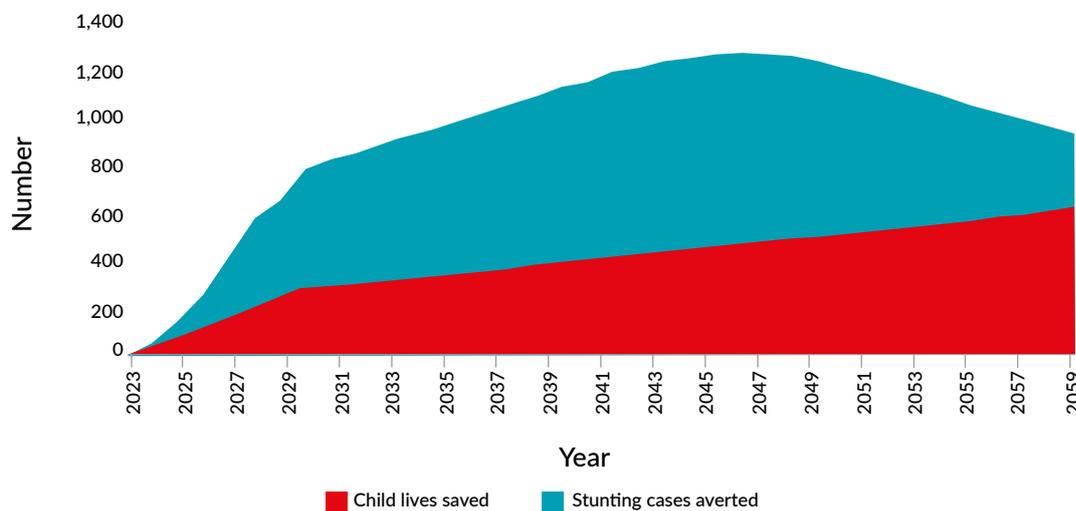
### 7.4.1.4.2 Health

The health benefits that accrue from the scale-up of the cash plus intervention are noted in the figures below. These benefits are expressed in terms of child lives saved and stunting cases averted. During the scale-up of the intervention, up to 2030, the increase in child lives saved and stunting cases averted is significant, before increasing more gradually up to 2050. The number of stunting cases averted peaks around 2046, given the decreasing number of stunting cases overall in the population projected at this time, as well as a slowdown in population increases. In Scenario A, by 2060, it is estimated that over 3,000 child lives will be saved, this increases to over 14,000 child lives in Scenario B.

**Figure 84: Scenario A, Non-monetary Health Benefits**



**Figure 85: Scenario B, Non-monetary Health Benefits**



#### 7.4.1.4.2.1 Qualitative Benefits

In the realm of health, the program demonstrates notable qualitative benefits. Access to healthcare and nutrition services saw a remarkable improvement, with only 6.9% of beneficiaries reporting access before the program, compared to 86% and 74% at the endline survey.<sup>812</sup> This positive trend also extended to non-beneficiaries, with 11.6% reporting access at baseline and 82% and 57% reporting access respectively at the endline.<sup>813</sup> Beneficiaries emphasized their ability to provide feedback and suggestions, leading to improvements in healthcare services.

812 Ibid.

813 Ibid.

**The program's influence on caregivers' attitudes towards feeding practices and dietary diversity is evident.** Caregivers reported increased awareness and efforts to purchase nutritious foods.<sup>814</sup> Notable changes in attitudes towards breastfeeding were also realized, with young mothers feeling more confident about breastfeeding and having a greater understanding of its importance.<sup>815</sup> Caregivers reiterated the importance of the nutrition training that the cash-plus program provided, stating that it significantly improved their understanding of good nutrition.

#### Box 15: Improvements in Nutrition Practices <sup>816</sup>

“

We gained insightful skills on how to proper breast feeding, information relating to child nutrition and best practice of child rearing.

”

**Mental health improvements emerge as a significant benefit.** Caregivers attributed positive changes to both the cash benefit and the broader cash-plus program.<sup>817</sup> The 'plus' elements show a particularly significant impact on caregivers' mood, reducing temper loss and depression indicators.<sup>818</sup>

#### 7.4.1.4.3 A Safe and Secure Environment for Children

**The CSSP program also contributes to creating a safe and secure environment for children.** Parents spend more time engaging in affectionate activities with their children, leading to improved relationships and increased security for children.<sup>819</sup> Positive parenting practices have witnessed a notable shift, with caregivers adopting more constructive discipline techniques and moving away from violent and negative forms of discipline.<sup>820</sup> The program's impact on children is evident in their increased happiness, socialization, and emotional maturity.<sup>821</sup> Children on the cash-plus program exhibit positive attributes such as a lower likelihood of fighting, higher self-esteem, and an increased likelihood of having at least one good friend, underscoring the broader positive impact of the program on child development.<sup>822</sup>

#### Box 16: Positive Parenting

“

We pay attention to them and spend time with them, and they always share what they have learnt with us.

”

**In summary, the CSSP pilot has demonstrated multifaceted positive impacts.** These range from educational improvements to health and overall well-being, with a profound influence on parenting practices and child development. The comprehensive nature of these findings underscores the transformative potential of cash-plus programming, extending far beyond economic returns, and holds substantial promise for the future prospects of the beneficiaries in Somaliland.

814 Ibid.

815 Ibid.

816 Ibid.

817 Ibid.

818 Ibid.

819 Ibid.

820 Ibid.

821 Ibid.

822 Ibid.

## 7.4.2 The Cost Assessment

The cost assessment for the CSSP pilot is considered the scale-up of costing inputs to derive an overall cost of the programme. Costing inputs received by programme implementers were broken down according to the cash component and operating costs involved in running the program. The value of the cash transfer remained consistent at USD 20, per household, per month. The plus components that were scaled up aligned with the costing data that was provided by the program implementers, no additional assumptions were made.

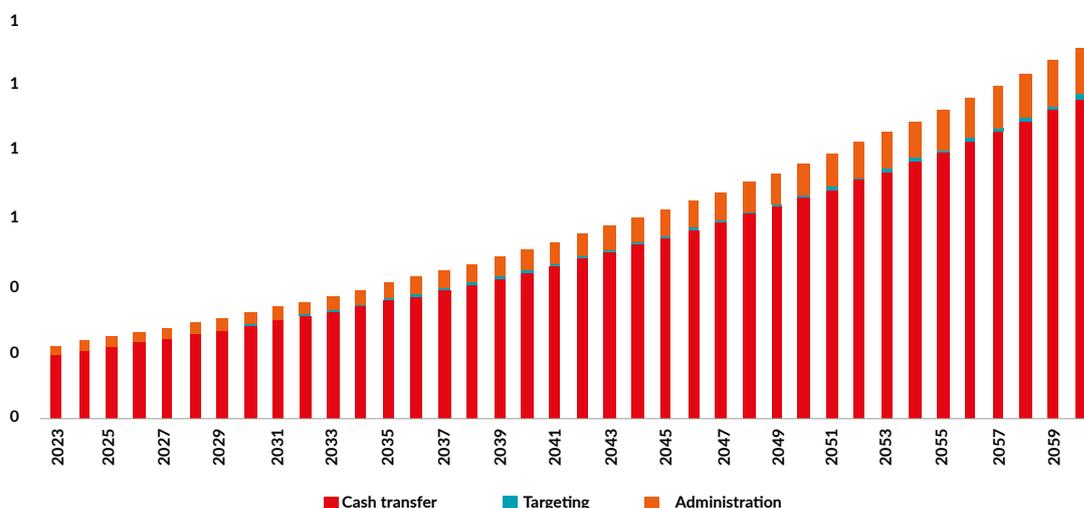
The figures below outline the cost components of the CSSP pilot over time. In every scenario, the costs of the programme grow, due to increases in inflation and increase in the size of the target population. In Scenarios A and B, costs grow fastest as the scale-up increases up to 2030, then level out to become back in line with increases in inflation and the target population.

In each scenario, the majority of the expense is on the cash transfer. In both scenarios, approximately 87% of the costs were associated with the cash transfer. 1% covers targeting costs, while 11% covers administrative costs and cash “plus” costs. Based on international literature, the study has assumed economies of scale will occur as the program is scaled up.<sup>823</sup> This assumption has been made based on well-established, larger social protection programs that spend roughly 3% of their budget on admin costs.<sup>824</sup> Therefore, it assumes that administrative costs will reduce until they are 5% of the total budget by 2060.



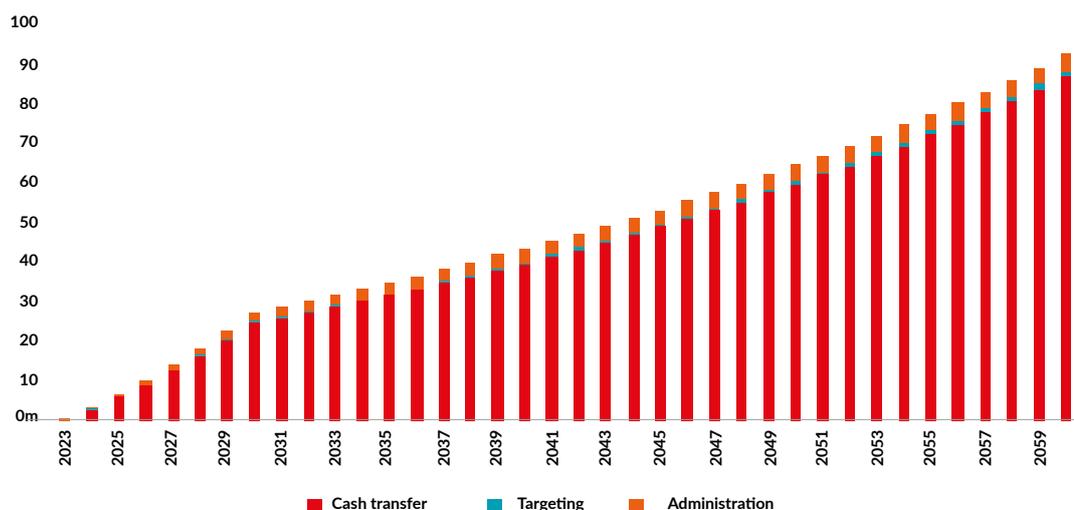
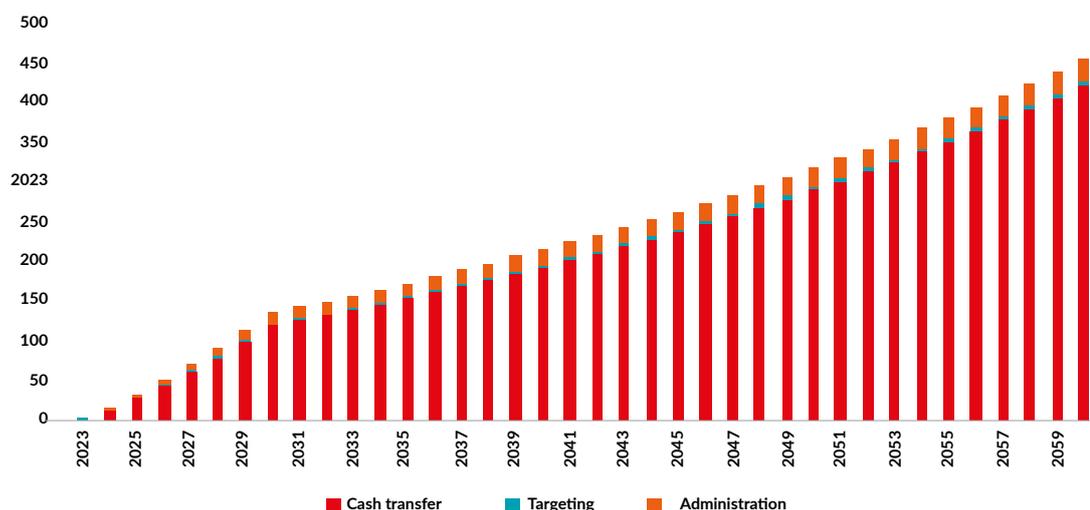
In both scenarios, **approximately 87% of the costs** were associated with the cash transfer. 1% covers targeting costs, while 11% covers administrative costs and cash “plus” costs. Based on international literature, the study has assumed economies of scale will occur as the program is scaled up.<sup>823</sup>

Figure 86: Cost of CSSP pilot, Baseline Scenario (million USD)



823 Cecchini, S., et al. (2020). Estimates of the cost of cash transfers under the National Policy on Social Protection and Promotion in Haiti, accessed: 22.01.2024. Available here: <https://repositorio.cepal.org/server/api/core/bitstreams/836f2877-6640-4a35-8f9f-2a8dbf2e4ce9/content>.

824 Ibid. and Oritz, I. et al. (2017). Universal Social Protection Floors: Costing Estimates and Affordability in 57 Lower Income Countries, accessed: 22.01.2024. Available here: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---soc\\_sec/documents/publication/wcms\\_614407.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_614407.pdf)

**Figure 87: Cost of CSSP Pilot, Scale-up Scenario A (million USD)****Figure 88: Cost of CSSP Pilot, Scale-up Scenario B (million USD)**

The total cost of the programme for each scenario is presented in the table below. The table displays costs by year at which they will be spent. By 2060, Scenario A will cost an additional USD 583 million, and scenario B will cost an additional USD 2,912 million.

**Table 32: Cost of CSSP Pilot by Scale-up Scenario (million USD)**

	2023 - 2030	2023 - 2045	2023 - 2060
Baseline	2	5	8
Scenario A total cost	78	353	591
Scenario A additional cost	76	348	583
Scenario B total cost	384	1743	2920
Scenario B additional cost	383	1738	2912

### 7.4.3 The Cost-Benefit Analysis

This section of the report brings together the benefits assessment and the costing exercise to produce benefit-cost ratios (BCRs) and a cost of inaction (COI). The BCR shows the relationship between the relative costs and benefits of the CSSP pilot scale-up, expressed in monetary terms. If the BCR is greater than 1.0, the scale-up is expected to deliver a positive net present value to the economy. The cost-benefit analysis also incorporates a COI, which is the opportunity cost associated with not scaling up the CSSP pilot. Both the BCR and the COI are reported below, for each scale-up scenario, and by timeframe.

**Table 33: CSSP Pilot, Cost-Benefit Analysis by Scale-up Scenario**

Scenario	Indicator	2023 - 30	2023 - 45	2023 - 60
Scale-up Scenario A	Total additional monetary benefits, discounted (million USD)	147	705	1262
	Total additional costs, discounted (million USD)	77	348	584
	Benefit Cost Ratio (BCR)	2.1		
	Cost of inaction (COI) (million USD)	40	172	270
Scale-up Scenario B	Total additional monetary benefits, discounted (million USD)	722	3455	6185
	Total additional costs, discounted (million USD)	383	1738	2912
	Benefit Cost Ratio (BCR)	2.1		
	Cost of inaction (COI) (million USD)	203	874	1371

Both scenarios include positive benefit-cost ratios, indicating that the CSSP pilot scale-up is an investment that represents good value for money. By 2060, both scale-up scenarios deliver a benefit-cost ratio of 2.1. This means that for every \$1 invested in the CSSP pilot programme, the benefits to society will equate to \$2.10.

This benefit includes both short-term and lifelong benefits. The short-term benefits are primarily seen through poverty reduction, via the economic multiplier effect generated through increased consumption by beneficiary families, as well as the lifelong benefits of the improved education and healthcare of the 0-5-year-olds. Given the additional qualitative benefits of the programme that are not captured in the quantitative analysis, this estimate is conservative, with the actual figure very likely to be higher than this, and likely to be significantly higher.

Whilst both report positive BCRs and COIs, the BCR is higher for Scenario B and the COI is significantly higher for Scenario B. The opportunity cost of not investing in the CSSP pilot scale-up equates to 270 million USD for Scenario A and 1,371 million USD for Scenario B. These figures reflect that significant economic benefits will be foregone if these investments are not made. Across both scale-up scenarios, the COI is greater over longer time horizons. This is a result of additional benefits accruing at a much faster rate than costs, translating into a greater loss of opportunity over the long-term. Given that the BCR is the same and the COI is higher for Scenario B, the more ambitious Scenario B is the preferred option for scale-up should the fiscal space be adequate.

Alongside these significant monetary losses, there will be non-monetary consequences from not investing in CSSP. These effects will largely be seen across education and health, although it is worth noting that the program also has significant effects on indicators that cannot be quantified. In Scenario A, by 2060, it is estimated that over 750,000 years of schooling will not be realized if additional investment is not made. In Scenario B, almost 4 million years of schooling will not be realized. In health interventions, over 3,000 child lives could be lost in Scenario A by 2060, in Scenario B almost 15,000 child lives could be lost. It is also worth noting that the time to invest now, the longer investment does not occur, the larger these losses are likely to be.

