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CAN CASH TRANSFER PROGRAMS WORK IN RESOURCE-POOR COUNTRIES? THE EXPERIENCE OF MOZAMBIQUE

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ABSTRACT

Cash transfer programs are rare in Sub-Saharan Africa. This paper describes the evolution of a cash transfer program in major urban centers of Mozambique, from its inception in 1990 through two major reorganizations until October 1998. Appropriate design, strong multisectoral political support and adequate administrative capacity are critical factors determining the success of such programs. Key lessons applicable to other resource-poor countries designing social assistance programs are drawn, recommending adequate targeted support to truly destitute persons incapable of physical labor in urban areas where administrative costs are more manageable than in more isolated rural sites.

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1. INTRODUCTION

Subsidies on goods or services frequently form important parts of a government's overall anti-poverty strategy. Yet economists note that providing such subsidies is often theoretically the same as providing households with an equivalent amount of cash, and question whether the direct provision of cash to the household might not be more cost-effective. Still, many countries continue to provide general or more targeted subsidies for goods or services instead of providing households with cash. Some studies have suggested that administrative and informational demands may prevent a cash transfer program from operating effectively in developing countries. Capacity to administer a program may be especially weak in rural areas, thus excluding this option for a large part of a developing country's poor population (refer to Subbarao et al. (1996) for a comparative discussion of alternative safety net programs).

Mozambique's urban cash transfer program is a rare example of a cash transfer program operating in a developing country.[1] The program began in 1990 as GAPVU, the *Gabinete de Apoio à População Vulnerável* (Office for Assistance to the Vulnerable Population), and now is administered under INAS, the *Instituto Nacional de Acção Social* (National Institute for Social Action). Since its inception, the main purpose of the

[1] The only other program on the continent of which the authors are aware is a "social pension" scheme paid to the elderly (men 65 or older; women 60 or older) in South Africa, which was initiated in 1992/93. Transfers are paid in cash to qualified elderly recipients in both rural and urban areas irrespective of previous contributions to the scheme (Case and Deaton 1996).

program has been to assist destitute urban households in Mozambique, although in 1998 the program began to expand outside of provincial capitals into much smaller urban centers. In the future, it plans to expand operations to serve rural areas.

While the Government of Mozambique is now piloting other social assistance programs around the country, the urban cash transfer program remains a key element of the social safety net. Indeed, the cash transfer program remains the only truly national urban safety net program for the poor. It is the main government program designed to provide general social assistance to the poorest households on a permanent basis and is the program with the longest history and the most significant coverage. Clearly, the urban cash transfer program represents an important commitment on the part of the government to its most vulnerable citizens, and in the past has made a significant contribution to their well-being.

Large, permanent social assistance programs, targeting a broad range of needy individuals, frequently do not seem fiscally or politically sustainable in resource-poor countries because of the limited resources available to the government and the vast array of competing priorities. Yet various internal reviews of Mozambique's cash transfer program have emphasized that it can serve as an important part of the government's overall strategy of social assistance, suggesting that more narrowly targeted programs can play a significant role in alleviating poverty among selected groups. Cash transfer programs may be especially appropriate for those countries emerging from conflict that has shattered the social networks that individuals relied on to buffer them from hardship in the past.

The purpose of this study is to document changes in this important program over time in order to provide insights into whether cash transfer programs can operate effectively in developing countries and to suggest how developing-country governments might structure such programs to make them more effective.

The Mozambique experience indicates a number of lessons for the design and implementation of such programs.

TECHNICAL AND ADMINISTRATIVE

Although it can be supported through capacity-building initiatives, the process of scaling-up should be careful not to exceed the resource constraints and administrative capacity of the government. Pilot testing is key to working out administrative and logistic procedures. Authorities should recognize that they must support and pay for good administration, a point which is often neglected. Regulations and lines of authority need to be clear, simple, and relatively stable. The administrative system must have reasonable financial and administrative controls in place. Monitoring and evaluation procedures should pay attention to the operation and the impact of the program on desired social objectives, not only on numerical counts of beneficiaries. Eligibility criteria should be based on measurable, preferably visible, indicators correlated with income, rather than on actual measurement of income. Benefit amounts should be adjusted automatically to keep pace with inflation.

FINANCIAL AND POLITICAL

To ensure sustainability, funding should be linked to a fairly stable source of funds (for example, luxury or valued-added taxes). Program authorities must also think strategically about how to manage internal and external political pressures. They must convince political authorities to view the transfer as an important component of the safety net strategy for the poor and to be committed to serious investment in safety nets. Empowering the poor and linking them with sympathetic individuals in the government can create a significant source of political support for the program.

