unicef
for every child

Zambia
Social Protection Budget Brief
2019

Highlights

Year-on-year the social protection budget has declined nominally by 5 per cent from ZMW 2.3 billion in 2018 to ZMW 2.2 billion in 2019 despite the planned increase in the number of beneficiaries.
To meet the planned caseload for social cash transfers, a supplementary budget will be required as the budgeted amount is insufficient to pay the required transfers (it has a deficit of 36 per cent).

The allocation to social protection is 2.5 per cent of the budget (0.7 per cent of projected GDP) which is significantly lower than the regional average.
Social protection intervention implementers need to be more efficient and effective in programme delivery so that savings from programme delivery costs can support the increase in beneficiaries.

The allocation per social cash transfer beneficiary has fallen by 27 per cent in nominal terms and 55 per cent in real terms from 2014 due to rising inflation.
With time, the benefciry amounts will need to be raised and the cash-plus approach by the Government of the Republic of Zambia (GRZ) expanded.

Social protection programmes, namely Social Cash Transfers, Public Service Pensions and the Food Security Pack have a five-year average budget execution rate of 60 per cent, 71 per cent and 57 per cent respectively compared to execution rates of over 100 per cent for roads, strategic food reserve and the Farmer Input Support Programme.
To have regular and predictable payments, the social protection budget needs to have a predictable revenue measure like an earmarked tax or levy.

Introduction

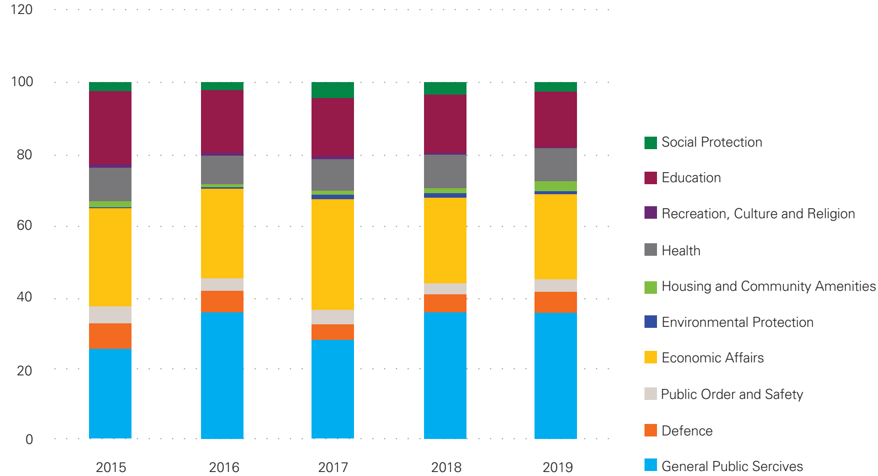
On 23 December 2018 the Appropriation Act, 2018 was assented to by the President. This act authorizes expenditure amounting to K86,807,894,727 (28.9 per cent of GDP) from the consolidated fund for the fiscal year ending 31 December 2019. The allocation to social protection is 2.5 per cent of the budget (0.7 per cent of projected GDP). In her national address (presentation) to the National Assembly on 28 September 2018, the Minister of Finance reaffirmed the Government's commitment to continue implementing social protection programmes. The programmes cited included the Social Cash Transfers, Public Welfare Assistance Scheme, Home Grown School Feeding Programme, Food Security Pack and Women & Youth Empowerment. In addition to the programmes cited, the allocation to the Public Service Pension Fund is part of the social protection allocation.

In 2019, three quarters of the budget has been allocated to three Government functions, namely; General Public Services, Economic Affairs and Education. The top priority function has changed between General Government Services[1] and Economic Affairs[2] in the last five years. In the last two years, the top priority function has been General Public Services while the least priority, according to level of allocation, has been given to Recreation, Culture and Religion. Over the five-year period General Public Service has been the most unstable in terms of budget allocations; it has ranged between 25.8 per cent and 36 per cent. Social protection received its highest relative share in 2017 at 4.2 per cent and the lowest recorded is 2.4 per cent in 2016.

1 Included in this is external and domestic debt repayments, operational grants to the tax authority (Zambia Revenue Authority), the Local Government Equalization Fund, Constituency Development Fund, public affairs and summit meetings.

2 Included in this is Infrastructure (roads, airports, energy, etc.), the Farmer Input Support Program (subsided), strategic food reserves among others.

Figure 1:
Relative share of National Budget by function



Source: *2015-2019 National Budget addresses to the National Assembly by Ministers of Finance*

Social Protection plays a pivotal role in building resilience among households, children, and communities, achieving greater equity, and supporting socio-economic development. At the global level, social protection is documented as a means to address poverty and vulnerability, with a dedicated target in the Sustainable Development Goals (SDGs). In Zambia, the relevance of social protection is heightened by the high poverty prevalence, especially among children as can be seen in Table 1 below.