## The Adequacy of Transfer

This study also considered the adequacy of the cash transfer values. Throughout the study, cash transfer values remained constant, however, it is recognized that increasing the value until they are 'adequate' is likely to increase the benefits gained. As iterated above, an adequate cash transfer is considered to be one that is at least 30% of the international poverty line (\$2.15), which was determined to be USD 76.60.<sup>825</sup> This study, therefore, modeled increasing the value of the CSSP Pilot transfer from USD 20 to USD 76.60. From these calculations it was determined that increasing the value of the cash transfer could result in a cost-benefit ratio that is 1.3 times higher.

## 7.5 FISCAL SPACE ANALYSIS

### 7.5.1 Somalia

#### 7.5.1.2 Alternative Financing Options not Modelled.

##### 7.5.1.2.1 Innovative financing (Somalia-specific)

- Climate finance:** The development challenge presented by climate shocks to Somalia, cannot be understated, with the 2021 drought impacting over 6.6 people and driving many into poverty. However, Somalia continues to grapple with a significant disparity between its climate finance needs and the actual funds allocated, a challenge common in conflict-affected nations. The Government of Somalia identified its annual climate finance requirements as USD 5.5 billion in 2021, yet data from the Climate Policy Initiative reveals that climate finance inflows for 2019-2020 amounted to a mere USD 321 million, representing less than 0.6% of the necessary amount.<sup>826</sup> Somalia faces capacity issues, as climate funds tend to favor countries with established plans and institutional capacities, lacking in states grappling with conflict. Despite the establishment of the Ministry of Environment and Climate Change, Somalia's adaptation policies remain inadequately integrated with sectoral strategies and long-term development goals. Supply-side barriers further impede progress, with climate funds and multilateral banks ill-suited for conflict contexts, deeming the associated risks too high. Furthermore, the country's heavy reliance on accredited agencies exacerbates challenges, as they operate based on their priorities and programming cycles, leading to an opaque pipeline of projects and duplication of efforts. Despite the heightened need for support, Somalia struggles to attract climate finance, resulting in increased humanitarian appeals from USD 1.09 billion in 2021 to USD 2.27 billion in 2022, reflecting the heightened demand for critical resources to assist the vulnerable population.<sup>827</sup> A well-coordinated effort to attract climate finance directed towards climate change mitigation, and adaptation efforts in areas/communities vulnerable to climate shocks, stands as a credible pathway to enhancing the country's resilience and sustainability whilst mitigating social protection-related challenges.

##### 7.5.1.2.2 Leveraging Zakat to finance social protection.

The leveraging of Zakat, a mandatory social contribution in Islam rooted in the belief that the affluent have a duty to assist those in need, for financing social protection presents both social and fiscal challenges. Zakat, primarily an Ibadah (worship), aims to alleviate poverty through wealth redistribution and promote social cohesion. A survey in South-central Somalia found that only 33% of households made religious contributions, with an average annual Zakat contribution of \$88.<sup>828</sup> If this trend is generalizable, total domestic personal Zakat contributions would be around \$78 million in 2021, equivalent to 1% of GDP,

825 World Bank. Further information on how this was calculated can be found in the introduction sections of this report.

826 ODI (2023). What the case of Somalia can show us about financing climate action in conflict-affected countries. Available at: <https://odi.org/en/insights/what-the-case-of-somalia-can-show-us-about-financing-climate-action-in-conflict-affected-countries/#:~:text=In%202021%2C%20the%20Government%20of,0.6%25%20of%20the%20amount%20required.>

827 ODI (2023). Financing climate adaptation in fragile states: A case of Somalia. Available at: <https://odi.org/en/publications/financing-climate-adaptation-in-fragile-states-a-case-of-somalia/>

828 Explaining Informal Taxation and Revenue Generation: Evidence from south-central Somalia Vanessa van den Boogaard and Fabrizio Santoro ICTD Working Paper 118 First published by the Institute of Development Studies in March 2021

lower than potential contributions in other Organisation of Islamic Corporation (OIC) countries.<sup>829</sup> While international standards support corporate liability for Zakat, its management in Somalia is localized and varied. Many socio-economic challenges in the country make many Somalis ineligible for Zakat. The informal and private nature of Zakat payments in Somalia hinders estimating its actual or potential value. For these reasons along with lack of concrete and detailed data on Zakat in Somalia, we do not model it in this study.

### 7.5.1.3 Macroeconomic Overview

**In 2020/23, recurrent shocks, including a prolonged drought, severely impacted Somalia's economic growth, leading to disruptions in agriculture, livestock, and exports.** This crisis, compounded by global commodity price surges, heightened inflation, and triggered a decline in GDP growth from 3.3% in the previous year to 2.4% in 2022.<sup>830</sup> Although the economic outlook is gradually improving, with the World Bank projecting GDP growth to reach 3.8% by 2025,<sup>831</sup> significant risks persist, including climatic shocks, security threats, and global economic uncertainties. Despite a short-term economic downgrade in 2022, attributed to global factors, drought impact, and slowing remittances, medium-term growth is expected to accelerate to 4.1% by 2027<sup>832</sup>, supported by structural reforms and improved access to financing. Public debt declined from about 83% of GDP in 2019 to about 43% and is estimated to decline further to sustainable levels of 7.2% in 2024 and rise gradually to around 11% by 2030, maintaining a sustainable outlook.<sup>833</sup>

Amid these challenges, Somalia has made progress in strengthening public finances through ongoing reforms, surpassing pre-COVID domestic revenue levels since 2022. The government's commitment to economic governance reforms positions the country favorably to achieve the Heavily Indebted Poor Countries (HIPC) Completion Point, a pivotal milestone. As reforms take hold, the World Bank anticipates increased foreign direct investment, private sector activity, and enhanced domestic productive capacity. The National Development Plan nine (NDP-9) document highlights that 69% of Somalis live under the international poverty line of US\$1.90 a day, with Internally displaced persons (IDPs) and the rural population having the highest rates.<sup>834</sup> Additionally, the predominantly young population, with an estimated 80% under the age of 35, faces an unemployment rate of approximately 70%.<sup>835</sup> Furthermore, the humanitarian situation in Somalia remains critical, with over four million people facing food insecurity despite averting a famine in early 2023.<sup>836</sup> Ongoing conflict and military operations displace thousands monthly, and between October and December, 4.3 million people confront high levels of acute food insecurity, with 1.5 million children, including 330,630 at risk of severe malnutrition between August 2023 and July 2024.

829 In rural areas, Zakat is sometimes indistinguishable from Qaaran diimeed – a social welfare contribution levied by religious, clan or community leaders. Qaaran dimmed proceeds are used for a range of clan expenses, but also for providing support to needy community members. The survey referred to above found that 55 per cent of surveyed households paid Qaaran, falling to 32 per cent among highly vulnerable households. Average annual Qaaran contributions stood at US\$ 122.6 per year.

830 World Bank (2023). Somalia's Economy Resilient Amid Climatic and Global Shocks: Water Management Key to Sustainable and Resilient Development. Available at: <https://www.worldbank.org/en/news/press-release/2023/11/30/somalias-afe-economy-resilient-amid-climatic-and-global-shocks#:~:text=Somalia's%20economic%20outlook%20is%20improving,modest%20per%20capita%20income%20growth>.

831 Ibid

832 IMF (2022). ARTICLE IV CONSULTATION AND FOURTH REVIEW UNDER THE EXTENDED CREDIT FACILITY— PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR SOMALIA

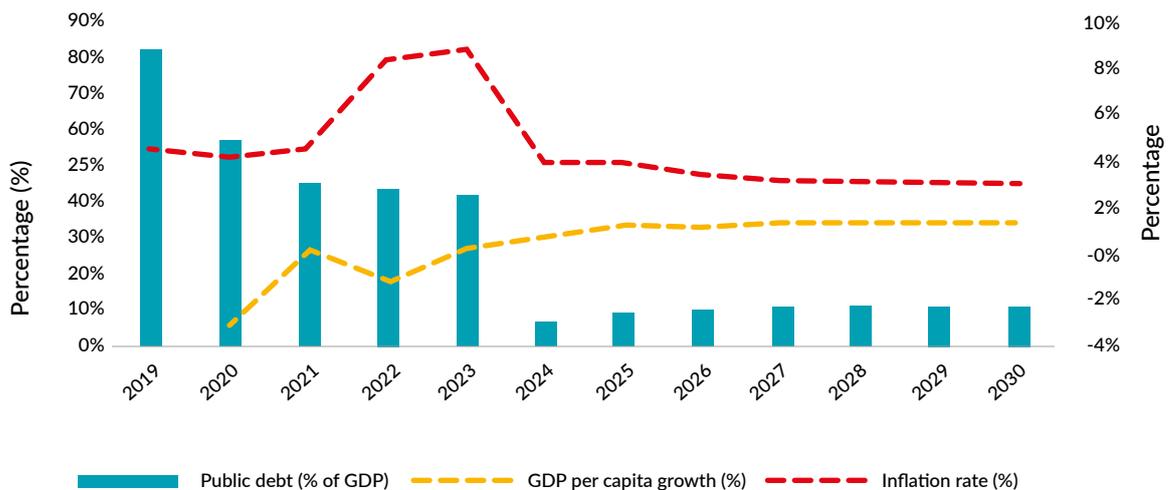
833 Ibid

834 The Ministry of Planning, Investment and Economic Development (2020). SOMALIA NATIONAL DEVELOPMENT PLAN 2020 to 2024: The Path to a Just, Stable and Prosperous Somalia. Available at: <https://mop.gov.so/wp-content/uploads/2022/07/Somali-National-Development-Plan-9-2020-2024.pdf>

835 Ibid

836 UNOCHA (2023). Humanitarian situation and response in Somalia. Available at: <https://www.unocha.org/somalia>

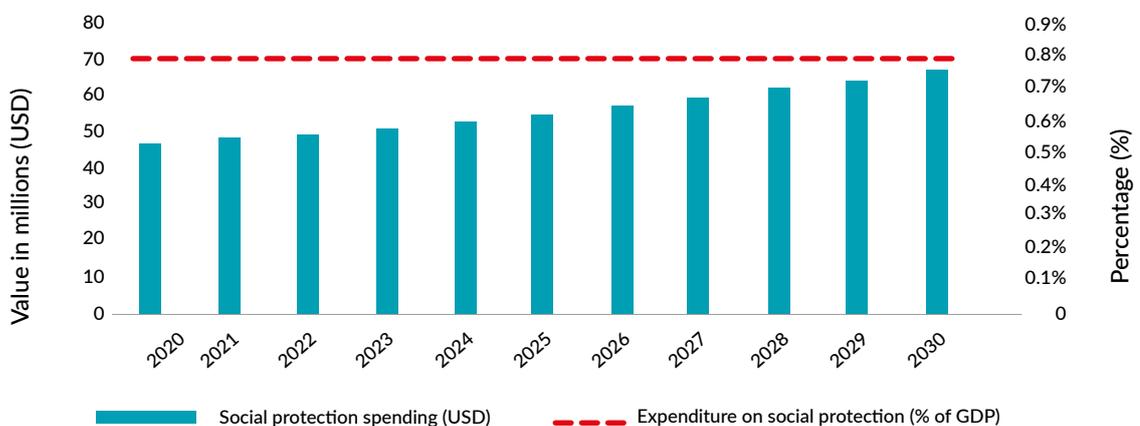
**Figure 89: Trends in Somalia's GDP per Capita Growth, Inflation and Public Debt (2010 - 2028)**



**7.5.1.4 Social Protection Spending: Available Resources**

The following figure highlights trends in social protection spending in Somalia between 2019- 2023, projected to the medium-term (2030). The projections undertaken here are conservative with the main assumption being that current social protection spending will be maintained in the short to medium term. The historical expenditures are obtained from the most recent UNICEF social protection budget brief for Somalia.<sup>837</sup> The data suggests that social protection spending between 2019 and 2023 averaged around 4% of general government expenditure (GGE) or 1% of GDP. The figure increased from about USD 186 million in 2019 to about \$295 million. Spending is projected to reach about USD 410 million by 2030 if the current spending as a share of the national budget is maintained.

**Figure 90: Trends in Social Protection Spending**

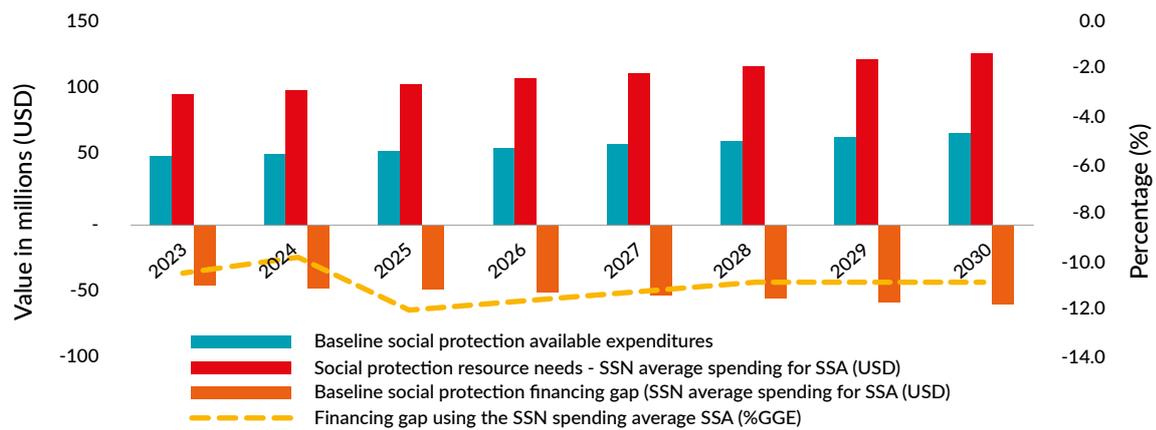


**7.5.1.5 Business as usual scenario**

- Under the normative scenario, the social protection financing gap is projected to increase from an estimated **USD 45 million** in 2023, to an estimated **USD 59 million** in 2030 using the 1.5% of GDP regional spending average to benchmark resource needs.

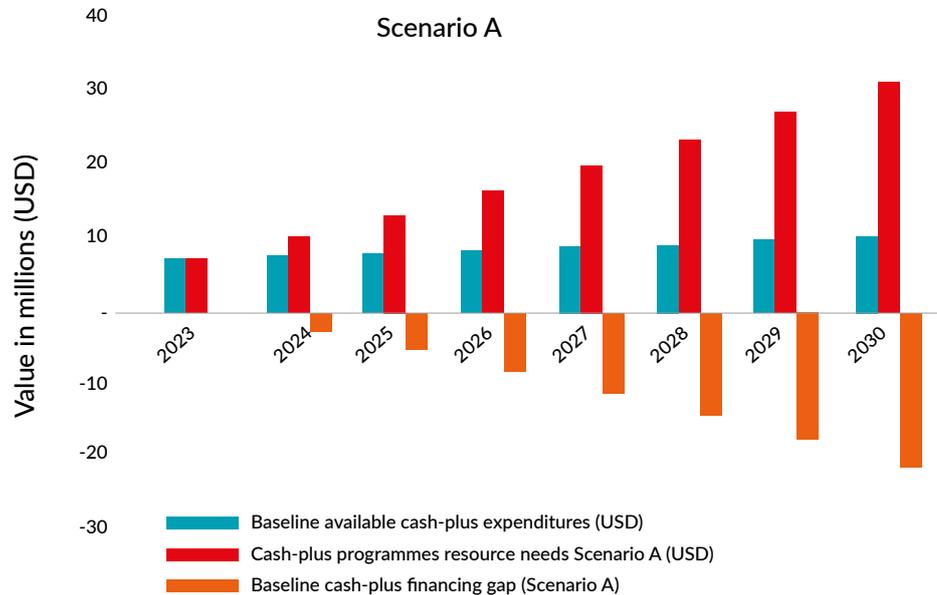
837 UNICEF (2022). Investing in Social Development in the Republic of Somalia: Budget Brief. Available at: <https://www.unicef.org/esa/media/11721/file/Somalia%20National%20Brief.pdf>

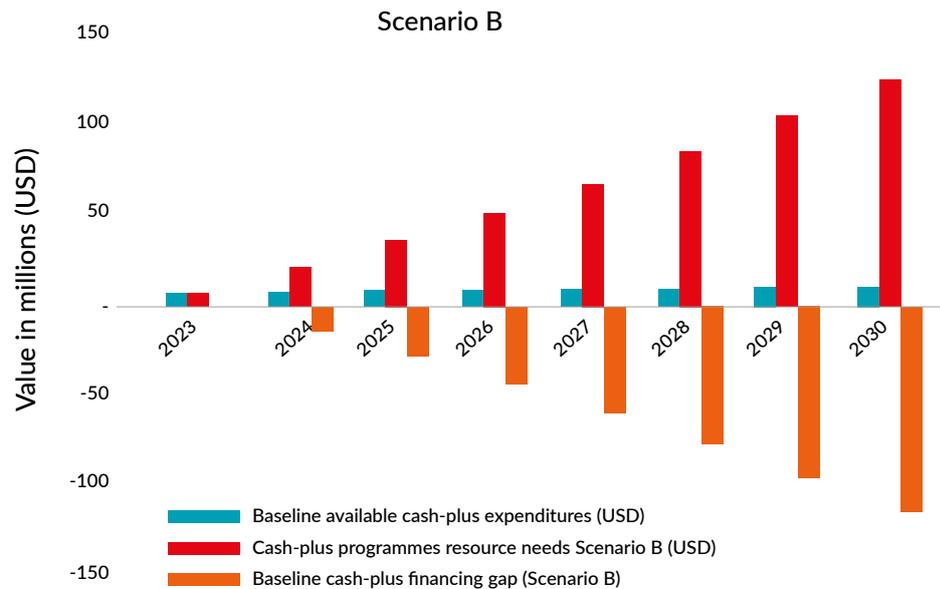
**Figure 91: Projected Financing Gap for Social Protection under Different Spending Targets (million USD)**



**Narrowing the analysis to the cash-plus programme resource needs and costs, the estimated financing gaps vary under the two scenarios** i.e., the financing gap is much bigger under scenario B where the target cash-plus coverage is up to 36.5% of the population compared to under scenario A where the target coverage is 9% of the population as discussed in the cost-benefit analysis section of this study. For the cash-plus programme resource needs, we utilize the costs of scaling coverage under these two different scenarios. Under scenario A, the financing gap is estimated to increase from an estimated baseline of USD 2.5 million in 2024 to USD 21.1 million by 2030 whereas under scenario B, the increase is from USD 13.5 million in 2024 to about USD 115 million by 2030.