2. OVERVIEW OF THE EVOLUTION OF THE PROGRAM

The structural adjustment program of 1987 sparked the creation of the urban cash transfer program. In Mozambique, there was a particular need to address the influx of persons dislocated by war and the economic hardships imposed by war. The government and international financial institutions recognized the potentially negative impact of structural adjustment on welfare, and structural adjustment plans at the time incorporated elements to address the social costs of adjustment.

In the early 1990s, the government had some components of a social safety net in place, including the distribution of free food to vulnerable families in rural areas; price controls on some basic foods in Maputo and Beira; and a new National Social Insurance Scheme. The urban cash transfer program was also part of a standard set of practices being advocated at the time by the World Bank as part of its Social Dimensions of Adjustment (SDA) program. The urban cash transfer had been only one program in a group of interventions suggested in the World Bank's Food Security Study for Mozambique (1989). In 1989, the Bank recommended improved coverage of the existing ration system and indirect income transfers through subsidies on inferior goods, such as yellow maize, but by 1990, a targeted cash transfer was being portrayed by consultants as a more efficient alternative to the costly and poorly functioning ration scheme. The urban cash transfer program was perceived as a way to replace the subsidy system with minimal political and social resistance.

In June 1990, the Council of Ministers passed a resolution to create GAPVU as a unit within the Ministry of Finance. The Ministers ordered the large-scale implementation of GAPVU by September 1990, even though, in a prescient observation, a consultant at the time noted that GAPVU "was in no way [yet organizationally] prepared for this task" (Schubert 1990).

The evolution of the urban cash transfer program can be divided into three stages: (1) the design and initial implementation stage from the creation of GAPVU in 1990 through 1991; (2) the reorganization and expansion phase from 1992 through early 1996;

and (3) the restructuring phase from mid-1996 through end of 1998, which includes another major reorganization. At the end of the first stage, only 572 beneficiary households were enrolled in the GAPVU program (Schubert 1992). In contrast, at the height of the expansion phase in 1996, the number of beneficiary households reached 92,300 (Tovela 1997).

GAPVU was abolished in 1996, after detection of massive corruption. The program underwent significant change: it was put under the direction of a newly created institution, INAS,[2] the program-implementing institution for the Ministry of Coordination of Social Action (MICAS). The name GAPVU was dropped but the program essentially stayed the same, becoming known as "INAS," because it was the largest program within INAS, or "the food subsidy" program. Under tighter administrative control, the numbers of beneficiaries soon declined. By December 1997 the urban cash transfer program had

[2] The creation of INAS was the recognition by the Ministry of Coordination of Social Action (MICAS) of the need for an independent institution that would be responsible for implementing social assistance programs. The role of INAS is not only to continue with the cash transfer payment, but to support social services delivery in general, including the expansion and development of a more complete social action program whereby emphasis is placed on programs that will ultimately lead to a reduction in poverty, not just poverty alleviation. The latter includes programs such as cash-for-work for vulnerable households, training and income-generating initiatives, and an urban-to-rural resettlement program.

about 30,000 beneficiary households, less than one-third the number of claimed beneficiaries at the height of the program (INAS 1997).

Each of these phases reflects the interaction of distinct interest groups as well as actions taken in response to a series of evaluations conducted throughout the program's existence. A summary of key conclusions and recommendations emerging from each of these evaluations is provided in Table 1.

3. EVOLUTION OF PROGRAM COMPONENTS

While the overall objective of the cash transfer program never seemed to have changed much, there were changes in the organizational structure, target groups, the level of coverage, the amount of the transfer, eligibility requirements, and administration. These changes, described here, often occurred in response to external as well as internal pressures, and, in the end, had a cumulative negative effect on the effectiveness and sustainability of the program, resulting in a full-scale reorganization beginning in 1996.

OBJECTIVES

From the outset, the Government has viewed the cash transfer as a poverty alleviation tool and not as an instrument that will lead to widespread poverty reduction (Boletim 1993). It has consistently retained the program's original objective to "minimize difficulties" of the poor.

The transfer itself was never envisioned to cover all basic costs of living, but was officially titled a "food subsidy" (*subsídio de alimentos*). The reasons for calling a cash transfer a "food subsidy" are unclear, but it was probably due to the assumption that the cash provided would be used to purchase additional food, or because it could be promoted from the political standpoint as a substitute for the food rationing system, or because of an increasing recognition of food insecurity as a major urban problem. In at least one case, the scheme was conceptualized as protecting those urban poor who were so lacking in purchasing power that they might not have even been able to access the urban food ration program (Schubert 1990).

