

Zambia

SOCIAL PROTECTION 2025 BUDGET BRIEF



KEY MESSAGES AND RECOMMENDATIONS

Key Message

- 1** The SCT budget allocation accounts for 50% of the Social Protection Budget. This shows the potential of the SCT programme to integrate shock responses into its programmes as the increase is largely due to the inclusion of beneficiaries of the Emergency Cash Transfer (ECT) programme introduced to support drought-affected households.

Recommendation

-  Maintain the current allocation levels and integrate the beneficiaries of the emergency cash transfers to regular Social Cash Transfer (SCT) Programme to provide continuous support for households affected by drought thus building resilience against future climate-related shocks

Key Message

- 2** While the funding towards the Social Cash Transfer program increased, allocations to other social protection initiatives, such as the Food Security Program, Public Service Pension Fund, and Empowerment Funds, have decreased as a share of the total allocation to social protection programmes. This could leave vulnerable communities with less support for food, income, and empowerment.

Key Message

- 3** The recent allocation has increased the transfer values from K200 to K400 and expanded the Emergency Cash Transfer program to include an additional 952,570 beneficiaries. This brings the total number of beneficiary households to 2.2 million, combining both the Emergency Cash Transfer and the Social Cash Transfer programs.

Recommendation

-  The Government should adjust cash transfer amounts to reflect the rising cost of living and inflation, ensuring they remain sufficient to meet the basic needs of vulnerable households. Also, to effectively reduce poverty and enhance resilience against climate change impacts, it needs to develop a long-term strategy that seeks to adequately cover households that are vulnerable to the effects of climate change.

Recommendation

-  The Government should use initiatives such as the Cash Plus and enhance Domestic Resource Mobilisation, which will increase funding for other essential social protection programs, such as the Food Security Program and Public Service Pension Fund, to ensure a balanced approach that supports both immediate needs and long-term resilience and poverty reduction for vulnerable communities.

INTRODUCTION

This Social Protection Budget Brief examines the extent to which the Government of Zambia will financially support the social protection budget. The brief highlights the effectiveness in cushioning the poorest and most vulnerable populations. Further, the brief highlights allocation sizes, funding trends, sector performance, and sources of financing. It also identifies key challenges and provides recommendations for improving the effectiveness of social protection spending.

Several line ministries implement social protection programmes. Among the line ministries implementing social programmes are the Ministry of Community Development and Social Services (MCDSS), which essentially implements social assistance programs. Others include the Ministry of Labour and Social Security, the Ministry of General Education, the Ministry of Higher Education, the Ministry of Agriculture, the Ministry of Health, and the Ministry of Gender.

OVERVIEW OF THE SOCIAL PROTECTION SECTOR

The 2025 National Social Protection Policy serves as the overarching policy for social protection. With the expiration of the 2015 National Social Protection Policy, Cabinet approved the 2025 National Social Protection Policy (NSPP) in the third quarter of 2024 and launched it in the first quarter of 2025, marking a shift from a transformative approach to a life-cycle approach. This new strategy ensures that individuals receive social protection support at different stages of their lives.

In addition to policy changes, Zambia faced a severe drought during the 2023/2024 farming season, leaving already vulnerable households at an even greater risk of poverty. In response, the government introduced the Drought Emergency

Social Cash Transfer to help cushion the impact. Approximately 2.2 million households, including the regular SCT, were onboarded on the E-SCT. This intervention increased the monthly cash transfer from ZMW 200 to ZMW 400 for general beneficiaries and from ZMW 400 to ZMW 600 for households with persons with disabilities.