**Figure 92: Projected Financing Gap for Cash-plus Programmes under Scenarios A and B (USD millions)**





## 7.5.1.6 Financing Options

### 7.5.1.6.1 Domestic Revenue Mobilisation Strategy (DRMS) and Allocation

**Domestic Revenue Mobilisation (DRM) is arguably the most sustainable way of creating fiscal space for funding the national budget.** This often involves strategies that spell out clear revenue collection targets in line with broader national development goals. Such strategies further outline precise and yet comprehensive reforms such as PFM and tax reforms aimed at broadening the tax base, strengthening tax compliance and institutional capacity, among others. For this analysis, we utilize the regional tax revenue average for SSA as a benchmark for revenue projection in the medium-term (2023-2030). World Bank data reveals that the average tax-to-GDP ratio for the sub-Saharan African (SSA) region is about 15.01% using the latest data available.

**The Somali government has undertaken a comprehensive approach to boost domestic revenues, focusing on expanding the tax base, enhancing compliance, and improving collection methods.** Notably, domestic revenue, combined with donor grants, more than doubled from US\$141.1 million in 2015 to US\$298 million in 2018.<sup>838</sup> The increase in domestic revenues, particularly driven by new measures such as sales tax on telecommunications and hotels, removal of income tax exemptions for parliamentarians, and the imposition of sales tax on airline services, was estimated to have risen to US\$221 million in 2020.<sup>839</sup> However, despite progress, domestic revenue remains low at 4.0 percent of real GDP,<sup>840</sup> necessitating further reforms to increase financial self-sufficiency and reduce reliance on donor support, which currently covers over one-third of the recurrent budget.

**The primary sources of domestic revenue include trade taxes, administrative charges and fees, customs duties at the Mogadishu port and airport, sales tax on Khat, and income tax on government wages.** The government aims to increase tax revenues through tax administration reforms, expanding the tax base, and customs reforms. The tax reform program was estimated to have increased domestic revenue collection from US\$172.5 million in 2018 to US\$286.5 million in 2022 - representing a relatively modest 3.2 percent of real GDP.<sup>841</sup> The government anticipates maintaining the existing tax structure, with trade taxes remaining the primary source, contributing US\$147.8 million in 2022, followed by non-tax revenue at US\$94.4 million.<sup>842</sup> The government emphasises ongoing tax reforms to enhance its revenue mobilization efforts over the medium term.

838 The Ministry of Planning, Investment and Economic Development (2020). SOMALIA NATIONAL DEVELOPMENT PLAN 2020 to 2024: The Path to a Just, Stable and Prosperous Somalia. Available at: <https://mop.gov.so/wp-content/uploads/2022/07/Somali-National-Development-Plan-9-2020-2024.pdf>

839 Ibid

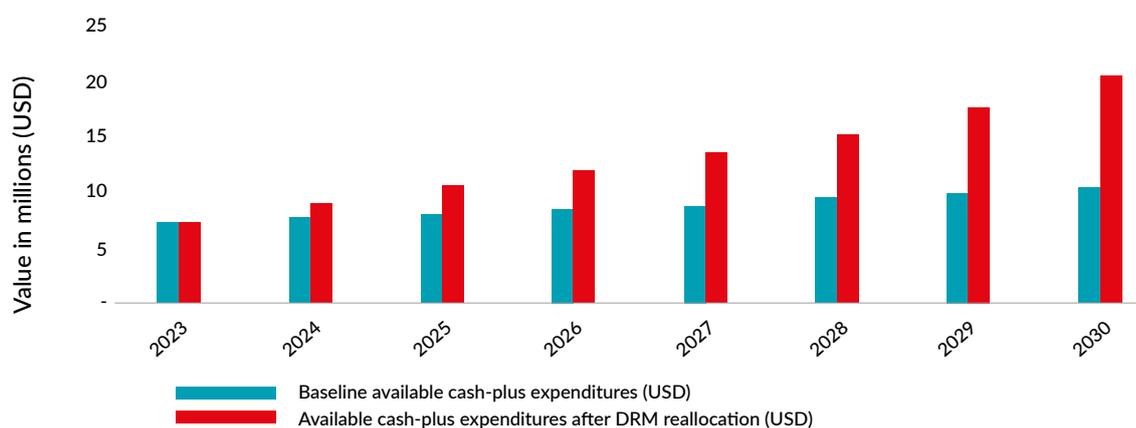
840 Ibid

841 Ibid

842 Ibid

If the various DRM strategies highlighted in the NDP-9 are implemented with the goal of attaining the regional revenue average by 2030, this would generate additional revenue that can be reprioritized towards social protection spending. For instance, targeting the SSA tax revenue average with DRM strategies would create additional government revenue of about **USD 165 million** annually between 2023 and 2030. These strategies would increase the budgetary room from the current estimated **USD 7.3 million** to about **USD 20.6 million** by 2030 for cash-plus programmes. This would on average reduce the cash-plus programme financing gap by about USD 5 million year on year between 2023 and 2030.

**Figure 93: Potential Tax Revenues and Reallocation for Cash-plus Programmes (million USD)**



### 7.5.1.6.2 Official Development Assistance (ODA)

The NDP-9 reports that donor grants to Somalia have increased substantially, growing from US\$26.9 million in 2015 to US\$124.6 million in 2018, and a projected US\$150.2 million in 2019, with Turkey, the World Bank, and the EU being major contributors.<sup>843</sup> The on-budget grants from these donors were estimated to have reached US\$144.7 million in 2019, reflecting growing confidence in the Federal Ministry of Finance's financial management capabilities.<sup>844</sup> However, these on-budget grants still represent a small fraction relative to the total off-budget Official Development Assistance (ODA) to Somalia, rising from 2.3 percent off-budget ODA in 2015 to 7.5 percent in 2018.<sup>845</sup> Despite the significant ODA received, Somalia remains heavily dependent on aid and remittances, with the ODA to GDP ratio at 26.6 percent in 2018.<sup>846</sup> While there are increasing inflows of Foreign Direct Investment (FDI) and rising domestic revenue, they remain relatively low compared to GDP. In 2020, Somalia received US\$2 billion in ODA, evenly split between humanitarian and development aid, with a notable increase in development-focused aid from the World Bank and Germany.<sup>847</sup> The UNOCHA estimated that in 2023, the required Humanitarian Response Plan (HRP) for Somalia was US\$2.6 billion to assist 7.6 million vulnerable people across the country, representing about 90 percent of people in need.<sup>848</sup> Given Somalia's context of fragility and humanitarian need, we therefore project ODA inflows into the country to continue on the current path in the medium-term. However, we note that, although ODA remains the most significant source of funding for social protection in the country, particularly as donor grants have increased in recent years, aid diversion remains a challenge and could result in a reduction to ODA. The feasibility of consistent ODA for social protection in the country therefore hinges on improvements in institutional arrangements and strengthening of PFM systems that curtail leakages within the system.

843 The Ministry of Planning, Investment and Economic Development (2020). SOMALIA NATIONAL DEVELOPMENT PLAN 2020 to 2024: The Path to a Just, Stable and Prosperous Somalia. Available at: <https://mop.gov.so/wp-content/uploads/2022/07/Somali-National-Development-Plan-9-2020-2024.pdf>

844 Ibid

845 Ibid

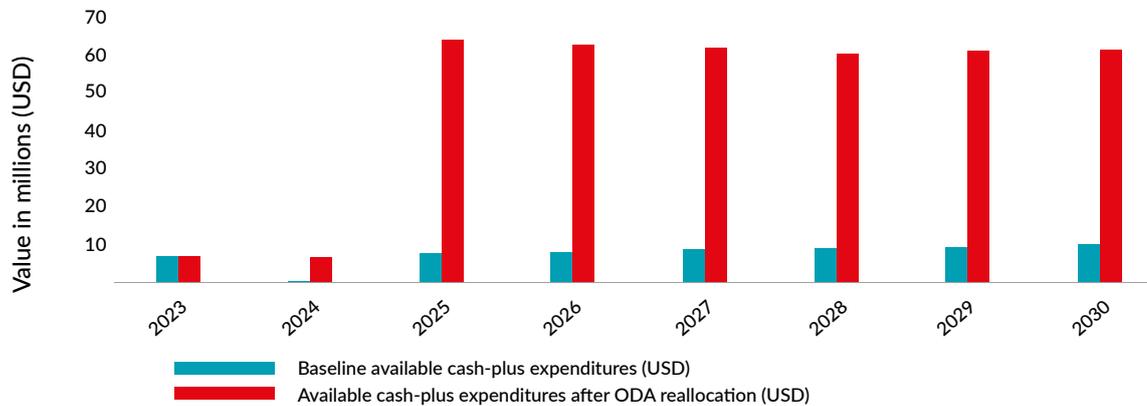
846 Ibid

847 Ibid

848 UNOCHA (2023). Humanitarian situation and response in Somalia. Available at: <https://www.unocha.org/somalia>

These funds from ODA would generate about **USD 62 million** for cash-plus programmes by 2030 from an estimated baseline of **USD 7.3 million** in 2023. This would imply a reduction of the cash-plus programme financing gap by about **USD 52 million** annually on average between 2023 and 2030 using the 1.5% of GDP SSN spending benchmark of SSA to calibrate the resource allocation.

**Figure 94: Potential ODA for Cash-plus Programmes (million USD)**



### 7.5.1.6.3 Debt Relief and Restructuring

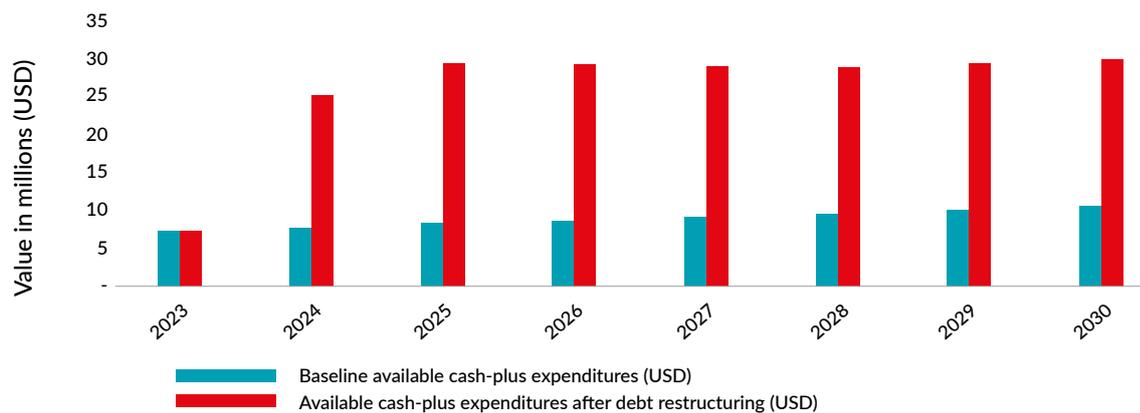
Somalia's public debt to GDP ratio stood at **82.9% in 2023** and is projected to decline to **7.3% in 2024** before gradually increasing to about **11% by 2030**, which falls within the sustainable threshold.<sup>849</sup> Given this context, we therefore do not propose borrowing for social protection financing. We model a debt relief/restructuring scenario for creating fiscal space. Debt relief and restructuring can play crucial roles in addressing fiscal constraints, particularly in the context of limited fiscal space for social protection initiatives. Debt relief involves the reduction or forgiveness of a country's outstanding debt, alleviating the burden on its fiscal resources. This provides an immediate injection of funds that can be repurposed toward essential social protection programs, such as cash transfer programs among others. On the other hand, debt restructuring involves adjusting the terms of existing debt, such as extending the repayment period or renegotiating interest rates. This allows for a more effective management of debt, freeing up resources that can be channelled into providing essential social protection services.

**We use data from the IMF relating to financing from external debt restructuring for Somalia for this analysis.** The Executive Boards of the IMF and the World Bank's IDA have approved Somalia's completion point under the HIPC Initiative, resulting in a significant total debt service savings of US\$4.5 billion. This debt relief has reduced Somalia's external debt from 64% of GDP in 2018 to less than 6% by the end of 2023, opening avenues for additional financial resources to strengthen the economy, alleviate poverty, and promote job creation.<sup>850</sup> The relief comes from various sources, including the IMF (\$ 343.2 million), IDA (\$ 448.5 million), African Development Fund (ADF) (\$ 131.0 million), other multilateral creditors (US\$573.1 million), as well as bilateral and commercial creditors (US\$3.0 billion). Despite facing challenges like the global COVID-19 pandemic, drought, locust infestation, and security risks, Somalia demonstrated satisfactory progress, implementing key reforms and meeting requirements for the HIPC Completion Point. Calibrating this for social protection based on observed trends in social protection budget allocations and as well as the SSN spending average for SSA benchmark would create an additional budgetary room of up to an estimated **USD 150 million** annually between 2023 and 2030 for social protection. Further, it would entail a reduction of the financing gap of cash-plus programmes by about **USD 19.6 million** annually on average, between 2023 and 2030.

849 Ibid

850 IMF (2023). IMF and World Bank Announce US\$4.5 billion in Debt Relief for Somalia. Available at: <https://www.imf.org/en/News/Articles/2023/12/13/pr23438-imf-and-world-bank-announce-us-4-5-billion-in-debt-relief-for-somalia#:~:text=Following%20HIPC%20Completion%20Point%2C%20Somalia's,poverty%2C%20and%20promote%20job%20creation>.

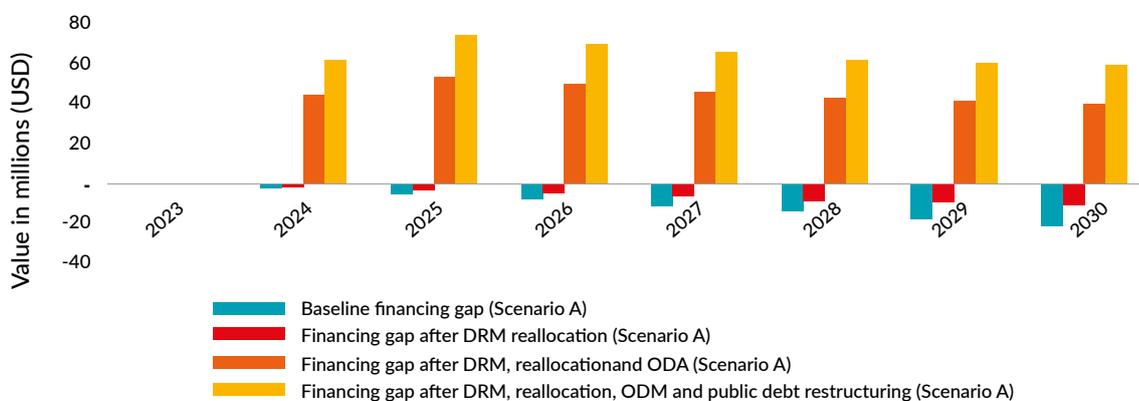
**Figure 95: Potential Savings from Public Debt Consolidation for Cash-plus Programmes (million USD)**



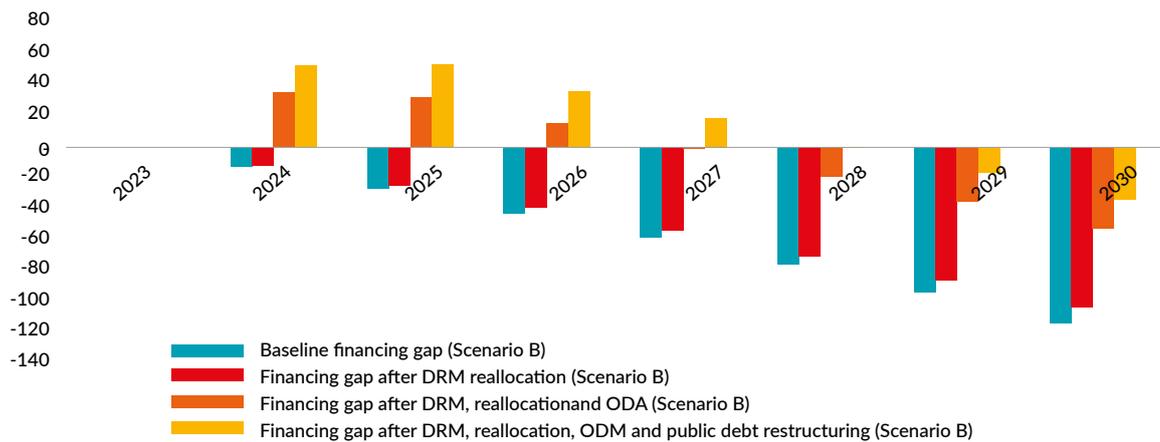
### 7.5.1.7 Maximising Fiscal Space Scenario

Summing all these initiatives together would eliminate the financing gap for cash-plus programmes between 2024 and 2030, creating a financing surplus. This is under an optimistic scenario where the government and development partners prioritize social protection by aiming for up to 1.5% of GDP allocations to social protection. All the modeled options for creating fiscal space under scenario A reduce the financing gap from reaching **USD 21 million** in 2030 and create a surplus averaging **USD 66 million** between 2024 and 2030.

