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Strengthening cash for work in Zambia

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This policy note outlines key recommendations to enhance the effectiveness of Zambia's Cash for Work (C4W) programme. It highlights six priority areas: ensuring timely payments, improving eligibility screening, tailoring public works to local needs, developing a long-term strategy, strengthening monitoring and reporting, and integrating C4W with the Social Cash Transfer programme.

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Policy recommendations

To improve the effectiveness of Cash for Work, we present six policy recommendations:

1. **Ensure timely payments** – Repeated late payments leave participants in financial distress, unable to meet immediate needs.
2. **Eligibility and screening** – Verify eligibility carefully against other social protection programmes to ensure benefits reach those most in need and reduce double dipping.
3. **Tailor the scope of work** – Public works should reflect local needs and create long-term benefits for drought-affected communities.
4. **Develop a long-term strategy** – A defined graduation date, based on drought conditions, would improve fiscal predictability for the government and individuals.
5. **Strengthen monitoring, supervision, and reporting** – Coordination across administrative levels is crucial. Spot checks should be complemented by data-driven monitoring of key performance indicators (KPIs).
6. **Integrate with Social Cash Transfer** – Policymakers may consider rolling the programme into the Social Cash Transfer scheme to enhance implementation, prevent "double dipping", and minimise labour market distortions.

1. Timely payments

A key aim of Cash for Work is to provide 'immediate access to food,' which requires timely payments. However, delays were reported by the Ministry of Local Government and Rural Development in November, January, and February. Late payments make financial planning difficult and can have severe consequences, including cases of suicide in countries such as India (Sukhtankar, 2017). In Zambia, a one-month payment delay under the Food Reserve Agency (FRA) led to an 8% drop in fertiliser usage (Hadunka and Teschemacher, 2024). To address this, the government should strengthen monitoring systems tracking payment timelines and introduce additional accountability mechanisms for local authorities.

2. Eligibility and screening

To effectively screen individuals for eligibility, multiple factors should be kept in mind.

1) Double dipping

To avoid individuals receiving both Social Cash Transfer and Cash for Work, which would siphon funds away from those in most need, Cash for Work applicants must be carefully checked against those receiving traditional Social Cash Transfer, Drought-Emergency Cash Transfer (D-ECT), and relief foods. These checks should be performed at the time of application. A consolidated database could help, such as in the case of the National Socio-Economic Registry in Pakistan which provides data-driven beneficiary targeting across various social programs. This requires dedicated public capacity.

2) Self-selection

It is crucial for programme effectiveness that individuals be able to opt-in to Cash for Work rather than being solicited to participate in the programme. Because it is often difficult to identify who has need in Zambia, and when they need it, self-selection allows those without better options (and thus in the most need) to identify themselves as needing relief.

3. Tailoring the scope of works

Tailoring the list of public works to local community needs in Cash for Work programmes is essential to ensure long-term local impact and sustainability. This is a particularly salient issue given Zambia's drought-prone situation, where communities may need to prepare for future droughts. The Cash for Work scheme presents an opportunity to build resilience across sectors.

4. Long-term strategy

Recipients deserve clarity on how long they can rely on Cash for Work. A long-term strategy, including a clear graduation date, provides fiscal stability for the government and predictability for beneficiaries. One approach could be to link eligibility to drought conditions. If an independent agency determines that a district no longer meets drought criteria, its population should no longer be eligible for Cash for Work.

5. Strengthen monitoring, supervision, and reporting

Fully understanding the impact of the Cash for Work scheme requires information on key individual and community-level indicators. These include measuring whether beneficiaries were able to save part of their wages, whether there was an impact on family relations through evolving gender roles, and whether projects were useful and relevant to the community.

6. Integrate with Social Cash Transfer

Because of concerns over lack of monitoring, poor project selection, and absence of a long-term strategy, one possible solution would be to segue Cash for Work into the government's Social Cash Transfer programme. Currently, Cash for Work recipients are ineligible for Social Cash Transfer. By expanding Social Cash Transfer to individuals not in formal employment where the household head is aged 18-59, resides within the constituency, and the household must not be benefitting from other relief programs, as under Cash for Work, the public works programme can be transitioned into a social cash transfer programme.

This could create benefits including:

1) Implementation

Social cash transfer programs have lower administrative costs (Gronbach, 2020). Additionally, this change would shift programme oversight to the Ministry of Community Development and Social Services, which has greater experience in social protection.

2) Labour market distortion

Cash for Work can negatively affect private employment if the wage is higher than the minimum private sector wage in some areas (Beazley and Vaidya, 2015). Social Cash Transfer, on the other hand, allows recipients to receive poverty-reducing payments while continuing to supply labour in the private sector (World Bank, 2024).

3) Limited negative effects

According to the World Bank (2024), there is “undeniable evidence” that cash transfers rarely negatively affect adult labour supply or make recipients lazier Some programmes have increased labour market participation, savings, and investments (World Bank, 2024).

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