Table 1: Key Poverty and Human Development Indicators

Monetary poverty rate 54.4% (LCMS[3], 2015)	Monetary child poverty rate 60% (LCMS, 2015)
Rural poverty rate 76.6% (LCMS, 2015)	Urban Poverty rate 23.4% (LCMS, 2015)
Multidimensional poverty rate 65.1% (2010)[4]	Multidimensional child poverty rate 40.8%(LCMS, 2015)
Income inequality 0.69 (LCMS, 2015)	Human Development index 0.586 (2014)[5]

3 2015 Living Conditions Monitoring Survey

4 UNDP Zambia Human Development Report

5 2016 Zambia Human Development Report, placed the country in the medium development category (ranked 139th of 188 countries)

Some facts about child poverty in Zambia speak to the need for child-sensitive social protection:

1. 40.9 per cent of children suffer from at least three deprivations at a time and this increases to 61 per cent when the poverty threshold is four dimensions;
2. Monetary poverty among children is also high (58.9 per cent).
3. 36 per cent of children in Zambia are both monetary poor and multidimensionally deprived.
4. The sectoral analysis in this child poverty study highlights that children are greatly affected by sanitation provision. Figure 4 shows that more than 60 per cent of children are deprived for this dimension in all age groups.
5. Children of the Western, Northern and Luapula provinces are often the most vulnerable. They face the highest percentage of children deprived in housing, information, education, among others.
6. Parental background characteristics have been found to be very important for child deprivation. Multidimensional Deprivation Headcount for children aged 0-4 years by mother's and head of household's characteristics.

The Zambian Government has prioritized scaling up social protection in the Zambia Plus Economic Recovery Programme[6] and the National Social Protection Policy. The Zambia Plus Economic Recovery programme makes a commitment to increased social protection expenditure so as to minimize the adverse impact of austerity measures on the poor.

This brief examines the 2019 budget allocation to the sector and provides a trend analysis of social protection expenditure in Zambia over the last five years.

6 Zambia Plus Economic Recovery Programme is a Government of Zambia plan that outlines measures which the Government is undertaking to put the economy on track after the fall in revenue and the rate of GDP growth.

Sector allocation and expenditure

The delivery of social protection programmes is anchored on the National Social Protection Policy of 2014 (NSPP) and the Seventh National Development Plan (2017-2021). Both the NSPP and the 7th NDP have identified social protection as a key instrument in the reduction of poverty and vulnerability.

The social protection allocation has grown from ZMW1.258 billion in 2015 to ZMW2.2 billion in 2019 nominally. Year-on-year the social protection budget has declined nominally by 5 per cent from ZMW2.3 billion in 2018 to ZMW2.2 billion in 2019 despite the projected increase in the number of beneficiaries.

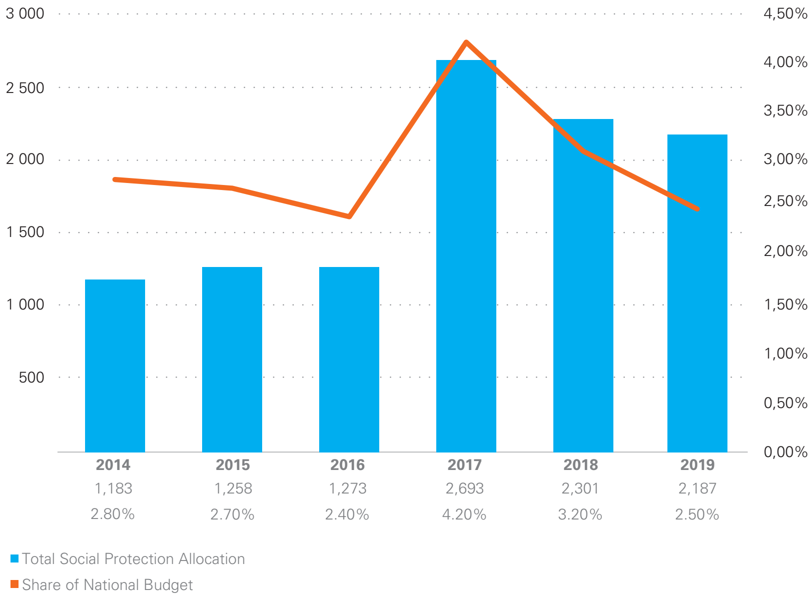
The increase in the retirement age has deferred the pension expenditure but the pension debt is escalating as salaries and years in service increase.

The proposed pension reforms, if implemented, can, however, curtail the debt. 80.5 percent of the social protection budget goes to pensions and the Social Cash Transfer programme. The Public Service Pensions Fund receives the dominant share at 61 per cent while the Social Cash Transfer programme receives 21 per cent. The balance of 19.5 per cent is shared among the other six programmes.