**Figure 96: Potential Fiscal Space for Cash-plus Programmes – Scenario A (million USD)**



Considering scenario B, the above-modelled financing options would create a surplus of **USD 35.3 million** on average between 2024 and 2027, with a gap of **USD 34 million** in 2030 (equivalent to a 29% deficit in the financial needs for scenario B by 2030). This is in part due to the larger cash-plus coverage target of 15% under scenario B, implying larger financial costs and requirements. This therefore means that to fully fund the financing gap for cash-plus programmes under scenario B, it is important to explore and combine other financing options not modelled here. More about these options is discussed in the following section.

**Figure 97: Potential Fiscal Space for Cash-plus Programmes – Scenario B (million USD)**

### 7.5.1.8 Policy Options and Recommendations

To secure the much-needed resources for scaling up cash plus programmes in Malawi, the following recommendations based on the findings of our fiscal space analysis ought to be undertaken.

**Fast-track domestic revenue mobilization and increase the percentage of social protection expenditure spent on cash transfer programs.** Prioritizing the social protection sector through CSSP programmes such as cash transfers is not just an expenditure but a significant investment in the futures of young children. This lays the foundation for social-economic transformation and sustained long-run economic development through facilitating human capital development. Current spending on social protection needs to be increased to at least 1.5% of GDP ( the regional average for SSA spent on SSN) in the medium term.

**Accelerate evidence-based advocacy for greater ODA for CSSP.** ODA constitutes a significant source of funds for CSSP in the short-medium term. Further advocacy for increased ODA for the sector along with strengthening of institutional arrangements that eliminate aid diversion are necessary.

**Secure debt relief & restructuring and prioritize social spending.** Additional savings could be made from reduced debt servicing and interest payments resulting from debt relief and or debt restructuring to create budgetary room that can be repurposed towards CSSP in the short-medium term (2024-2030).

Explore other potential innovative avenues for creating fiscal space. These include organizing a well-coordinated effort to attract climate finance that is directed towards climate change mitigation and adaptation efforts; leveraging Zakat financing; savings from curbing illicit financial flows in the form of ransoms for pirate acts and as well as leakages within the Public Financial Management (PFM) system. It is imperative that additional avenues for creating fiscal space are channeled through the spending units and managed effectively to minimize waste and avoid aid diversion in particular which risks resulting in a reduction to ODA.

**Enhance institutional arrangements that incentivize investments in the sector.** Institutional capacity and good governance matter in raising, allocating enough, and spending well for CSSP in Somalia. To enhance resource mobilization, spending enough and spending well on cash transfer programmes requires effective engagement across the entire budget cycle through strengthening the PFM system, fiscal decentralization and good federal governance.

**Table 34: Policy Options / Recommendations Implementation Timelines and Responsibilities**

Specific recommendation	Priority	Implementation Timeline	Responsible entities
<b>Fast track tax revenue mobilisation and increase expenditure on social protection and CSSP</b>	High	Long term and on an ongoing basis. Spending targets can be aligned with national development (NDP9) goals	MoF, All relevant line ministries / departments
<b>Accelerate evidence-based advocacy for greater ODA for CSSP.</b>	High	Ongoing each year, possibly organised around investments for greatest impact and human capital development more generally.	MoF, MASS, All relevant line ministries / departments, Development Partners (DPs)
<b>Enhance institutional arrangements and improve efficiency of service delivery</b>	High	On-going on an annual basis	All ministries, departments and agencies (MDAs)
<b>Explore climate finance for social sector financing</b>	High	On-going on an annual basis	MoF, MASS, All relevant line ministries / departments, DPs
<b>Utilise Zhakat Financing for CSSP</b>	High	On-going on an annual basis	MoF, MASS
<b>Secure debt relief &amp; restructuring and prioritise social spending.</b>	Medium	Sort-medium term	MoF
<b>Build institutional capacity to minimise illicit financial flows</b>	Medium	On-going on an annual basis	MoF, All relevant MDAs

## 7.5.2 Somaliland

### 7.5.2.2 Costing of Resource Needs & Key Assumptions

**Assessing resource needs in Somaliland to finance social protection programs is a crucial first step in determining the financing gap that exists.** For this analysis, we employ the costings from the cost-benefit analysis section of this study to scale up cash-plus programs. This provides a basis for understanding what the costs of scaling programmes are and what the financing gap looks like. In other aspects where cost estimations are incomplete, we rely on international norms and best practices, financing information from sources like the IMF, and insights from National strategy documents such as the Somaliland Social Protection Policy (2022-2030) to estimate the resources needed for social protection programmes.

### 7.5.2.3 Financing Options not Modelled.

#### 7.5.2.3.1. Leveraging Zakat to finance social protection.

Leveraging zakat effectively could mitigate poverty in Somaliland, similar to successful models in other Muslim countries like Malaysia. Zakat governance in Somaliland is centralized under the Ministry of Endowment and Religious Affairs, with lack of dedicated laws governing zakat being a major bottleneck to its collection and utilisation for financing social sectors.<sup>851</sup> Although there is limited data on the percentage of households benefiting solely from zakat, beneficiaries include the poor in both urban and rural areas. In order to optimise Zakat as a financing option in Somaliland, it is important to establish a legal framework, enhance public awareness, and ensure good management of funds. These efforts could contribute to creating considerable fiscal space for social protection through leveraging Zakat.

### 7.5.2.4 Macroeconomic Overview

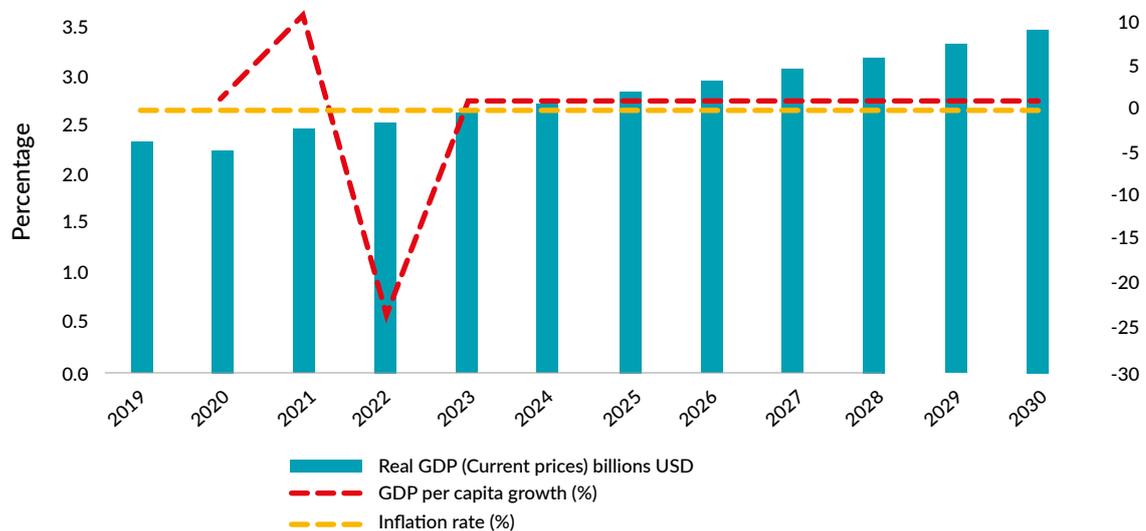
**The Somaliland economy experienced a robust recovery in 2021, with a remarkable 9.2% growth in real GDP—the highest in the last decade.** Key contributors to this rebound included a surge in livestock exports by 56%, resilient diaspora support, increased consumer spending and investment, and targeted government

851 Sulub, Y. A. (2022). Exploring Islamic Social Finance Practices in Somaliland: Issues and Prospects.

fiscal policies.<sup>852</sup> In 2021, remittances rose by 55% compared to 2020 and 142% compared to 2019.<sup>853</sup> Despite remittance outflows exceeding inflows, private investment increased by 42%, and government spending continued to rise.<sup>854</sup> However, recent challenges, such as the Waheen Market fire, the locust impact, the war in Ukraine, and a surge in the price of khat exports from Ethiopia, have impeded the strong recovery.

External factors, including the war in Ukraine, have contributed to inflationary pressures with inflation reaching 5.3% in 2021.<sup>855</sup> These inflationary pressures, coupled with an 8% decrease in remittances and a 33% increase in outflows in H1 2022, posed challenges to consumer demand. However, the livestock sector's resilience, with a 26% increase in exports in H1 2022, and enabling fiscal policies, provide positive outlooks for the Somaliland economy amid these challenges.<sup>856</sup> The majority of Somaliland's population faces extreme poverty, with 78% living below the international threshold of PPP \$1.90 per person per day in 2017.<sup>857</sup> Recurring droughts have led to a 45% decrease in the volume of livestock exports between 2012 and 2017, impacting the livelihoods of over half the population reliant on pastoralism.<sup>858</sup> Furthermore, children in Somaliland confront challenges such as limited access to essential services, unequal educational opportunities, and risks of child labor and early marriage, particularly for girls, emphasizing the urgent need for income support and social protection measures.

**Figure 98: Trends in Somaliland's Real GDP Growth, Inflation and Real GDP (2019 - 2028)**



### 7.5.2.5 Social Protection Spending: Available Resources

The following figure highlights trends in social protection spending in Somaliland between 2019- 2023, projected to the medium-term (2030). The projections undertaken here are conservative with the main assumption being that current social protection spending will be maintained in the short to medium term. The historical expenditures are obtained from the most recent social protection budget scoping study by Save the Children.<sup>859,860</sup> The data suggests that social protection spending in 2019 was about 0.5% of GDP. This spending is projected to reach about **USD 17.4 million** by 2030, if the current spending as a share of the GDP is maintained.

852 Ministry of Finance Development (2023). Medium Term Fiscal Framework for FY2023. Available at: <https://slmof.org/macroeconomics-fiscal-framework-mff-2/>

853 Ibid

854 Ibid

855 Ibid

856 Ibid

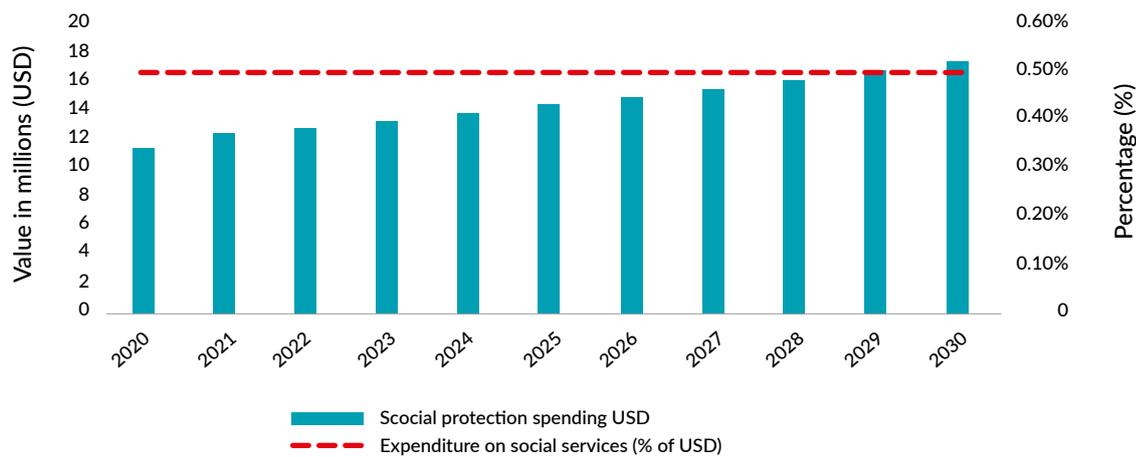
857 Ibid

858 Ibid

859 Save the Children (2020). Scoping and Sector Review of Social Protection in Somaliland. Available at: <https://resourcecentre.savethechildren.net/document/scoping-and-sector-review-social-protection-somaliland/>

860 Social protection is defined in Somaliland as government-led system that provides a package of minimum income guarantees and basic social care services to the population across the lifecycle that aim to improve and maintain adequate standards of living by ensuring that basic goods and services are accessible, and which are facilitated by strong national institutions that underpin their effective delivery.

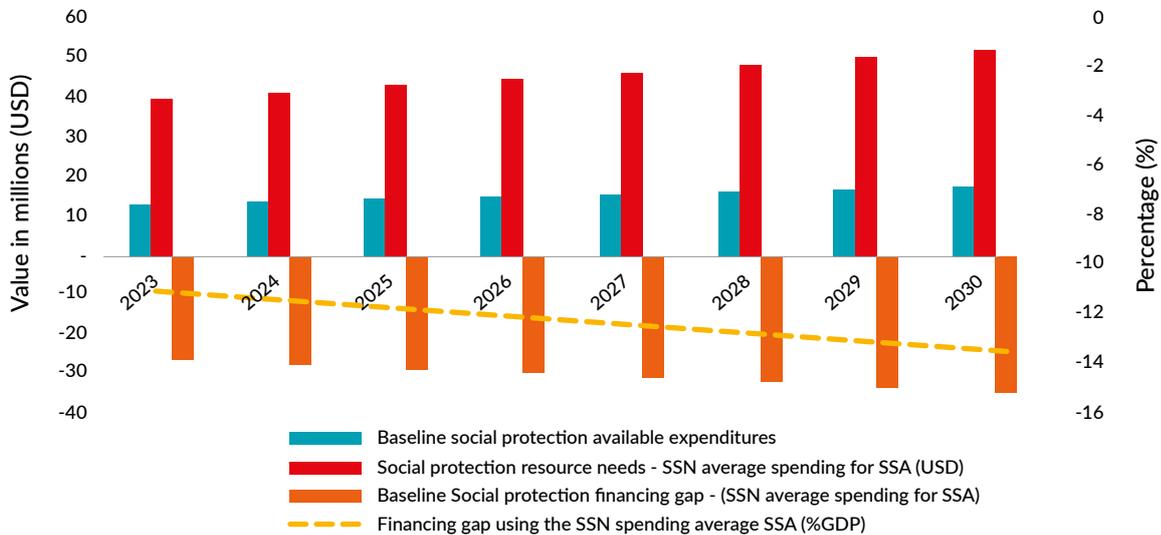
**Figure 99: Trends in Social Protection Spending**



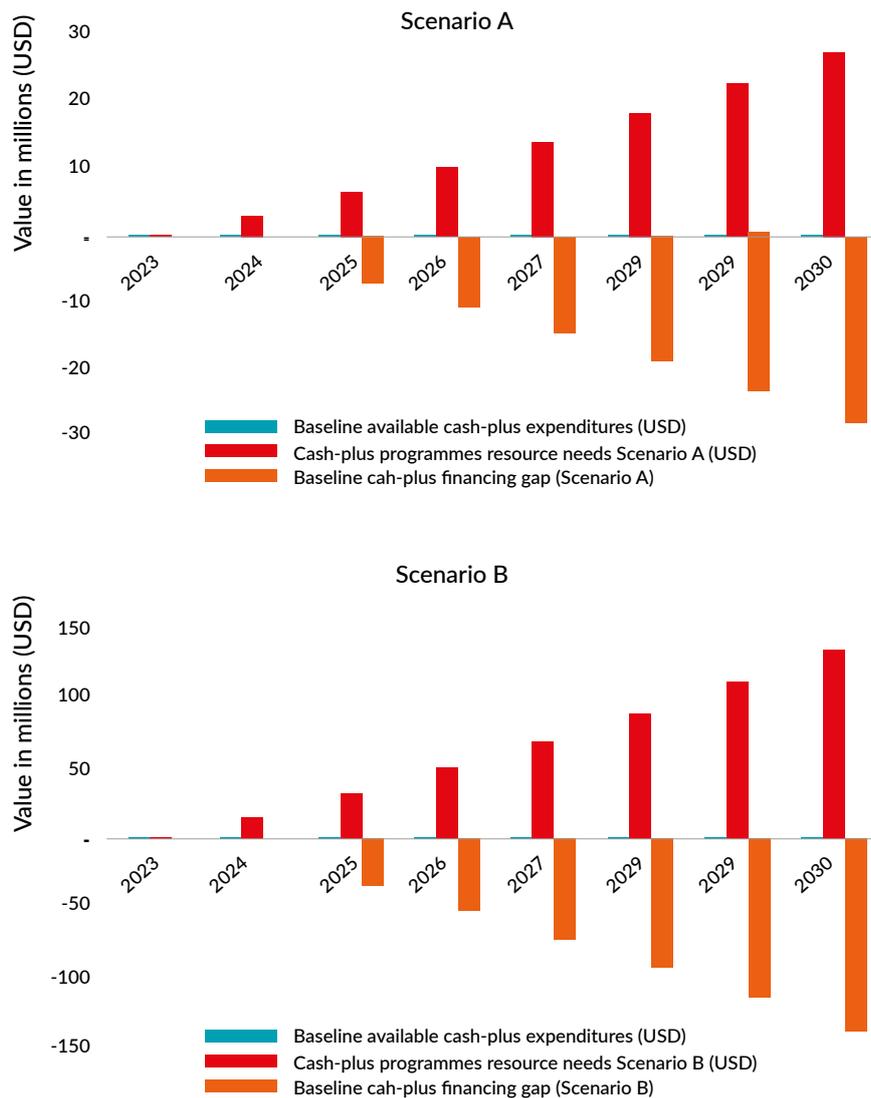
**7.5.2.6 Business as Usual Scenario**

- Under the normative scenario, the social protection financing gap is projected to increase from an estimated **USD 26.5 million** in 2023 to an estimated **USD 34.9 million** in 2030 using the 1.5% of GDP regional SSN spending average for SSA to benchmark resource needs (which stands at about **USD 52 million** required by 2030).