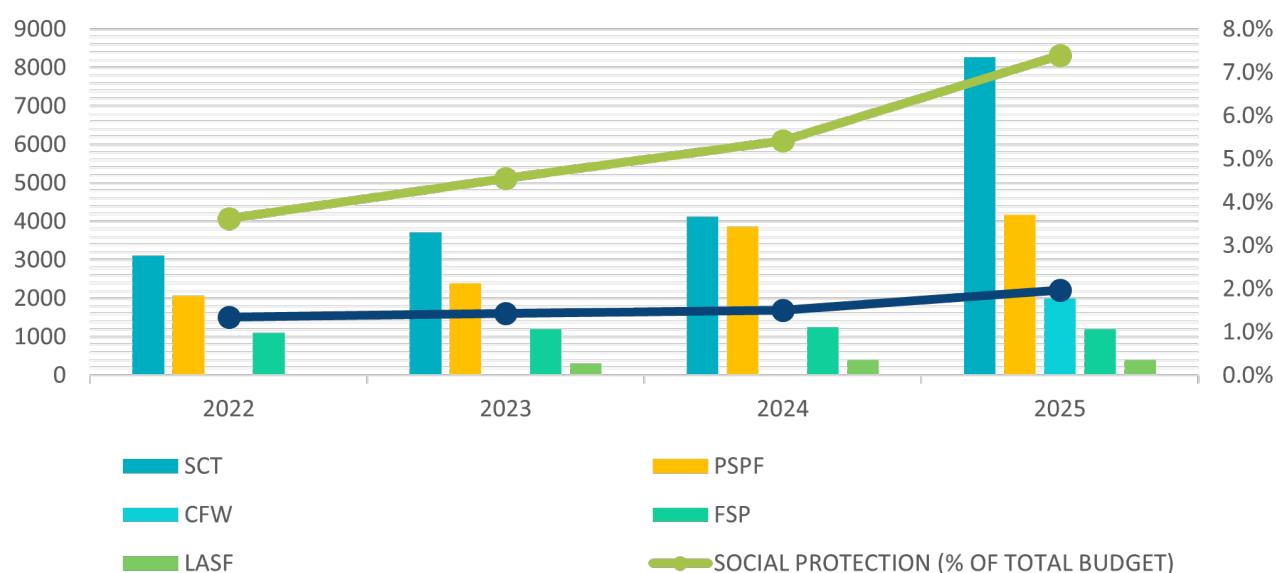
Further to the ECT as a response to the drought and the rise in poverty, the government implemented the Cash for Work program. The CFW is an initiative that provides short-term employment for vulnerable individuals who are affected by the drought. This intervention offers immediate relief of 60 per day to each eligible individual for 10 days a month.

SIZE AND SPENDING TRENDS

The budget allocation for social protection in the 2025 National Budget has increased, driven by the need to continue supporting those affected by drought and other vulnerabilities. Both in nominal terms and as a percentage of the total budget, the social protection allocation has risen. The budget grew by 67.1%, from K9.7 billion in 2024 to K16.1 billion in 2025. As a share of the total budget, this increased from 5.4% in 2024 to 7.4% in 2025. The allocation to the Social Cash Transfer (SCT) experienced the largest nominal increase, with a significant 100% rise from 2024.

The social protection budget as a share of GDP has increased steadily since 2022. Spending on social protection as a proportion of GDP has demonstrated a steady upward trend from 2022 to 2025. It gradually rose from 1.3% in 2022 to 1.4% in 2023, and then to 1.5% in 2024. By 2025, the allocation is projected to reach 2.0% of GDP, indicating a notable rise in government commitment to strengthening social protection systems and addressing the needs of vulnerable populations as seen in Figure 1.

Figure 1: Social Protection Allocations



Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2021-2025

The expansion of the Social Protection Budget in 2025 is part of the Government's plan to support the poor and vulnerable against the adverse effects of the drought. The rise in both nominal terms and as a percentage of GDP mainly results from the Emergency Cash Transfer programme and the Cash

for Work (CFW), which were introduced as drought response initiatives aimed at reducing the impacts of climate change on at-risk groups. This notable increase in the Social Protection budget allocation for 2025 highlights the Government's commitment to meeting urgent social welfare needs.