The relative share of the SCT programme has significantly increased over the five-year period from only 14 per cent in 2015 to 32 per cent in 2019, mainly because of the 2017 scaleup to national level and the increase in the transfer value from ZMW60 ($6) in 2016 to ZMW90 ($9) in 2017.

Figure 1:

Relative share of social protection budget by programme

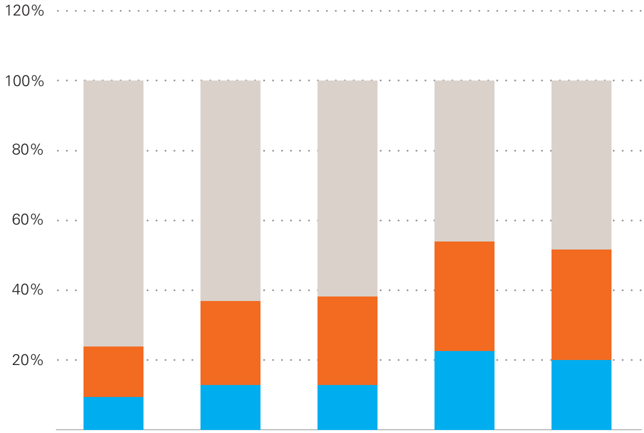


Source: *Constructed by UNICEF from 2015-2019 budget speeches*

The distribution of the social protection budget has progressed from single domination by the Public Service Pensions Fund to shared domination between the social cash transfer and pensions which collectively recieve 80.5 per cent of the sector budget. The relative share of the Social Cash Transfer programme in the sector budget has progressed from 14 per cent five years ago to 32 per cent in 2019, while the relative share of public service pensions has declined by 27 percentage points.

In nominal terms the social cash transfer allocation has increased threefold (287 per cent) in the last five years (2015-2019), while the Public Service Pension Fund allocation has only increased by 32 per cent. The allocation to the Food Security Pack has doubled (102 per cent) in the last five years but a reduction of 29 per cent has been recorded year-on-year between 2018 and 2019. The allocation to the school feeding programme has reduced by 97 per cent from K32million in 2015 to K1million in 2019, but the allocation has remained static between 2018 and 2019.

Figure 2:
Relative share of social protection national budget by key programmes



	2015	2016	2017	2018	2019
Public Service Pension Fund	76%	63	61%	46%	48,5%
Social Cash Transfer Scheme	14%	24%	20%	31	32
Other SP Interventions	10%	13%	18%	23%	19,5%

Source: *National Budget presentations to National Assembly (2015-2019)*

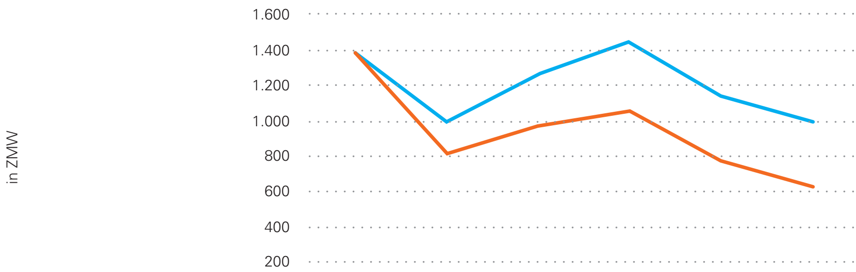
Social Assistance Allocation (social protection for the vulnerable)

The Social Cash Transfer programme is a poverty alleviation scheme and is currently implemented in all districts of Zambi reaching 632,000 households. In 2019, funding for the programme comes exclusively from the Government because of because of the suspension of aid to the programme by cooperating partners. The allocation per beneficiary has fallen by 27 per cent nominally and 55 per cent in real terms (in 2014 prices). The drop in the per beneficiary allocation is partially explained by increased economies of scale as the programme expanded to national scale in 2017. Nevertheless, the reduction of 12 per cent between 2018 and 2019 is as a result of the reduction in the budget despite the planned increase in the number of beneficiaries. To pay for the planned 2019 caseload, the SCT programme needs a budget of K1.1 billion.

Hence the 2019 social cash transfer budget will not be sufficient to pay the required transfers as it has a deficit of 36 per cent.

Figure 3:

Allocations per social cash beneficiary in nominal and real terms (2014-2019)



	2014	2015	2016	2017	2018	2019
Allocation per beneficiary	1,374	992	1,248	1,434	1,141	999
Allocation per beneficiary-adjusted for inflation	1,374	820.04	963.88	1,044.90	769.70	623.82

Source: *Author´s own calculations from National Budget presentations to the National Assembly*

The economic empowerment for women is another social protection intervention to empower women with the resources and skills to improve their livelihoods. The Ministry of Community Development and Social Services and the Ministry of Gender are both implementing the women's empowerment scheme, although the Ministry of Community Development and Social Services has the larger share (13 times that of its counterpart).