**Figure 100: Projected Financing Gap For Social Protection Under Different Spending Targets (million USD)**



**Narrowing the analysis to the cash-plus programme resource needs and costs, the estimated financing gaps vary under the two scenarios** i.e., the financing gap is much bigger under scenario B where the target cash-plus coverage is up to 36.5% of the population from a baseline of 0.08% compared to under scenario A where the target coverage is 7.5% of the population as discussed in the cost-benefit analysis section of this study. For the cash-plus programme resource needs, we utilize the costs of scaling coverage under these two different scenarios. Under scenario A, the financing gap is estimated to increase from an estimated baseline of **USD 3.2 million** in 2024 to **USD 27.5 million** by 2030 whereas under scenario B, the increase is from **USD 16 million** in 2024 to about **USD 137.3 million** by 2030.

**Figure 101 : Projected Financing Gap for Cash-plus Programmes under Scenarios A and B (USD millions)**

## 7.5.2.7 Financing Options

### 7.5.2.7.1 Domestic Revenue Mobilisation Strategy (DRMS) and Allocation

**Domestic Revenue Mobilisation (DRM) is arguably the most sustainable way of creating fiscal space for funding the national budget.** This often involves strategies that spell out clear revenue collection targets in line with broader national development goals. Such strategies further outline precise and yet comprehensive reforms such as PFM and tax reforms aimed at broadening the tax base, and strengthening tax compliance and institutional capacity, among others. For this analysis, we utilize the National Development Plan two (NDPII) tax-GDP ratio target of 15% by 2025, which is in line with the regional tax revenue average for SSA of 15.01% to model potential budgetary room coming from implementing various domestic revenue mobilization strategies outlined in the NDPII and tax policy and attaining set revenue targets.

**In recent years, the Government of Somaliland has achieved consistent growth in revenue collection, averaging 6% year-on-year since 2014.**<sup>861</sup> While facing challenges such as droughts and export bans in 2017, the government has generally come closer to meeting its budgeted revenue targets. In 2020, overall revenue collections, excluding grants, were 1.5% below the target, with Inland Revenue surpassing targets by 10%, while Customs collections lagged by 5% due to various trade and COVID-19 restrictions.<sup>862</sup>

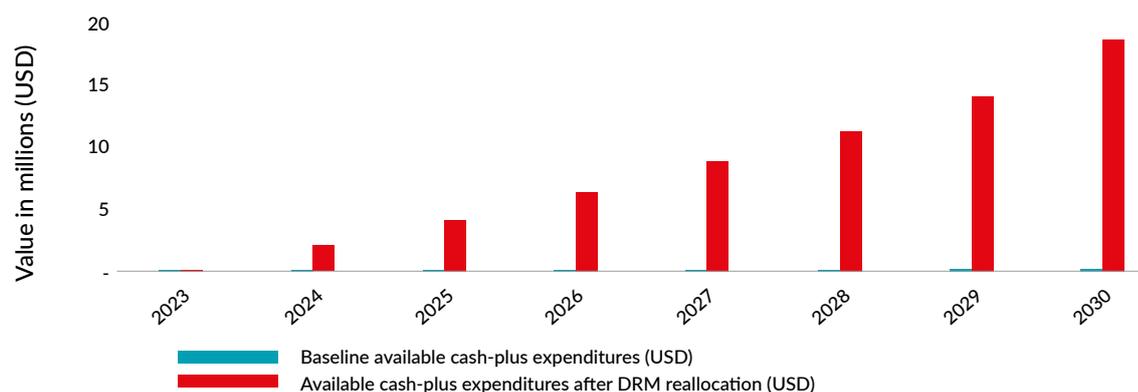
861 Ministry of Finance Development (2021). SOMALILAND NATIONAL TAX POLICY 2021-25. Available at: <https://slmof.org/wp-content/uploads/2021/07/Somaliland-National-Tax-Policy-F.pdf>

862 Ibid

Despite the global pandemic, total revenue collection in 2020 exceeded 2019 by 12.4%,<sup>863</sup> primarily driven by import tax and business income tax growth. However, the revenue profile has remained stable, with over 70% derived from customs duties and levies, prompting the government to explore further revenue sources. The Tax Policy Strategy outlines objectives for a fair and sustainable taxation system, aiming to increase the tax-to-GDP ratio from 10% to 15% by 2025.<sup>864</sup> The Ministry of Finance Development's targets include reducing dependency on customs revenue from 80% to 50% by 2030, increasing Inland Revenue's share from 20% to 50%, and implementing reforms for a balanced tax system that supports industrialization and private sector development.<sup>865</sup> Additionally, efforts focus on improving administration efficiency, citizen perception, transparency, and accountability, while encouraging local production and environmental protection through tax policies and incentives.

**If the various DRM strategies highlighted in the NDP-9 are implemented with the goal of attaining the regional revenue average by 2030, this would generate additional revenue that can be reprioritized towards social protection spending.** For instance, targeting the SSA tax revenue average with DRM strategies would create additional government revenue of about USD 123 million annually between 2023 and 2030. Calibrated and allocated for cash-plus programmes, these strategies would increase the budgetary room from the current estimated USD 222,921 to about USD 18.9 million by 2030. This would on average reduce the cash-plus programme financing gap by about USD 9.2 million year on year between 2023 and 2030.

**Figure 102: Potential Tax Revenues and Reallocation for Cash-plus Programmes (million USD)**



### 7.5.2.7.2 Official Development Assistance (ODA)

**The Government of Somaliland has been working on completing Public Financial Management (PFM) reforms to enhance the channeling of aid through the country's systems.** In 2021, external financial aid through the government budget system increased to \$23.5 million, marking a 12.49% rise from 2020.<sup>866</sup> The Somaliland Development Fund (SDF), supported by the United Kingdom, Denmark, and the Netherlands, plays a crucial role in aligning aid-funded initiatives with the National Development Plan, but there are challenges in coordinating with other pooled funds. The government emphasizes the need for aid funding alignment with the National Development Plan and plans to revisit coordination mechanisms for other funds. Despite SDF disbursing an estimated \$35.1 million, there was a significant underspending of 53% in 2021 due to delays in the procurement process, highlighting the importance of improved government oversight to achieve project goals and support the country's growth.<sup>867</sup> The government acknowledges ongoing challenges and commits to addressing them for enhanced budget implementation and project success. Given Somaliland's context of fragility and humanitarian need, we therefore project ODA inflows into the country to continue on the current path in the medium-term.

863 Ibid

864 Ibid

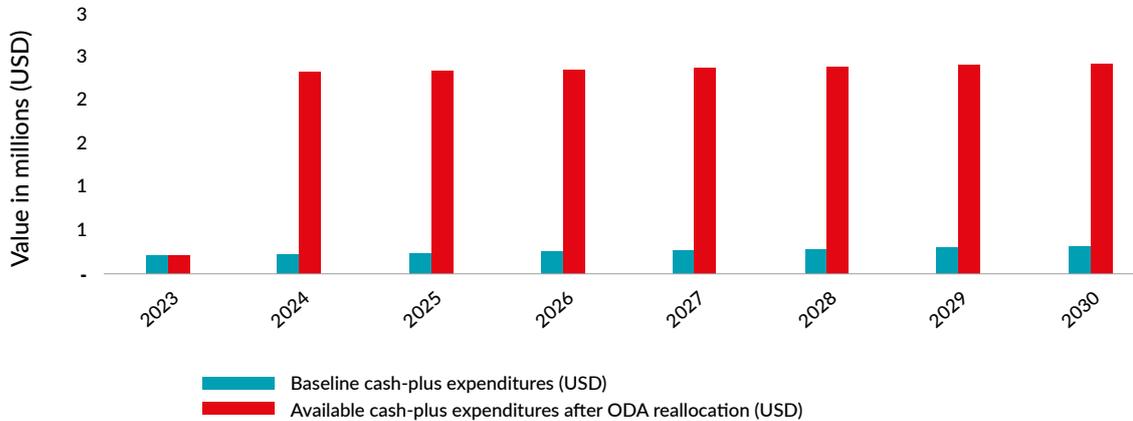
865 Ibid

866 Ministry of Finance Development (2021). Financial External Aid Report – 2021. Available at: <https://slmof.org/wp-content/uploads/2022/07/Financial-External-Aid-Report-2021-.pdf>

867 Ibid

These funds from ODA would generate about **USD 2.4 million** for cash-plus programmes by 2030 from an estimated baseline of **USD 222,921** in 2023. This would imply a reduction of the cash-plus programme financing gap by about **USD 2.1 million** annually on average between 2023 and 2030 using the 1.5% of GDP SSN spending benchmark of SSA to calibrate the resource allocation.

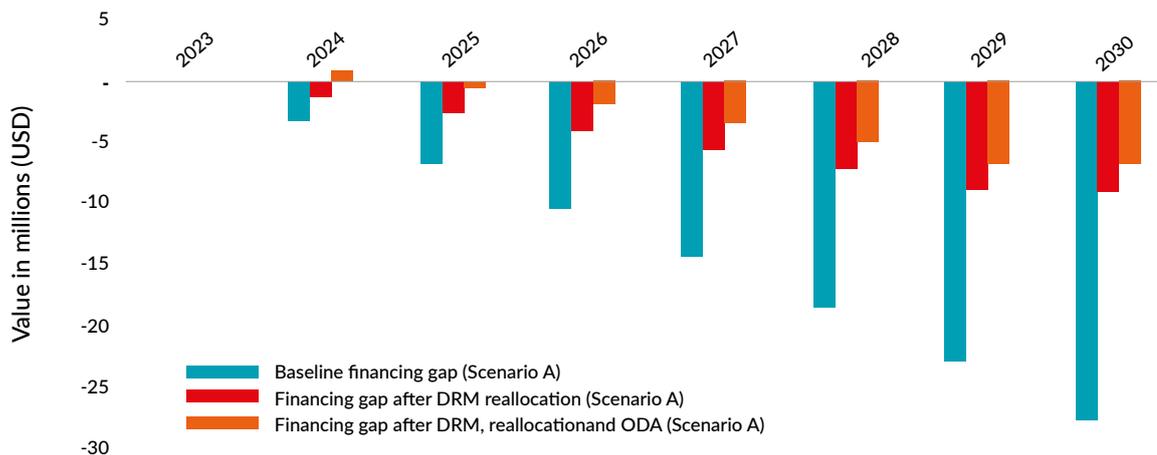
**Figure 103: Potential ODA for Cash-plus Programmes (million USD)**



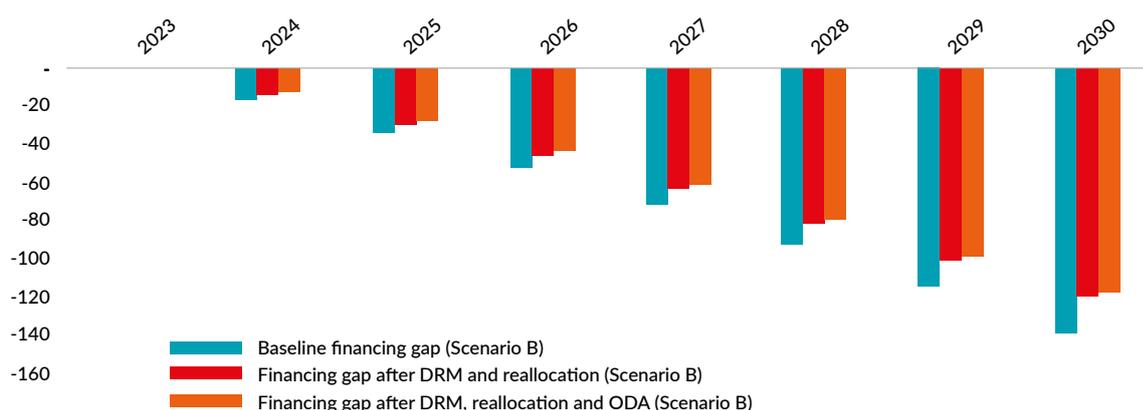
### 7.5.2.8 Maximising Fiscal Space Scenario

Summing all these initiatives together would reduce the financing gap for cash-plus programmes significantly between 2024 and 2030. This is under an optimistic scenario where the government and development partners prioritize social protection by aiming for up to 1.5% of GDP allocations to social protection. All the modeled options for creating fiscal space under scenario A reduce the financing gap from reaching **USD 27.5 million** in 2030 to **USD 6.8 million (or by 75%)**.

**Figure 104: Potential Fiscal Space for Cash-plus Programmes – Scenario A (million USD)**



Considering scenario B, the above-modelled financing options would reduce the financing gap from reaching **USD 137.3 million** by 2030 to **USD 117 million** or by **15%**. This is in part due to the larger cash-plus coverage target of 36.5% under scenario B, implying larger financial costs and requirements. This therefore means that to fully fund the financing gap for cash-plus programmes under scenario B, it is important to explore and combine other financing options not modelled here.

**Figure 105: Potential Fiscal Space for Cash-plus Programmes – Scenario B (million USD)**

### 7.5.2.9 Policy Options and Recommendations

To secure the much-needed resources for scaling up cash plus programmes in Malawi, the following recommendations based on the findings of our fiscal space analysis ought to be undertaken.

**Enhance domestic revenue mobilization and increase the percentage of social protection expenditure spent on cash transfer programs.** Prioritizing the social protection sector through CSSP programmes such as cash transfers is not just an expenditure but a significant investment in the futures of young children. This lays the foundation for social-economic transformation and sustained long-run economic development through facilitating human capital development. Current spending on social protection needs to be increased to at least 1.5% of GDP (the regional average for SSA spent on SSN) in the medium term.

**Accelerate evidence-based advocacy for greater ODA for CSSP.** ODA constitutes a significant source of funds for CSSP in the short-medium term. Further advocacy for increased ODA for the sector along with strengthening of institutional arrangements that eliminate aid diversion are necessary.

**Table 35: Policy Options / Recommendations Implementation Timelines and Responsibilities**

Specific recommendation	Priority	Implementation Timeline	Responsible entities
<b>Fast track tax revenue mobilisation and increase expenditure on social protection and CSSP</b>	High	Long term and on an ongoing basis. Spending targets can be aligned with national development (NDP9) goals	MoF, All relevant line ministries / departments
<b>Accelerate evidence-based advocacy for greater ODA for CSSP.</b>	High	Ongoing each year, possibly organised around investments for greatest impact and human capital development more generally.	MoF, MASS, All relevant line ministries / departments, Development Partners (DPs)
<b>Explore climate finance and for social sector financing</b>	High	On-going on an annual basis	MoF, All relevant line ministries / departments, DPs
<b>Enhance institutional arrangements and improve efficiency of service delivery</b>	High	On-going on an annual basis	All ministries, departments and agencies (MDAs)
<b>Utilise Zhakat Financing for CSSP</b>	Medium	On-going on an annual basis	MoF
<b>Curb illicit financial flows</b>	Medium	On-going on an annual basis	MoF, All relevant MDAs

**Explore other potential innovative avenues for creating fiscal space.** These include organizing a well-coordinated effort to attract climate finance that is directed towards climate change mitigation and adaptation efforts; leveraging Zakat financing; savings from curbing illicit financial flows in the form of ransoms for pirate acts and as well as leakages within the Public Financial Management (PFM) system. It is imperative that additional avenues for creating fiscal space are channelled through the spending units and managed effectively to minimize waste and avoid aid diversion in particular which risks resulting in a reduction to ODA.