COMPOSITION OF SOCIAL PROTECTION SPENDING

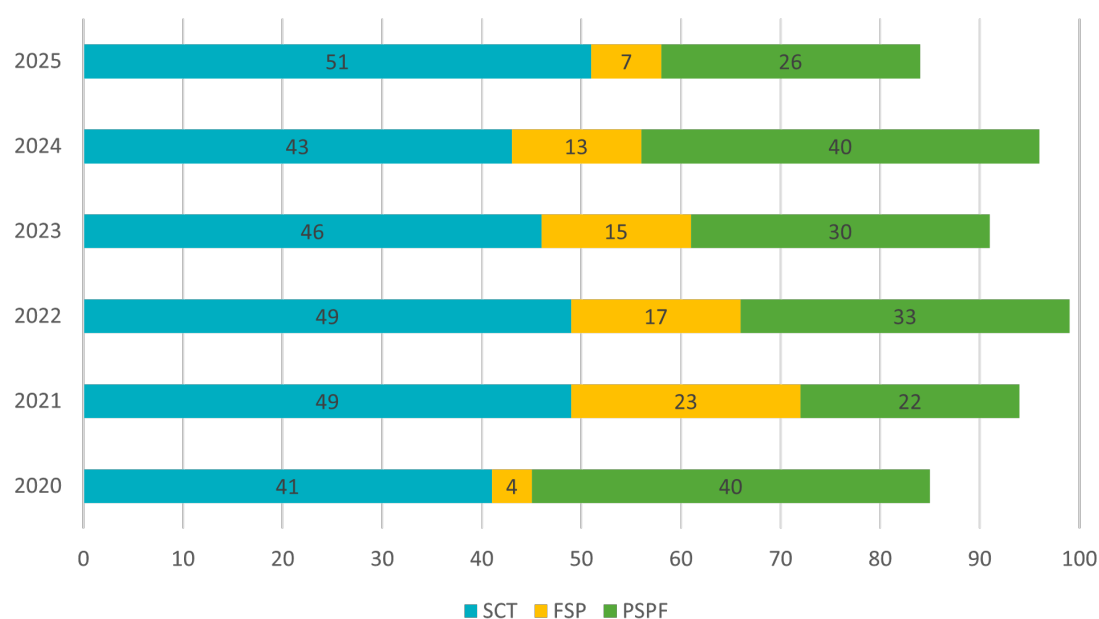
SPENDING BY SOCIAL PROTECTION PROGRAMMES

The Social Cash Transfer (SCT) remains the principal program administered by the Ministry of Community Development and Social Services (MCDSS), and it dominates the social protection budget allocation in the 2025 National Budget. It represents over 50% of the total planned expenditure on social protection, indicating the Government's persistent emphasis on direct income support for vulnerable households (Figure 2). However, this increasing concentration of resources within the SCT program has been accompanied by a significant decrease in funding to other essential social protection initiatives.

Funding declines in complementary programmes threaten to exacerbate vulnerabilities among marginalised populations.

For instance, the food security subprogramme has experienced a reduction in its share of the social protection budget, decreasing from 13% in 2024 to 7% in 2025 (Figure 2). Similar cuts across empowerment and livelihood support initiatives may restrict the reach of programmes designed to address multidimensional poverty. This shift in expenditure patterns could lead to increased reliance on cash transfers alone, thereby undermining complementary mechanisms that foster food security, income generation, and resilience. Without a more balanced allocation within the social protection portfolio, the most impoverished and marginalised groups risk further descent into poverty and social exclusion.

Figure 2: Composition of Social Protection Spending by Programme, 2021 to 2025



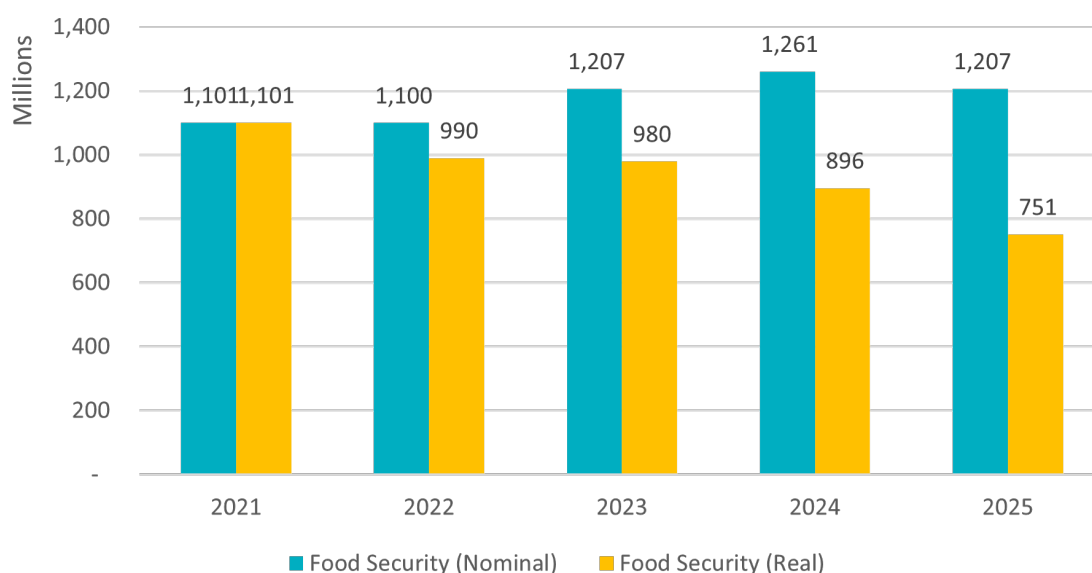
Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2021-2025