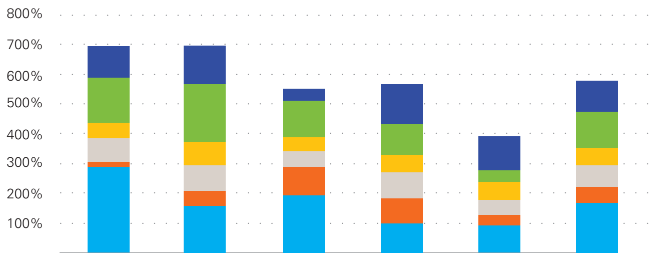
The Public Welfare Assistance Scheme is the oldest social welfare programme in Zambia assisting mainly secondary school children with education bursaries. Its allocation, however, remains small while disbursements are even smaller. Further, it is continually outpaced by more recent programmes.

Options for improving the effectiveness and efficiency of social protection spending

Social protection remains one of the key known interventions to mitigate and reduce poverty. Given the high level of poverty (extreme poverty rate of 40 per cent and overall poverty rate of 54.4 per cent), the task to end poverty as outlined in Sustainable Development Goal number one is a huge undertaking and cannot be done through a single intervention as poverty is multidimensional. To achieve gains in poverty reduction, it is essential that the response focuses on the root causes. Existing programme linkages can be a springboard to better outcomes. For instance, employment creation initiatives and social protection interventions especially those supporting improved livelihoods need a visible connection.

Countries that have achieved large gains in poverty reduction have done so through small to medium enterprises coupled with massive social protection programmes especially social cash transfers. With projected economic growth for Zambia now subdued (GDP growth is projected to be below population growth in 2019), it is essential that resources are allocated to interventions that have a high impact on poverty reduction. In the last fifteen years, the number of poor people has increased despite a 15 percentage point reduction in the poverty rate and an average GDP growth of 7 per cent (2004-2014). Output-based budgeting underpinned by the Seventh National Development Plan (7th NDP) provides a very good opportunity for a different approach to financing for development so as to maximise gains on poverty reduction and make significant strides in attaining SDG 1. However, existing outputs need refinement.

Figure 4:
Selected budget execution rates for selected Government programmes



	2014	2015	2016	2017	2018	Average
Roads	105%	134%	44%	137%	113%	107%
Strategic Food Reserve (FRA)	152%	190%	121%	102%	36%	121%
Social Cash Transfer	50%	82%	48%	758%	63%	60%
Pension Fund	80%	87%	49%	89%	48%	71%
Food Security Pack	16%	48%	101%	821%	36%	57%
Farmer Input Support Programme	291%	158%	190%	990%	94%	166%

Source: 2014-2018 Annual Economic Report: Ministry of Finance

A review of the Government's financial report reveals that the Social Cash Transfer programme, the Public Service Pensions Fund and the Food Security Pack have a five-year budget execution rate of 60 per cent, 71 per cent and 57 per cent respectively compared to execution rates of over 100 per cent for roads, strategic food reserves and the Farmer Input Support Programme. High budget execution rates demonstrate where the Government´s top priorities are. However, to meet policy objectives outlined in the National Social Protection Policy, transfers need to be regular and predictable. To improve financing to the sector the following recommendations should be considered:

1. Support stability and predictability of the entire social protection budget. Establish a basic social protection floor fund in which 2% of domestic revenue should be remitted into the fund. This will likely improve transparency and accountability for social assistance funds:

- Increase and earmark insurance levy to social protection.
- Share of sales tax – introduce an earmarked share to meet the balance after insurance levy contribution.
- The fund should have joint oversight by the Ministry of Finance and the Ministry of Community Development and Social Services.

2. Consolidation of programmes - the various empowerment funds under different ministries should be consolidated. One comprehensive empowerment scheme and secondary education bursaries under the Ministry of Community Development and Social Services and the Ministry of General Education could be one.

3. Common targeting platform - The Farmer Input Support Programme and the Social Cash Transfer programme could have interlinked targeting criteria to ensure a sustainable and structured pathway out of poverty for social cash transfer households. This measure is bound to increase food security and the incomes of the poor but viable farmers.

unicef

for every child

United Nations Children's Fund
UN House
Alick Nkhata Road, Longacres
PO Box 33610
Lusaka
Zambia

Tel: (+260) 211 374 200
Fax: (+260) 211 253 389

Facebook: https://www.facebook.com/unicefzambia
Twitter: https://twitter.com/unicefzambia
Instagram: https://www.instagram.com/unicefzambia

Website: www.unicef.org/zambia