Due to the name and primary intended end use of the subsidy, several feasibility studies and evaluations predicting the potential contribution of the subsidy to food consumption converted the monetary value of the subsidy into its caloric equivalent (Schubert 1990, 1992; Schubert and Antezana 1991; Tovela 1997; Bazo 1998). This amount was to correspond to that needed to purchase a certain amount of supplemental calories. For example, Schubert (1992) found that vulnerable households were consuming only 1,150 kilocalories per day per adult equivalent unit[3] and recommended an increase in the subsidy sufficient to acquire an additional 450 kilocalories per day per adult equivalent unit to assure the survival of household members. The resolution

[3] Adult equivalent units, unlike per capita calculations, take into account age- and sex-based differences in caloric needs.

officially establishing GAPVU called for the readjustment of the value of the subsidy in proportion to increases in the national minimum wage. Since the latter was theoretically supposed to cover all essential costs of living, the food subsidy would, in theory, be adjusted to account for any increases in the cost of calories.

Although the initial calculation of the subsidy amount may have been based on these estimates, subsequent suggestions to explicitly tie the amount to the cost of the supplemental calories were never adopted. No evidence of such adjustments tied to caloric needs is apparent in the available records.

ORGANIZATIONAL STRUCTURE

The organizational structure of the cash transfer program has always been characterized by substantial interministerial collaboration, particularly among the Ministries of Finance, Social Action, Health, and, to some extent, State Administration. Key political backing for the creation of GAPVU came from the Minister of Finance, Sr. Magid Osman, and the Minister of Health, Sr. Fernando Vaz, and initially GAPVU was organizationally attached to the Ministry of Finance.

The first director of GAPVU was from the Ministry of Finance, and the provincial units of GAPVU (which, except for Maputo City and the provinces containing Nacala and Maxixe, were composed of only the provincial capitals) were led by the provincial directors of Finance, known as *delegados* (Schubert 1993a). These *delegados* were responsible for ensuring the monthly payment of the transfer to the beneficiaries. In addition, because clinic staff were used to verify the qualifications of some beneficiary households, each provincial-level GAPVU unit also had a representative from the Ministry of Health who was responsible for assuring good cooperation between the health centers and the GAPVU program.

In early 1992, as part of the first reorganization of GAPVU, the responsibility for the directorship of the program was transferred from the Ministry of Finance to the Secretariat of Social Action (SEAS) (Schubert 1993a). This reorganization would not be officially finalized until much later, in 1993, with Decreto No. 16/93 (see Figure 1).

Later, SEAS would become the Ministry of Coordination of Social Action (MICAS), but at the time, SEAS was a young agency that had been designated as a "home" for many social assistance activities previously located throughout the government. Officially, SEAS was responsible for defining the technical criteria for who should be included in the program, for hiring and firing the Director and Assistant Director of GAPVU, and for defining the objectives and functioning of Advisory Councils for the *delegados* operating within each city. Still, although it was technically under the direction of SEAS, GAPVU functioned largely as an autonomous institution.

The transfer of the program to SEAS made sense organizationally, as GAPVU would now be under the auspices of an institution whose institutional mission was to care for the most needy. However, the influence of the Ministry of Finance, whose institutional objective was not necessarily social, was still strong, and it was still responsible for deciding how much of the annual state budget GAPVU would receive.

Since GAPVU was being funded principally from the state budget (the exceptions being one technical position paid by UNICEF and external consultants paid by SDA funds), this annual allocation set a limit on the amount of money and, hence, on the number of beneficiaries that could be covered. Furthermore, Ministry of Finance personnel at the provincial level still functioned as *delegados* responsible for the actual payments. Thus, the Ministry of Finance continued to control the financial aspects of the program.

Interministerial coordination and advice was provided through the *Conselho de Administração*, or Administrative Council, a national-level advisory council consisting of the director of GAPVU and representatives from different ministries. This council was responsible for providing direction on protocols to put in place to implement the program, evaluating the functioning of the program s management, and conducting periodic evaluations of GAPVU's activities. Along with SEAS, the Ministries of Finance, Health, State Administration, and Labor were also on the council (Schubert 1993a).

While the council met on a regular basis and often made suggestions to improve the functioning of the program, its role was strictly advisory. Consequently, the council was not capable of enforcing major changes in the functioning of GAPVU without the agreement of the institution itself (Piaraly 1998). In retrospect, the financial independence of GAPVU from SEAS and its organizational independence from the Ministry of Finance and the Administrative Council may have weakened the government's ability to provide effective oversight by leaving the Director of GAPVU with considerable autonomy concerning program direction and implementation.