In 2025, the budget allocation to Social Cash Transfer has doubled from K4.1 billion in 2024 to K8.3 billion. The increase is due to the introduction of the Drought Emergency Cash Transfer (ECT) programme, which will come to an end in June 2025. The ECT is a drought response mechanism instituted by the Government to support households severely affected by the 2023/2024 drought. This allocation translates into an increase in transfer values from K200 to K400. It includes an addition of 952,570 beneficiaries on the Emergency Cash Transfer to the 1.3 million beneficiary households already on the Social Cash Transfer, resulting in a total of 2.2 million beneficiary households. The SCT received an allocation of K4.1 billion in 2024 due to the drought, and the Government approved a supplementary budget of K5.2 billion. After April 2025, the ECT beneficiaries will be off-boarded, and the SCT program will revert to its previous structure. Thus, many beneficiaries will lose support, potentially leaving households vulnerable again. This raises concerns about the sustainability

of social protection measures and the need for long-term strategies to build resilience against future climate-related shocks.

The Food Security Sub-programme receives the second-largest allocation in social protection expenditure. Food Security allocation is at K1.3 billion in 2025, maintaining the same allocation since 2023. However, as a share of the 2025 social protection Budget, the allocation to the sub-programme has reduced from 13% to 7% (see Figure 3). The recent drought and the looming threat of climate change require the sub-programme to be strengthened to enhance food security. While the nominal amount remains unchanged, the lower percentage in real terms and the rise in food inflation mean there is a reduction in purchasing power, thereby lowering the capacity of the allocation to meet food security needs. This calls for increased funding to make the programme more robust and meet the needs of the most vulnerable.

Figure 3: Food Security Expenditure Nominal and Real Values, 2021- 2025



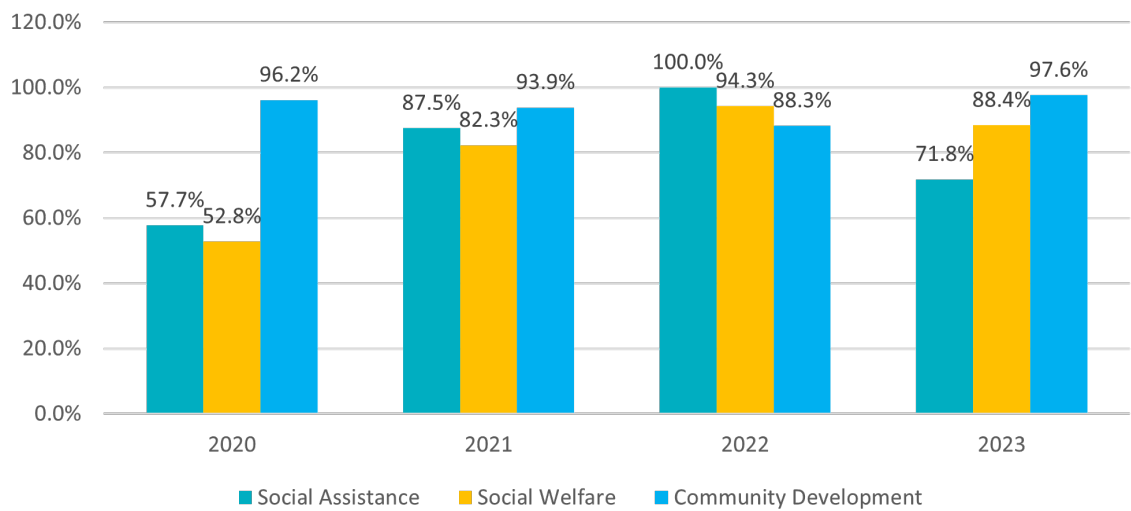
Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2021-2025

