

Productive Impacts of the Child Grant Programme in Zambia

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The Child Grant Programme (CGP) is one of Zambia's flagship social protection schemes. It targets ultra-poor districts not previously served by other government programmes. Established in 2010, the CGP reaches 20,000 households with children under the age of five. At the time of the baseline household survey in 2010, beneficiary households received Kwacha (ZMK) 55 a month (about USD12) regardless of household size; this amount was subsequently increased to ZMK60 a month. The grant represents 28 per cent of monthly consumption. Payments were regular and made on a bimonthly basis.

The purpose of the CGP is to reduce extreme poverty and to stop its transfer to the next generation. The programme aims to supplement household income; increase the number of children in primary schools; reduce the rate of mortality and disease among young children; reduce stunting and wasting among young children; increase the number of households with agricultural assets; and increase the number of households that consume two meals a day.

The evaluation

The study used data collected from a 24-month impact evaluation (2010 and 2012) with a randomised phase-in control experimental design to analyse the productive impacts of the Zambia CGP at household level.

A local economy-wide impact evaluation (LEWIE) model simulated impacts on the local economy, using the CGP household survey data, the CGP business enterprise survey and the 2010 Living Conditions Measurement Survey (LCMS), a nationally representative household survey conducted by the Central Statistical Office of Zambia, needed to obtain information on ineligible households.

There is good reason to believe that the CGP can boost the livelihoods of beneficiary households. Since the programme targets rural areas, most beneficiaries depend on subsistence agriculture and live in communities where the markets for financial services (such as credit and insurance), labour, goods and productive inputs are likely to be insufficient or non-existent. In such circumstances, regular and predictable cash transfers can help households to overcome credit constraints and better manage their risk.

Impacts

Impact on asset ownership – The CGP had a significant impact on the accumulation of productive assets. Today, a larger share of households (21 percentage points) own animals, and households that owned animals previously own more than they did before the programme began. In particular, the CGP increased the ownership of poultry. In addition, a greater number of beneficiaries accumulated agricultural tools thanks to the programme; these include new types of agricultural implements as well as additional sets of tools already owned by many households at the time of the baseline study.

Impact on agricultural activity – The CGP led to a large increase in the area of land under production as well as a boost in the use of agricultural inputs, including seeds, fertilisers and hired labour. We found a small but significant increase in maize and rice production among smaller households, and a decrease in

cassava production, particularly in larger households. The increase in production appeared to comprise crops that were primarily sold, rather than consumed on the farm. All told, the CGP led to an increase of 12 percentage points (from a 23 per cent base) in the share of households selling their harvest.

Impact on non-farm business activities – Households benefiting from the CGP are significantly more likely to have a non-farm business (17 percentage points). Further, beneficiaries operated enterprises for longer periods (1.5 months more on average) and more profitably—earning about ZMK69 more than control businesses. Results also suggest the programme is enabling businesses to accumulate physical capital.

Impact on labour supply – The CGP transfers led family members to reduce their participation in agricultural wage labour, reducing the intensity of such labour overall. The impact was particularly pronounced among women, with a 17-percentage-point reduction in women's participation and 12 fewer days spent in wage labour per year. Both men and women spent more time on family agricultural and non-agricultural businesses. For men, there was also evidence of greater participation in non-agricultural wage labour activities. The CGP was not found to have an impact on child labour.

Impact on local economies – The LEWIE model for the CGP found that the transfers had the potential to lead to relatively large income multipliers. Every Kwacha transferred to poor households could raise local income by ZMK1.79. Beneficiary households received the direct benefit of the transfer plus a spillover effect of ZMK0.17 for each Kwacha transferred. Because of their ownership of productive assets, ineligible households benefited from the CGP, especially those with a retail activity. However, if land and capital constraints limit the supply response, higher demand for local commodities may put upward pressure on prices, and the real income multiplier could be as low as ZMK1.34.

Conclusions

The CGP programme has a direct influence on the livelihood strategies of poor households, with the extent of the impact determined by household size. The programme has helped families increase productive activities and assets, including livestock holdings, which was one of the original six objectives of the programme. Furthermore, the CGP increases the flexibility of labour allocation, especially for women.

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