**Enhance institutional arrangements that incentivise investments in the sector.** Institutional capacity and good governance matter in raising, allocating enough, and spending well for CSSP in Somaliland. To enhance resource mobilization, spending enough and spending well on cash transfer programmes requires effective engagement across the entire budget cycle through strengthening the PFM system and fiscal decentralization.

## 7.6 KEY FINDINGS AND POLICY OPTIONS

### 7.6.1 Key Findings

#### Somalia

**The CBA in Somalia concentrated on scaling up the SCTP, selected for its child-sensitivity and additional plus components.** Cash transfers are valued at USD 20, higher than many across the region. The CBA modelled increasing the reach of the SAGAL program which targets children under 2 as one of its categories. It currently reaches 2.8% of this target population. Scenario A, the conservative approach, targeted reaching an eighth of children under 2 who are living in poverty (73% of children across the FGS), thus scaling up the program to 9% of the target population. Scenario B, more optimistic, models extending this coverage to 36.5% of the target population. This would cover half of the children (0-2) in Somalia who are multidimensionally poor.

**The benefits of scaling up the SAGAL program are significant.** In Scenario A, between 2023 and 2060, additional GDP is projected at **USD 1.1 billion**, while the more ambitious Scenario B foresees **USD 5.8 billion** in the same period. These benefits stem from improved healthcare, enhanced education access, and increased GDP due to economic growth resulting from cash transfer spending.

**Non-monetary benefits in health and education are also anticipated.** Between 2023 and 2060, Scenario A is expected to yield an additional **570 thousand** years of schooling and save over **3 thousand** child lives. In the more ambitious Scenario B in the same period, projections include 3 million extra years of schooling, and 16 thousand child lives saved.

**Additionally, the program's qualitative impacts are significant.** These include the enhanced prioritization of education and healthcare by beneficiaries, along with notable effects on mental health and positive parenting. Focus group discussions indicated that caregivers had access to more regular, nutritious meals when they were on the program.

#### The rate of return on CSSP in Somalia

For every \$1 invested, \$1.9 is returned



**Scaling up the program necessitates additional funds.** Between 2023 and 2060, these are estimated at **USD 440 million** for Scenario A and **USD 2.4 billion** for Scenario B. Despite the financial requirements, both scenarios offer substantial rates of return, with every **USD 1** invested expected to yield **USD 2.4** in returns.

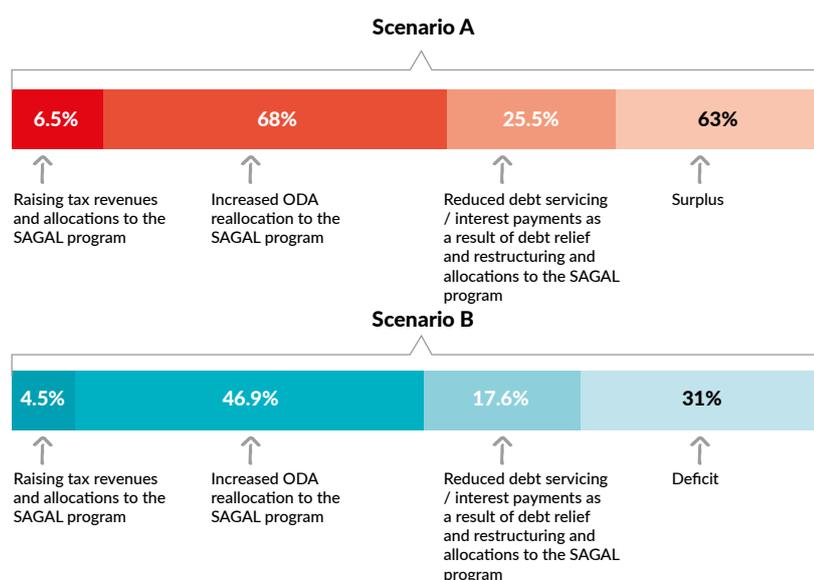
**The CBA also explores the option of enhancing the adequacy of cash transfers,** considering 30% of the international poverty line, or **USD 76.60**, per household, per month, as adequate. While more expensive, increasing transfer adequacy is anticipated to generate more substantial returns, primarily through increased expenditure and consumption by beneficiaries. While these may currently be financially challenging, showcasing these returns is essential for advocacy purposes.

**Investing in scaling up the SAGAL program entails significant financing gaps compared to current social protection spending.** The FSA finds that scaling up the SAGAL program would result in a financing gap of about USD 2.5 million in 2024, which is estimated to reach USD 21 million by 2030 for Scenario A. While the financing gap for Scenario B is estimated to increase from about USD 13.5 million in 2024 to USD 115 million by 2030.

**The FSA explores ways to close this financing gap.** This can be achieved most significantly through ODA reprioritization, public debt restructuring, and Domestic Resource Mobilisation (DRM). DRM is arguably the most sustainable way for governments to create fiscal space. The Somali government has undertaken a comprehensive approach to boost domestic revenues, focusing on expanding the tax base and improving collection methods. However, domestic revenue remains low at just 4% of real GDP, and, therefore, DRM strategies must be accelerated. ODA remains the most significant source of funding for social protection in the country, particularly as donor grants have increased in recent years. Nonetheless, aid diversion remains a problem and could result in a reduction to ODA. Additionally, in the short-medium term, significant savings could be made from debt relief/restructuring.

Summing the total of these initiatives would eliminate the financing gap in Scenario A by 2030, creating a surplus of **USD 59.6 million** by 2030. In Scenario B, implementation of these financing options would result in a deficit of **USD 35.3 million** on average between 2024 and 2027, with a gap of **USD 34.2 million** in 2030 (equivalent to a 31% deficit in the financial needs for Scenario B).

**Figure 106 : Potential Contributions of Different Financing Options on Reducing the Gap by 2030.**



**Other potential avenues exist for creating fiscal space for CSSP not modeled here.** These include organizing a well-coordinated effort to attract climate finance that is directed towards climate change mitigation and adaptation efforts; leveraging Zakat financing, and individual and employer contributions; and savings from curbing illicit financial flows in the form of ransoms for pirate acts and as well as leakages within the Public Financial Management (PFM) system. It is imperative that additional avenues for creating fiscal space are channeled through the spending units and managed effectively to minimize waste and avoid aid diversion in particular which risks resulting in a reduction to ODA.

## Somaliland

**The CBA in the RoS concentrated on scaling up the CSSP Pilot, which was selected for its child-sensitive approach and comprehensive cash-plus elements.** Cash transfers are also valued at USD 20, higher than many across the region. It was chosen over the Social Transfer Project and the Safety Net for Human Capital Program due to its more general focus on improving child outcomes. The CBA modelled increasing the reach of the CSSP Pilot which currently targets children under 2. It reaches 0.08% of this target population. Scenario A, the conservative approach, targeted reaching half of the children under 2 who are living in poverty (73% of children under 18 in the FGS) across **Hargeisa**, thus scaling up the program to 7.5% of the target population. Scenario B, more optimistic, models extending this coverage to 36.5% of the target population. This would cover half of the children (0-2) across the **RoS** who are multidimensionally poor.

**The benefits of scaling up the CSSP Pilot are significant.** In Scenario A, between 2023 and 2060, additional GDP is projected at **USD 1.3 billion**, while the more ambitious Scenario B foresees USD 6.2 billion in the same period. These benefits stem from improved healthcare, enhanced education access, and increased GDP due to economic growth resulting from cash transfer spending. They make up 0.14% and 0.68% of the RoS's GDP respectively.

**Non-monetary benefits in health and education are also anticipated.** Between 2023 and 2060, Scenario A is expected to yield an additional **754 thousand** years of schooling and save over **3 thousand** child lives. In the more ambitious Scenario B in the same period, projections include **3.7 million** extra years of schooling and over **14 thousand** child lives saved.

**Additionally, the program's qualitative impacts are significant.** These include the enhanced prioritization of education and healthcare by beneficiaries, along with notable effects on mental health and positive parenting. Focus group discussions indicated that caregivers had access to more regular, nutritious meals when they were on the program.



**Scaling up the program necessitates additional funds.** Between 2023 and 2060, these are estimated at **USD 584 million** for Scenario A and **USD 2.9 billion** for Scenario B. Despite the financial requirements, both scenarios offer substantial rates of return, with every **USD 1** invested expected to yield **USD 2.10** in returns.

**The CBA also explores the option of enhancing the adequacy of cash transfers,** considering 30% of the international poverty line or **USD 76.60**, per household, per month, as adequate. While more expensive, increasing transfer adequacy is anticipated to generate more substantial returns, primarily through increased expenditure and consumption by beneficiaries. While these may currently be financially challenging, showcasing these returns is essential for advocacy purposes.

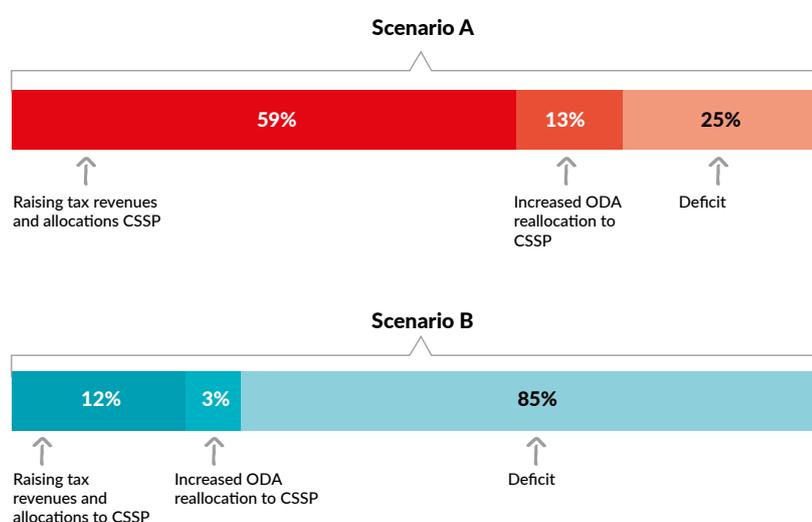
**Investing in scaling up the CSSP Pilot entails significant financing gaps compared to current social protection spending.** The FSA finds that scaling up the CSSP Pilot would result in a financing gap of about **USD 3.2 million** in 2024, which is estimated to reach **USD 27.5 million** by 2030 for Scenario A. While the financing gap for Scenario B is estimated to increase from about **USD 16 million** in 2024 to **USD 137.3 million** by 2030.

**The FSA explores ways to close this financing gap.** This can be achieved most significantly through Domestic Resource Mobilisation (DRM) and ODA reprioritization. DRM is arguably the most sustainable way for governments to create fiscal space. The RoS has moved closer to meeting its budgeted revenue targets and the Tax Policy Strategy outlines objectives for a fair and sustainable tax system. It is important that the

RoS implements strategies highlighted in the NDP-9. ODA remains an important source of funding for the government, through the Somaliland Development Fund. However, underspending remains a challenge, in 2021 the fund underspent by 53%. Nonetheless, the RoS has shown commitment to addressing these challenges. Summing the total of these initiatives would reduce the financing gap in Scenario A from **USD 27.5 million** to **USD 6.8 million** in 2030 or by **72%**. In Scenario B, the financing gap would be reduced from **USD 137.3 million** to **USD 116.6 million**, or by **15%**.

**Other potential avenues exist for creating fiscal space for CSSP not modeled here.** These include leveraging climate finance / the green economy to fund climate-sensitive programmes to optimize desired socio-economic outcomes for children, curbing leakages within the PFM system that allow for waste through aid diversion and allocative inefficiencies and improving the efficiency of the social protection sector and CSSP programs. Additionally, leveraging Zakat financing, and individual and employer contributions also offer alternative avenues for financing CSSP.

**Figure 107 : Potential Contributions of Different Financing**



## 7.6.2 Recommendations

Against this backdrop, the Somalia and Somaliland Investment Case and Fiscal Space Analysis presents the following suggestions and policy recommendations:

- ✓ **R1: Scaling up Social Protection in the FGS is imperative due to the level of need and the youthful population. This will allow them to harness their demographic dividend.** Both the GoS and the RoS have recently begun to prioritize social protection in policies and legislation. However, coverage rates remain low. Across the FGS, just 9% of children are covered by social protection, significantly less than neighbour Djibouti, where 16% of children are covered. Moreover, high poverty rates, 73% of children under 18, illustrate the significant need for social protection across the FGS. Just under 50% of the FGS are under the age of 14, providing these children with a strong start in life will enhance their opportunities which will lead to economic growth.

As the programs are scaled-up, the government ought to prioritize -scaling up social protection spending to reach 1.5% of GDP. This will significantly reduce or close the financing gaps and help the GoS and the RoS eventually take ownership of the programs.

- ✓ **R2: Investments in CSSP will help build a shock-responsive social protection system and reach national and international targets.** This will support the objectives of developing a functional social protection system for all Somalis.

- ✔ **R3: There is potential for more cohesion in the CSSP landscape. Both ST1 and the CSSP Pilot are strong, child-sensitive programs.** However, they currently only cover a small proportion of children under 6 across Somalia and Somaliland. There are other CSSP pilot programs that are also happening across the landscape, run by donors such as the World Bank. There is the potential for these programs to work together and cover a greater proportion of children. Utilizing available infrastructure, staff, and monitoring and evaluation tools could lead to efficiency savings.
- ✔ **R4: In Somalia and Somaliland, Domestic Resource Mobilisation (DRM) could be utilized to increase funding.** DRM is the most sustainable way of creating fiscal space for social protection and can be achieved through implementing various tax and institutional reforms in order to attain revenue targets set out in strategic documents such as the NDP. It is crucial to fast-track initiatives for effective revenue raising in line with DRM strategies and broader development goals.
- ✔ **R5: In a fiscally-constrained environment, ODA is likely to be an important source of funding, at least in the short- to medium-term.** The importance of ODA should not be understated, and therefore further advocacy is required to strengthen institutional arrangements that eliminate aid diversion, and the consolidation of fragmented humanitarian assistance efforts is necessary across the FGS. Debt relief and restructuring also stands to free up resources that would otherwise be spent on debt servicing or interest payments. These funds can be repurposed to finance CSSP in the short- to medium-term.
- ✔ **R5: Institutional capacity and good governance matter in raising, allocating enough, and spending well in CSSP.** To enhance resource mobilization, spending enough and spending well on cash transfer programs requires effective engagement across the whole budget cycle through strengthening the PFM system, fiscal decentralization, and good federal governance.
- ✔ **R6: There are additional options that haven't been modeled here that could be explored to increase fiscal space.** These options include Zakat financing, climate finance, as well as curbing illicit financial flows.
- ✔ **R7: Applying additional geographical age targeting could also be used as a tool to reduce costs, while still targeting the most vulnerable in society.** Across the FGS additional cost-efficiencies could be made through geographical targeting and age targeting. This could include prioritizing districts with the highest poverty rates, or reducing the age range. While not modeled here, additional socioeconomic indicators could also be used to apply additional categorical targeting, such as areas with low ECE enrolment or high stunting rates.
- ✔ **R8: Costs can also be contained by considering the design of programs and leveraging existing programs across the FGS.** In Somalia, as the scale-up increases efficiencies could be made by working closely with other CSSP programs such as Baxnaano. This could involve utilizing the same payment and registration systems. This could reduce the risk of exclusion or inclusion errors. In Somaliland, there is scope to work closely with the Social Cash Transfer or the Safety Net for Human Capital Program to save costs and reduce the likelihood of exclusion or inclusion errors through one comprehensive system. The benefits of cash-plus will only be fully realised if service availability is strong. It is important that this continues to be considered and efforts are made to scale up services where possible. The FGS struggles with limited healthcare, education, and nutrition services. It is imperative that these are scaled up in parallel with the CSSP. There is also scope to utilise cash-plus infrastructure such as training locations to provide essential health and education services.

## 8 KEY FINDINGS AND RECOMMENDATIONS

Across the four country case studies, several common recommendations for scaling up CSSP programmes exist. In each case, and across most of the East and Southern African region, all countries have a high percentage of youthful populations and high child poverty rates. So, there is a strong case to expand CSSP to harness the potential demographic dividend and improve socioeconomic outcomes.