BUDGET CREDIBILITY AND EXECUTION AND EQUITY

The execution performance of social protection programmes has remained relatively robust over the past four years; however, recent declines in key components raise concerns regarding the efficiency of delivery. As shown in Figure 4, overall, the sector has consistently achieved execution rates exceeding 80%, thereby demonstrating a steadfast commitment to safeguarding vulnerable populations. Nevertheless, both Social Assistance and Social Welfare programmes experienced notable reductions in 2023. Specifically, execution in the Social Assistance sector declined to approximately 70% from 100% in 2022, primarily due to challenges encountered in onboarding beneficiaries to the new electronic Social Cash Transfer (E-SCT) platform. Of the approximately 1.3 million targeted households, only 952,570 were successfully onboarded, reflecting administrative and technical difficulties encountered during the transition period.

Similarly, the Social Welfare programme experienced a modest decline in execution rates, decreasing from 94% in 2022 to 88% in 2023. The exceptional execution performance observed in 2022 was partly attributable to the Government’s commitment under the International Monetary Fund’s Extended Credit Facility (ECF) programme, which prioritised enhanced social spending. Nonetheless, the decrease observed in 2023 indicates the emergence of implementation bottlenecks that may hinder the timely delivery of essential support to vulnerable households. Maintaining high execution rates will necessitate ongoing system strengthening, prompt disbursement of funds, and a robust digital capacity to ensure that programme reforms, such as the E-SCT rollout, result in improved service coverage and impact.

Figure 4: Execution Rates of Social Protection Programmes, 2020- 2023



Source: Compiled from Ministry of Finance Annual Financial Reports, 2020 to 2023

The incorporation of Emergency Cash Transfer (ECT) beneficiaries into the Social Cash Transfer (SCT) programme has resulted in an expanded coverage, yet it elicits concerns regarding sustainability and adequacy. In the year 2025, the inclusion of ECT households augmented the total coverage to 2.2 million households within the Cash Transfer initiative, representing a significant milestone in extending the scope of social protection. Nonetheless, this expansion is of a provisional nature. Upon the conclusion of the ECT phase, both the supplementary K200 top-up for standard SCT beneficiaries and the ECT caseload will be discontinued, thereby reverting the programme to its original configuration of 1.3 million beneficiaries and a transfer amount of K200, as implemented in 2023.

This reversion poses profound implications for the effectiveness of Zambia’s social protection system amid rising living costs and inflation. The decision to maintain transfer amounts at pre-inflation levels undermines the programme’s real value and its capacity to cushion vulnerable households against economic shocks. As the purchasing power of cash transfers continues to erode, many households may struggle to meet basic needs such as food, education, and healthcare. This could weaken progress toward poverty reduction, compromise household resilience, and limit the programme’s potential contribution to long-term climate and economic stability.

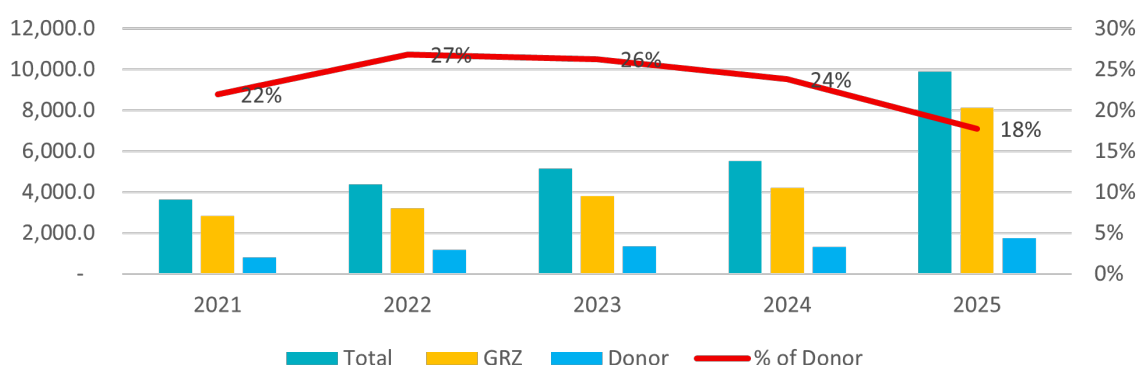
FINANCING OF THE SOCIAL PROTECTION BUDGET

SOURCES OF FINANCING

The Government remains the primary financier of social protection programmes managed by MCDSS. However, a decline in external assistance introduces potential risks to the expansion and sustainability of these initiatives. For the 2025 National Budget, 82% of the ministry's total allocation is designated to be funded from domestic sources, with the remaining 18% sourced externally. This external funding includes a grant from the World Bank aimed at poverty alleviation and improving welfare among vulnerable populations. Nevertheless, the recent decrease in aid from the United States Government (USG), a crucial partner in social protection efforts, has resulted in a weakening of the sector's

external support, despite the ongoing significant contribution of the World Bank. Although the increasing contribution of government funding demonstrates a strengthened sense of ownership and dedication, the constraints imposed by limited external assistance reduce fiscal flexibility and hinder the ability to expand coverage or improve transfer adequacy. Without diversified and predictable funding sources, social protection programmes risk stagnation at their current levels, potentially impeding their capacity to substantially alleviate poverty, promote social inclusion, and enhance resilience among the most vulnerable households.

Figure 5: Financing to Programmes Under MCDSS, 2021- 2025

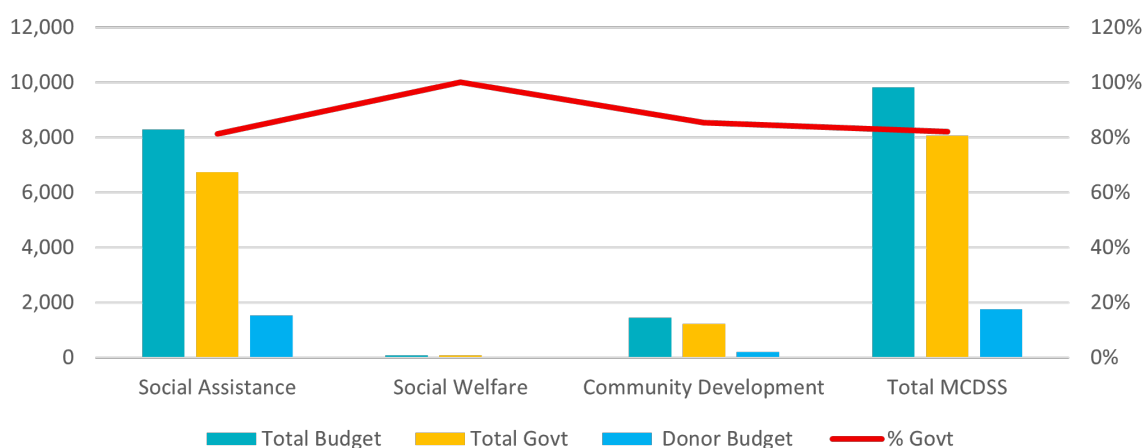


Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2021-2025

Social Assistance is the programme with the highest allocation among other social welfare programmes in the budget. It will receive an allocation of up to K8.3 million, of which 81% will be funded by the Government. The Social Welfare programme will be entirely financed by the Government, receiving up to 100%. Community Development

will receive an allocation of K1.4 million, of which the Government will fund 85%. The allocation reflects the Government's emphasis on supporting vulnerable populations, providing financial support aimed at reducing poverty through improving the living standards of the most vulnerable in society.

Figure 6: Allocation to MCDSS Main Budget Programmes, 2025



Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2025

KEY POLICY ISSUES

1 The exclusion of ECT beneficiaries from the regular SCT and the reduction of the K400 social cash transfer for regular beneficiaries to K200 after June 2025, especially after the drought period, is unsustainable, potentially undermining the effectiveness of the Cash Transfers in alleviating poverty.

2 The exclusion of ECT beneficiaries from the regular SCT and the reduction of the K400 social cash transfer for regular beneficiaries to K200 after June 2025, especially after the drought period, is unsustainable, potentially undermining the effectiveness of the Cash Transfers in alleviating poverty.



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