**Each should aim to increase investment in social protection to 1.5% of GDP to build resilient shock-responsive systems.** 1.5% of GDP was selected as a target as it is the average spending on social safety nets in sub-Saharan Africa.<sup>868</sup> DRM strategies are typically the most sustainable option for financing CSSP programs and this can involve tax reforms, combating illicit financial flows, and implementing new levies. There is however a need to be cautious about the introduction of new taxes whose impact may be regressive, thereby limiting or negating the impact of social protection spending. Additionally, for a tax policy to support development and improve governance effectively, it's crucial to incorporate a wide array of citizen perspectives in its formulation and implementation. This study also highlights the importance of addressing corruption, inefficiencies, and building of strong Public Financial Management (PFM) systems to ensure the effective use of funds. Additionally, ODA will continue to be crucial in the short to medium term, provided there is appropriate advocacy for sustained donor support to establish a foundation for national systems that can eventually be owned and financed by governments. While the study modeled scenarios in which debt restructuring can result in some resources being made available to scale up social protection programmes, in reality, debt relief/ restructuring engagements are often protracted and will only lead to the financing of CSSP if there is **robust advocacy for child-responsive debt restructuring and budgeting i.e. the integration of concerns pertaining to children in both these processes.**

**Finally, the study finds that countries can ensure more effective programming by leveraging existing programmes<sup>869</sup> and infrastructure, and enhancing the child-sensitivity of these existing programmes.** For example, targeting mechanisms should be refined to optimize resource use, focusing on regions with higher poverty rates or narrowing by age range, starting with the youngest children. Countries should consider utilizing targeting methods that enable the progressive scaling up of programmes. Categorical targeting, which bases eligibility on observable characteristics like age, gender, or disability, simplifies administration and minimizes errors. The scale-up scenarios presented in the study are based on the targeting of specific cohorts of young children in order to maximize economic returns from human capital development. Despite their widespread use, PMT approaches suffer from significant inclusion and exclusion errors and have high survey and administrative costs, which can consume up to 11% of the program budget, compared to around 3% for categorical targeting.<sup>870</sup> This makes PMT-based pilot programmes challenging for donors to hand over to governments.

868 UNICEF (2023). Social Protection Budget Brief, accessed: 27th March 2024. Available here: <https://www.unicef.org/esa/media/12581/file/UNICEF-Zambia-Budget-Brief-Social-Protection-2023.pdf>.

869 In many cases, the infrastructure of existing social protection programs can be used to improve efficiency and incorporate 'plus' components focused on health, nutrition, education, and positive parenting.

870 For example, an ILO review concluded that the universal schemes reviewed had the lowest average administrative costs at 2.5% of total program costs, whereas administrative costs of targeted programs averaged 11% (Ortiz, Durán-Valverde, Pal, Behrendt, & Acuña-Ulate, 2017).

### In summary, the following are some key country-specific recommendations:

**UGANDA** - The high youth population and significant child poverty and under-5 mortality rates underscore the necessity for comprehensive CSSP in Uganda. Investing in CSSP will help Uganda reach national and international targets such as the SDGs and Vision 2040. There is already momentum in this direction, most notably regarding introducing a universal Child Grant. To fund this, the country is encouraged to constructively engage development partners to increase ODA, given that it hosts the region's largest refugee population. Simultaneously Uganda should work to accelerate tax reforms and advocate for higher allocations towards social protection. The combination of Uganda's newly found natural resource wealth and the climate change risk also presents opportunities for innovative financing. Finally, suggestions to reduce scale-up resource needs and ensure programmatic efficiencies include using additional categorical targeting and leveraging the Child Grant program for scaling purposes.

**ZAMBIA** - It is acknowledged that Zambia is progressing in prioritizing social protection, although there's still a substantial need given the high child poverty rate and under-5 mortality. In the region, Zambia has trailblazed by leveraging its natural resource wealth to steadily increase the government's financial ownership of the country's tax-financed social protection system. Regardless, owing to the level of need, scaling CSSP would require significant resources. Developing a child-sensitive public DRM strategy, utilizing the Community Development Funds more strategically, and influencing the allocation of any savings from the protracted debt restructuring would help fund this. Resources can also be unlocked by curbing illicit financial flows, which have been reported to have led to USD 880 million leaving the country annually in the form of tax evasion and transfer pricing between 2001 and 2010<sup>871</sup>. For cost-containment, Zambia is advised to leverage existing community-level infrastructure for delivering cash-plus programs (e.g. Social Cash Transfer) and consider mobile money for payments.

**MALAWI** - Urgent scaling of CSSP is emphasized, as only a small percentage of children are covered by social protection, with the best mechanism to do this being the existing Social Cash Transfer Programme (SCTP). It is imperative to make it more child-sensitive and align it with other government initiatives like the MNSSP II and the government's ambition for nutrition-sensitive social protection. Proposed options for financing include ODA, diligent implementation of the DRM strategy, broadening the tax base, introducing a tourism levy, and curbing illicit financial flows, corruption, and leakages within the PFM system that allow for waste and allocative inefficiencies. Regarding programme design, cash-plus benefits could target particularly vulnerable groups such as pregnant women and children aged 0-2 and prioritize regions with higher poverty rates. Leveraging and learning from CSSP programs such as Maziko could support a more efficient scale-up.

**SOMALIA** - With a very young population and high child poverty rates, there's pressure to scale up CSSP significantly (by scaling the SAGAL and CSSP pilots), and the government has made significant inroads and commitments to support this. Investments in CSSP will help Somalia (including Somaliland) build a shock-responsive social protection system and reach national and international targets. In a fiscally constrained environment, ODA is likely to be an important funding source least in the short- to medium-term. The importance of ODA should not be understated, and therefore, further advocacy is required to strengthen institutional arrangements that eliminate aid diversion, and the consolidation of fragmented humanitarian assistance efforts is necessary across the federation. Additionally, non-traditional funding sources, including climate finance and Zakat, should be explored. Unifying various CSSP efforts under a cohesive strategy to cover a greater proportion of children would increase reach and enhance efficiency. The lessons learned from the National Development Plan-9, ending in 2024, should be incorporated into the National Development Plan-10 or a comprehensive strategy for CSSP. Furthermore, the parallel scaling of essential services like healthcare and education should be achieved in order to maximize the benefits of the provision.

871 See Zambia Institute for Policy Analysis and Research.

## 9 CONCLUSION

Investing in CSSP is not only a priority articulated in most of the case countries' national policies but also an economic and social necessity for all the countries studied. Through strategic financial planning and resource allocation, these investments can lead to substantial economic growth, improved health and education outcomes, and reduced child poverty.

Scaling up CSSP programs can have significant monetary and non-monetary benefits. This study has articulated the significant additional years of schooling that could be created following investment into CSSP. It has also illustrated the lives that could be saved, and the stunting cases that could be averted if CSSP is prioritised. Not investing also comes with substantial costs. Across all four country case studies the monetary cost-of-inaction has been articulated, and this can be seen in table 2 above. Choosing not to invest in CSSP could result in countries missing out on economic growth. For example, the cost-of-inaction in Uganda could be as much as USD 16 billion in scenario B (cumulative, up to 2060).

Various factors must be considered when contemplating a scale-up of cash transfer programs, such as the adequacy of the transfer. The adequacy of the transfer is an important area for debate, although it is often discussed as part of the adequacy vs coverage debate. In programs or countries with limited fiscal space, increasing the adequacy of the transfer could lead to a reduction in the number of beneficiaries covered. Nonetheless, there are several suggested international benchmarks for what an 'adequate' transfer could look like. These range from a target of 20% of a household's income consumption, to 40% of the national or international poverty line.<sup>872</sup> This assignment conducted a high-level analysis into the costs of scaling up cash transfers to 30% of the international poverty line showing an even higher return on investment under that scenario. While such a scale up is likely to be unfordable in the short term, countries should aim to improve both the adequacy and value of cash transfers and progressively reach the average spending on social safety nets in sub-Saharan Africa i.e. 1.5% of GDP.

The targeting model selected by a CSSP program is also important. This assignment has advocated for a categorical targeting approach, reaching children aged 0-6, or children aged 0-3 where the larger group was not possible. Categorical targeting was selected due to its cost-efficiency, ability to align with specific program objectives, and the potential to engage with local communities through working closely with community-based targeting.<sup>873</sup> Proxy means testing (PMT) was not selected due to its high potential for exclusion and inclusion errors, its significant administrative costs, and high social costs.<sup>874</sup> The high costs can make it difficult for governments to maintain if donor funding ends, leaving government with sole responsibility for both funding and implementation. When selecting a targeting approach, it is important to consider several factors, including the available funds, program objectives, implementer capacity, and, notably, the preferences of the local community. Often a combination of categorical and community-based targeting can work reasonably well. Moving away from PMT towards a more cost-effective approach can also ensure return on investment from scale-ups is used most effectively.

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- 872 Davis, B and Handa, S. (2015). How Much Do Programmes Pay?, accessed: 18.01.2024. Available here: <https://www.unicef-irc.org/publications/pdf/RESEARCH-BRIEF-2015-1.pdf>. CalpNetwork (2020). Determining the Value of Cash Transfers – Preliminary Insights from LIME, accessed: 18.01.2024. Available here: <https://www.calpnetwork.org/wp-content/uploads/2020/01/determining-the-value-of-cash-transfers-2.pdf>. and Carracro, L. et al. (2021). Transfer Values: How Much is Enough? Balancing social protection and humanitarian considerations, accessed: 18.01.2024. Available here: [https://socialprotection.org/sites/default/files/publications\\_files/Transfer%20Values\\_How%20Much%20Is%20Enough\\_Balancing%20social%20protection%20and%20humanitarian%20considerations%20281%29.pdf](https://socialprotection.org/sites/default/files/publications_files/Transfer%20Values_How%20Much%20Is%20Enough_Balancing%20social%20protection%20and%20humanitarian%20considerations%20281%29.pdf).
- 873 Athias, D., Kidd, S. (2019). Hit and Miss: An assessment of targeting effectiveness in social protection. Accessed: 27.02.2024. Available here: <https://www.developmentpathways.co.uk/wp-content/uploads/2019/03/Hit-and-Miss-March13-1.pdf>.
- 874 For example, an ILO review concluded that the universal schemes reviewed had the lowest average administrative costs at 2.5% of total program costs, whereas administrative costs of targeted programs averaged 11% (Ortiz, Durán-Valverde, Pal, Behrendt, & Acuña-Ulate, 2017).

The study also opens up for further investigation several other areas including the potential for scaling CSSP using efficiency savings or reprioritization of government spending towards more efficient and impactful programmes.<sup>875</sup> While this was discussed at a high level in many of the country cases presented in this study, the quantification of potential resources available from this avenue wasn't carried out due to resource constraints. Extensive public expenditure reviews encompassing key social sectors, including social protection are key sources of evidence for assessing which programmes should be deprioritized. Additionally, some incentives and subsidies like tax expenditures are worth assessing to ascertain their relevance.<sup>876</sup>

Comprehensive coverage of Africa's population is unattainable without significant inroads into including informally employed individuals in contributory social protection schemes given that nearly 83% of employment in Africa and 85% in Sub-Saharan Africa is informal. While there are no clear exemplary cases of countries on the continent that have achieved this, outside of some progress made in Kenya, the African Union (AU) Protocol To The African Charter On Human and People's Rights On the Rights of Citizens to Social Protection and Social Security encourages states to include informal workers in policy and program development and establish regulations that extend social security to them and tailor social protection measures to their specific needs. Additional work needs to be carried out to inform the design and implementation of viable schemes for the informal sector.

Finally, with the increasing frequency and impact of covariate shocks, such as droughts and pandemics, affecting multiple countries simultaneously, the ability of individual nations to effectively respond is constrained. Consequently, there is an urgent necessity for an international dialogue to explore and establish cross-sovereign financing mechanisms. These mechanisms should be designed to facilitate comprehensive responses to such risks, enhancing citizens' resilience to climate-related disasters, and addressing challenges like internal displacement.

The inclusion of vulnerable groups, such as refugees is also imperative but there is often uncertainty around who is responsible for their care. The challenges of providing social protection for refugees and asylum seekers illustrates the nexus between humanitarian assistance and mainstream social protection. When the provision of short-term, emergency care, humanitarian assistance, and longer-term, institutional social protection systems work in silos, there is a risk that separate systems will emerge, increasing the likely to exclusion and inclusion errors for particularly vulnerable groups. This study underscores the importance of aligning humanitarian assistance with mainstream social protection systems – the aim being to establish strong nationally owned shock-responsive social protection systems, financed mainly by local resources, and supplemented with international funding channelled primarily through the government.

This assignment has comprehensively made the case for increased investment into CSSP due to significant return on investment. Creating strong, shock-responsive CSSP systems that work closely with other sectors to provide a holistic approach to care will help ensure the development of thriving youthful populations as they transition into working-age adults. These systems must be adequate and inclusive, emphasising the need for regional and global cooperation. To achieve these CSSP systems, support must be given to help create sustainable, government-led financing systems. Regional protocols such as The African Charter On Human and People's Rights On the Rights of Citizens to Social Protection and Social Security could serve a 'model law' to help countries develop policies and legal frameworks that could lead them towards comprehensive CSSP.

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875 Put simply, inefficiency means not making the most of the resources available. Efficiency savings can be boiled down to achieving one of two things: 1) getting better results with the same amount of investment and 2) achieving the same results with less investment.

876 Issue of tax expenditures. Kenya is actually spending as much as 3% of GDP on tax expenditures. For instance, Uganda spends 1.7% of GDP on tax expenditures but less than about 0.5% of GDP on social protection. While the majority of these tax expenditures are VAT exemptions, it may be worth exploring their

# 10 ANNEX I: ECONOMIC EVALUATION OF CASH-PLUS PROGRAMS

## 10.1 THE BENEFITS ASSOCIATED WITH CASH-PLUS PROGRAMS

The document provides an in-depth analysis of the importance and impact of Child-Sensitive Social Protection (CSSP) programs across various regions, focusing on the dual goals of alleviating child poverty and fostering human capital development. It emphasizes the pivotal role of early childhood development (ECD) interventions within CSSP frameworks, highlighting their significant returns on investment in terms of economic growth, health, education outcomes, and emotional and mental well-being. By integrating cash transfers with complementary services, such as behavioral change communication and improved service access, CSSP programs aim to create a unified platform for supporting vulnerable children.

The research methodology combines cost-benefit analysis (CBA) and fiscal space analysis (FSA) to evaluate the effectiveness and financial viability of scaling up CSSP interventions. The CBA prioritizes interventions with a benefit-cost ratio above one, advocating for targeted investments in cash-plus programs that offer comprehensive support to children. Meanwhile, the FSA assesses the availability of financial resources, exploring opportunities for increased investment and strategies to address existing financing gaps. This approach underlines the importance of evidence-based policy-making in combatting child poverty and stimulating economic growth.

Findings from the study underscore the urgent need for CSSP investment in regions like Somaliland, Somalia, Malawi, Uganda, and Zambia, where high child poverty rates and various socio-economic challenges persist. By demonstrating substantial potential GDP growth and improvements in health and education outcomes, the study makes a strong case for the cost-effectiveness of CSSP interventions. Financing strategies such as domestic resource mobilization, Official Development Assistance reprioritization, and public debt management are highlighted as key mechanisms to bridge financing gaps, ensuring the sustainability and scalability of CSSP programs to achieve long-term developmental goals.



## 10.2 THE BENEFITS ASSOCIATED WITH CASH-PLUS PROGRAMS

Benefit	Measured	Realised (Sig.)	Child sensitive	>50% and >1 positive result, and child sensitive
Increase consumption, poverty reduction, reduced income shocks	2	2	1	Yes
Child stunting / anthropometrics	9	5	1	Yes
Improved nutrition / fewer food shortages / dietary diversity / reduced hunger / iron fortification	7	6	1	Yes
Antenatal care	3	2	1	Yes
Exclusive breastfeeding	5	5	1	Yes
School completion/enrolment/attendance	5	5	1	Yes
Grade attainment/promotion	3	2	1	Yes
Parenting behaviors / Reduced discipline	2	2	1	Yes
Use of health services	1	1	1	No
Social support	1	1	1	No
Violence (Physical and IPV)	2	2		No
Reduced HIV risk	1	1	1	No
Measles vaccine	1	1	1	No
Cognitive development	2	1		No
Socio Economic development	1	1		No
SRH knowledge	2	2		No
Condom self-efficacy	1	1		No
Financial literacy	1	1		No
Savings behavior	3	3		No

## 10.3 MAPPING THE BENEFITS TO COUNTRY INDICATORS

Corresponding indicator	Uganda	Somalia	Zambia	Malawi	LIC average
Poverty rate	42.2	54.4	60.8	70.1	45.3
Stunting rate under 5	25.4		34.6	35.5	
Underweight prevalence under 5	7.6	22.5	11.8	12.8	17.8
Neonatal mortality rate	1.9	3.6	2.5	1.9	2.7
Rate of exclusive breastfeeding (under 6 months)	65.5	33.7	69.9	59.4	52
Net enrolment rate, primary	95.5		85.55	99.19	81

## ANNEX II: METHODOLOGICAL ASSUMPTIONS

Economic and Demographic	
<b>GDP growth rate</b>	The IMF predictions of growth rate have been used up until 2028. The figures between 2023 and 2028 have then been averaged and this rate has been applied up until 2050.
<b>Population growth rate</b>	Population growth rates are assumed to rise in line with predictions from UN World Population Prospects
Coverage	
<b>Linear progression</b>	Coverage rates of interventions are assumed to rise in a linear fashion up to either 2030 or 2033, depending on the country's target year, before maintaining at their current level.
Impact	
<b>Timing of education impact</b>	The model calculates benefits from 2038, when the beneficiaries are 15 and are therefore entering the labor force.
<b>Impact of cash plus on school enrolment</b>	The model has used a (non-weighted) average of three studies to calculate the impact of a cash plus programme on primary school enrolment.
<b>Impact of enrolment on years of education</b>	The impact of enrolment on years of education is a data point for early childhood education, the model is assuming that the impact will be the same if enrolment increases at primary level.
<b>Impact of cash plus on health interventions</b>	The model has used (non-weighted) averages when calculating the impact of the programme on handwashing, MAM and exclusive breastfeeding respectively.
<b>Impact of health interventions on outcomes</b>	Impact on health outcomes has been generated using assumptions in the One Health Tool, a peer-reviewed source of robust impact estimates.
<b>Impact of poverty reduction</b>	The model assumes that all economic benefits associated with poverty reduction from the cash plus programme come from the economic multiplier effect.
Costing	
<b>Scaling up administrative costs</b>	The model assumptions that administrative costs fall as a proportion of total cost as programmes grow in scale.
<b>Inflation</b>	It is assumed that the level of the cash transfer will rise in line with inflation over the study period. Inflation data comes from the IMF.

## ANNEX III: DATA TABLES

### UGANDA

Economic			
Discount rate	5%	2020	Hacker et al. 2020
Age of children entering labor force	15	2022	Assumption in UBOS 2022 Statistical Abstract, Section 2.3
Age of exit from labor force	64	2022	Assumption in UBOS 2022 Statistical Abstract, Section 2.3
GDP per capita (USD)	1,163	2022	IMF WEO Oct 2023
GNI per capita, Atlas Method, (current USD)	930	2022	World Bank Data Online
Labor force participation rate	42.5%	2020	UBOS 2022 Statistical Abstract Table 2.3b
Labor income share of GDP	41.1%	2019	ILOSTAT, ILO modelled estimates, 2019
Multiplier effect	1.93	2023	Average of ESA cash transfer multiplier effects from World Bank: "Is the Magic Happening? A Systematic Literature Review of the Economic Multiplier of Cash Transfers"
Exchange rate (USD to UGX)	3,572	2021	UBOS 2022 Statistical Abstract Table 4.2
Coverage			
Coverage, NutriCash	13,742	2023	Nutricash database
Education			
Increase in school enrollment as a result of intervention	15%	N/A	Average of 3 studies
Average years of schooling	6.8	2020	Human Capital Index (2020)
1% increase in enrolment impact on years of education	1.4%	2020	Muroga et al (2020)
Return on an additional year of education	11.9%	2018	Psacharopoulos et al (2018)
Health and Nutrition			
Intervention impact on exclusive breastfeeding	17%	N/A	Average of 10 studies
Intervention impact on MAM treatment	19%	N/A	Average of 2 studies
Intervention impact on handwashing	47%	N/A	Average of 2 studies
Intervention impact on health care facility birth	5%	N/A	Average of 8 studies
Life expectancy	62.8	2020	World Bank
Stunting disability weight	0.002	2019	IHME GBD
Productivity gains due to DALYs gained	1.55	2019	WHO (2019)

Costing		
Value of the Cash Transfer	48000	Nutricash Database
Value of CT USD	13	
Annual Transportation Costs	275,833,451	FLA
Number of Staff	9	FLA
Annual remuneration of Staff	166,189,865	
Cash Plus Staff Costs	356,082,970	WFP Costing
Cash Plus Number of Staff	5	WFP Costing
Cash Plus Trainings, Meetings and Workshops	289,610,000	WFP Costing
Cash Plus Equipment Costs	152,782,671	WFP Costing
Cash Plus Rent and Running Costs	17,083,366	WFP Costing

## ZAMBIA

Economic			
Discount rate	5%		IMF 2023
Age of children entering labor force	15	2022	Labor force survey Zambia Statistics Agency
Age of exit from labor force	60	2021	Zambia Revenue Authority
GDP per capita (USD)	1,440	2023	IMF 2023
GNI per capita, Atlas Method, (current USD)	1,170	2022	The World Bank
Labor force participation rate	60.1%	2021	The World Bank
Labor income share of GDP	33.1%	2020	UN Department of Economic and Social Affairs
Multiplier effect	1.93	2023	Average of ESA cash transfer multiplier effects from World Bank: "Is the Magic Happening? A Systematic Literature Review of the Economic Multiplier of Cash Transfers"
Exchange rate (USD to ZMW)	16.9	2022	The World Bank
Coverage			
Coverage, 0-1 year olds, SCTP	0.023%	2023	Save the Children Country Office

Education			
Increase in school enrolment as a result of intervention	15%	N/A	Average of 3 studies
Average years of schooling	8.8	2020	Human Capital Index 2020
1% increase in enrolment impact on years of education	1.4%	2020	Muroga et al (2020)
Return on an additional year of education	11.9%	2018	Psacharopoulos et al (2018)
Health and Nutrition			
Intervention impact on exclusive breastfeeding	17%	N/A	Average of 10 studies
Intervention impact on MAM treatment	19%	N/A	Average of 2 studies
Intervention impact on handwashing	47%	N/A	Average of 2 studies
Intervention impact on health care facility birth	5%	N/A	Average of 8 studies
Life expectancy	61	2021	The World Bank
Stunting disability weight	0.002		
Productivity gains due to DALYs gained	1.55	2019	WHO (2019)
Costing			
Value of the Cash Transfer	200 ZMW	2023	Ministry of Community Development
Government Funds	2,518,737,617 ZMW	2023	Yellow Book 2023
Donor Funds	1,074,773,273 ZMW	2023	Yellow Book 2023
Cash plus communication and advocacy (per year)	262,500 ZMW	2023	Save the Children 2023
Cash plus training	385,000 ZMW	2023	Save the Children 2023
Cash plus training per household	380 ZMW	2023	Calculated by author
Cash plus refresher training	315,000 ZMW	2023	Save the Children 2023
Cash plus monitoring and evaluation	281,750 ZMW	2023	Save the Children 2023

## SOMALIA

Economic			
Discount rate	5%	2020	Hacker et al. 2020
Age of children entering labor force	15	2019	Assumption in Somalia Labor Force Survey Report
Age of exit from labor force	64	2019	Assumption in Somalia Labor Force Survey Report
GDP per capita (current USD)	757	2022	IMF WEO Oct 2023
Labor force participation rate	16.0%	2020	ILO, 2020
Multiplier effect	1.93	2023	Average of ESA cash transfer multiplier effects from World Bank: "Is the Magic Happening? A Systematic Literature Review of the Economic Multiplier of Cash Transfers"
Exchange rate (USD to SOS)	571	2021	Google Finance
Coverage			
Coverage, SAGAL	27,000	2023	
Education			
Increase in school enrollment as a result of intervention	15%	N/A	Average of 3 studies
Average years of schooling	1.72	2020	IIEP, 2022
1% increase in enrolment impact on years of education	1.4%	2020	Muroga et al (2020)
Return on an additional year of education	11.9%	2018	Psacharopoulos et al (2018)
Health and Nutrition			
Intervention impact on exclusive breastfeeding	17%	N/A	Average of 10 studies
Intervention impact on MAM treatment	19%	N/A	Average of 2 studies
Intervention impact on handwashing	47%	N/A	Average of 2 studies
Intervention impact on health care facility birth	5%	N/A	Average of 8 studies
Life expectancy	55.97	2020	World Bank
Stunting disability weight	0.002	2019	IHME GBD
Productivity gains due to DALYs gained	1.55	2019	WHO (2019)

Costing		
Value of the Cash Transfer (annual)	240 USD	Per beneficiary
Transfer commission	2.4 USD	Per beneficiary
Beneficiary registration, mobilisation and verification	4,350 USD	Variable
Baseline study	383,490 USD	Fixed
Awareness raising	8,456 USD	Variable
Material printing and dissemination	1,016 USD	Variable
Mobile handsets	4,312 USD	Variable
ID card procurement	1,064 USD	Variable
Training sessions	193,410 USD	Fixed
Monitoring	28,995 USD	Fixed
MEAL officer	156,510 USD	Fixed

## SOMALILAND

Economic			
Discount rate	5%	2020	Hacker et al. 2020
Age of children entering labor force	15	2019	Assumption in Somalia Labor Force Survey Report
Age of exit from labor force	64	2019	Assumption in Somalia Labor Force Survey Report
GDP per capita (current USD)	775	2022	<a href="https://slmof.org/wp-content/uploads/2022/09/Somaliland-GDP-Report-2021.pdf">https://slmof.org/wp-content/uploads/2022/09/Somaliland-GDP-Report-2021.pdf</a>
Labor force participation rate	16.0%	2020	ILO, 2020
Multiplier effect	1.93	2023	Average of ESA cash transfer multiplier effects from World Bank: "Is the Magic Happening? A Systematic Literature Review of the Economic Multiplier of Cash Transfers"
Exchange rate (USD to SOS)	571	2021	Google Finance
Coverage			
Coverage, Child-Sensitive Social Protection Program	812	2023	

<b>Education</b>			
<b>Increase in school enrollment as a result of intervention</b>	15%	N/A	Average of 3 studies
<b>Average years of schooling</b>	1.72	2020	IIEP, 2022
<b>1% increase in enrolment impact on years of education</b>	1.4%	2020	Muroga et al (2020)
<b>Return on an additional year of education</b>	11.9%	2018	Psacharopoulos et al (2018)
<b>Health and Nutrition</b>			
<b>Intervention impact on exclusive breastfeeding</b>	17%	N/A	Average of 10 studies
<b>Intervention impact on MAM treatment</b>	19%	N/A	Average of 2 studies
<b>Intervention impact on handwashing</b>	47%	N/A	Average of 2 studies
<b>Intervention impact on health care facility birth</b>	5%	N/A	Average of 8 studies
<b>Life expectancy</b>	55.97	2020	World Bank
<b>Stunting disability weight</b>	0.002	2019	IHME GBD
<b>Productivity gains due to DALYs gained</b>	1.55	2019	WHO (2019)
<b>Costing</b>			
<b>Value of the Cash Transfer (annual)</b>	240 USD	Per beneficiary	
<b>Transfer commission</b>	2.4 USD	Per beneficiary	
<b>Beneficiary registration, mobilisation and verification</b>	131 USD	Variable	
<b>Baseline study</b>	25,566 USD	Fixed	
<b>Awareness raising</b>	254 USD	Variable	
<b>Material printing and dissemination</b>	31 USD	Variable	
<b>Mobile handsets</b>	130 USD	Variable	
<b>ID card procurement</b>	32 USD	Variable	
<b>Training sessions</b>	12,894 USD	Fixed	
<b>Monitoring</b>	1,933 USD	Fixed	
<b>MEAL officer</b>	10,434 USD	Fixed	

## ANNEX IV: KEY LITERATURE ON IMPACT OF CASH TRANSFERS

Author(s)	Year	Title	Countries of focus	Impacts
Audsley, B. et al	2010	<b>Comparing cash and food transfers:</b> a cost-benefit analysis from rural Malawi	Malawi	CFLP cash transfer increased food consumption by 50%, increased food diversity by 24%
Baird, S. et al.	2014	<b>Conditional, unconditional and everything in between:</b> a systematic review of the effects of cash transfer programmes on schooling outcomes	Global	36% increase in school enrolment when provided cash transfer. Attendance was boosted if this was conditional
Bjorvatn, J. et al	2022	<b>Childcare, labor supply, and business development:</b> Experimental Evidence from Uganda	Uganda	Access to childcare improves emergent literacy by 0.12 standard deviations and motor development by 0.23 standard deviations; household income increases by 34%; cash transfers decrease food insecurity by 0.19 standard deviations and childcare + cash decreases food insecurity by 0.23 standard deviations
Blattman, C. et al.	2020	<b>Long-Term Impacts of Grants on Poverty:</b> Nine-Year Evidence from Uganda's Youth Opportunities Program	Uganda	After nine years, we find these gains have dissipated. Grantees' investment leveled off; controls eventually increased their incomes through business and casual labor; and so both groups converged in employment, earnings, and consumption levels. We see little effect on mortality, fertility, or family health and education. However, grants had lasting impacts on durable asset stocks and skilled work.
Davies, S. et al.	2007	<b>A Regional Multiplier Approach to Estimating the Impact of Cash Transfers on the Market:</b> The Case of Cash Transfers in Rural Malawi	Malawi	Regional multiplier between 2.02 and 2.45
Devereux, S. and Nzabamwita, J.	2018	Social Protection, Food Security and Nutrition in Six African Countries	Zambia, Ethiopia, Uganda, Malawi, Tanzania, Mozambique	Zambia: Increased consumption per capita, 3/4s increase in exp on food, dietary diversity, access to clean water. Ethiopia: Hunger gap reduced, but no evidence PSNP reduced chronic or acute undernutrition. Uganda: 60% of money spent on food. Malawi: Increases in crop yield, crop diversity. Stunting and wasting improved; increase in spending on food by 87%; children 16% less likely to be stunted. Tanzania: Higher food consumption, growth in height
Egger, D. et al	2021	<b>General Equilibrium Effects of Cash Transfers:</b> Experimental Evidence from Kenya	Kenya	13.3% increase in household expenditure; 59% increase in food expenditure; MPC of nondurables 0.35; expenditure multiplier 2.53, income multiplier 2.28

Author(s)	Year	Title	Countries of focus	Impacts
Evans, D. et al.	2017	<b>Cash Transfers and Health:</b> Evidence from Tanzania	Tanzania	Cash transfer led to 28% increase in health clinic visits per year for children 0-5; reduction in incidence of illness in last month 10.7 percentage points; reduction in sick days by 0.76
Handa, S. et al	2018	Can unconditional cash transfers raise long-term living standards? Evidence from Zambia	Zambia	Food security scale increase by 0.53, anthropomorphic index increase by 0.06 at 24 months (not wasted, not stunted). Multiplier between 1.61 and 1.72
Haushofer, J et al.	2019	<b>Economic and psychological effects of health insurance and cash transfers:</b> Evidence from a randomized experiment in Kenya	Kenya	9 percentage point reduction in proportion of children being sick; times children went hungry in past month decreased by 4 percentage points
Haushofer, J et al.	2016	<b>The Short-term Impact of Unconditional Cash Transfers to the Poor:</b> Experimental Evidence from Kenya	Kenya	Food security index and psychological well-being index increase by 0.26 standard deviations
Haushofer, J et al.	2018	<b>The Long-Term Impact Of Unconditional Cash Transfers:</b> Experimental Evidence From Kenya	Kenya	Food security index increase by 0.2 standard deviations, education index increase by 0.15 standard deviations, psychological well-being index increase by 0.16 standard deviations
Marcours, K. et al	2012	<b>Cash transfers, behavioral changes, and cognitive development in early childhood:</b> evidence from a randomized experiment	Nicaragua	"Child development" outcomes 0.053 standard deviations higher upon cash assistance receipt
Millán, T. et al	2020	Experimental long-term effects of early-childhood and school-age exposure to a conditional cash transfer program	Honduras	50% increase in secondary school completion rate.
Miller, C.	2010	Interrupting the intergenerational cycle of poverty with the Malawi Social Cash Transfer	Malawi	13 percentage pt reduction in proportion of underweight 0 -3 year olds, 0.5 cm gain in height among 5 - 18 year olds, 10 percentage pt reduction in reported illness; 5 percentage pt increase in enrolment, one day decrease in absences, 10% decrease in out of home work.
Pearson, R.	2016	The role of the Tigray Pilot Social Cash Transfer Programme and Its Evaluation in the Evolution of the Tigray Social Protection Policy	Ethiopia	Food gap reduced by 0.5 months, dietary diversity improved by 11.7%. Price adjusted income multiplier of 1.26 - 1.84. Likelihood of enrolment increases by 13.3 percentage points, schooling efficiency increases by 14 percentage points

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Save the Children	2018	<b>The Role of Cash Transfers in Improving Child Outcomes:</b> The importance of child-sensitivity and taking a 'Cash-Plus' approach	Global	PROGRESA: 11% fall in u5 mortality. Cash-Plus in Nigeria: 12% fall in illness/injury. Malawi StC, 6.7% dropout reduction.
Song, S. et al	2019	Does the Hunger Safety Net Programme reduce multidimensional poverty? Evidence from Kenya	Kenya	Multidimensional poverty falls by 0.047
UNICEF	2020	<b>Universal child benefits:</b> Policy issues and options	Global	Bolsa Familia: 12 - 18% decrease in poverty headcount. Simulation of UCB across 14 MICs: reduced population poverty by at least 7%. Grant in SA: reduced Gini by 2 points.
Webb, P.	2011	<b>Achieving Food and Nutrition Security:</b> Lessons Learned from the Integrated Food Security Programming in Malawi	Malawi	IFSP reduced stunting by 10%



Eglantyne Jebb said “All wars,  
whether just or unjust, disastrous  
or victorious, are waged against  
the child.”

# THE WAR ON CHILDREN MUST STOP



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