During the design and expansion phase, the urban cash transfer program had two major sources of assistance outside of the state budget. In financial terms, UNICEF provided the most significant support, paying the salary of the only expatriate technical assistant permanently based in the program and buying some equipment. UNICEF s interest in the program clearly was linked to the high percentage of GAPVU recipients who were impoverished families with malnourished children. In addition, as previously mentioned, the SDA project, supervised by the World Bank in Mozambique, received support from the governments of Britain, Holland, Switzerland, and Germany (Schubert 1993a). SDA/GTZ (Germany) funds were used to support the principal technical assistance provided by the project: numerous visits by Team Consult Berlin to assist in the design and evaluation of the project. The detailed reports of the principal consultant, Bernard Schubert, serve as a major source of information concerning the evolution of the program from 1990 through 1995.

There were substantial delays in filling posts specified in the organizational structure throughout the existence of GAPVU. In early 1993, two of the five main management positions still had not been filled. Part of the problem was that, although created in 1990, GAPVU did not yet have official regulations that allowed it to hire permanent staff. This personnel gap was exacerbated when the Head of the Department of Administration and Finance was fired around the same time. By the second half of 1993, lack of sufficient administrative capacity had pushed the organization to the brink, as reflected in the title of Schubert's October 1993 evaluation: "To Conquer the Crisis in

GAPVU's Management Capacity (*Para Vencer a Crise de Capacidade de Gestão do GAPVU*)."

In September 1993, Decreto No. 16/93 made the transfer of the program from the Ministry of Finance to SEAS official. The decree also authorized GAPVU to hire staff on a more permanent basis and confirmed some additional organizational changes (Figure 2). For example, previously, one individual had been responsible for supervision of all *delegados*; that responsibility was now split between two people. This division was an explicit recognition that it was not feasible for a single individual to adequately supervise all the *delegados*. This organizational structure was maintained until the abolishment of GAPVU in 1996.

After uncovering significant corruption in 1996, technically GAPVU was abolished, but in essence the program continued. Responsibility for the program was transferred to the Program Department of INAS, in the Ministry of Social Action. The organizational structure of INAS and the cash transfer program that has existed since 1996 (as of October 1998) is shown in Figure 3. However, despite the ostensible transfer of administration to INAS, use of *delegados* from the Ministry of Finance has continued. Although INAS has begun the transfer of the functions from the provincial directors of Finance to provincial directors of Social Action, that transition had not been completed as of October 1998. With the expansion of the program outside of provincial capitals, *sub-delegados* were also been appointed.

This latest reorganization encourages greater collaboration between government and international nongovernmental organizations in planning new programs and implementing existing programs. The United Nations Development Program (UNDP) has been financially supporting the consultants who are assisting in formulating the new directions of the social assistance framework (Thompson 1998), and INAS is currently seeking new partnerships with a range of donors to assist in financing its programs in addition to receiving continued support from the government budget.

In retrospect, it is clear that the original organizational structure and repeated reorganizations made demands that overwhelmed Mozambique's limited administrative capacity. Adequately trained staff were few, and administrative controls were weak. The reporting and oversight lines for GAPVU were unclear, divided between the Ministry of Finance and others. At the same time, GAPVU struggled to supervise and coordinate staff from other ministries at the local level. In the end, management assessment and evaluation were essentially left to outside consultants who arrived periodically and the Administrative Council who gave occasional input. Program redesign was the responsibility of outside consultants. Monitoring and evaluation were not effectively incorporated directly into program management.

For over two years the program was unable to offer permanent jobs to staff, which complicated efforts to recruit staff for critical management positions. This structure and situation apparently allowed GAPVU to operate more or less independently at higher levels and made control of lower levels more difficult, perhaps permitting initial inadequacies to worsen as they went unchecked. As program growth occurred and organizational changes continued, the initially weak administrative capacities were soon stretched beyond their limits. Headquarters had insufficient staff to provide administrative backup and meet the demands from the field in a timely fashion.

The latest reorganization clarified lines of reporting by making one ministry responsible for the program. The new administrator installed greater financial controls and, by verifying beneficiary qualifications, reduced the numbers of beneficiaries in the program, consequently reducing the administrative burden on his staff.

TARGET GROUPS

The target groups were initially identified as the poorest groups with the highest levels of vulnerability. Using the best available information, specific target groups designated at the start of the program were residents with incomes not exceeding half the official minimum wage[4] who were *also* either

- older than 60 years and unemployed for more than two years,
- disabled persons older than 18 years and unable to work,
- families with severely malnourished pregnant women, or
- families with severely malnourished children.

[4] The minimum wage is a monthly amount set to cover the basic food and nonfood needs of a six-person household.

According to Schubert (1992), the selection of the first two categories (the elderly and the handicapped) emerged from characteristics of extremely poor families found in the Maputo household survey. The last two groups were identified through symptoms (malnutrition) that were felt to be highly associated with families with food security problems, most likely caused by extreme poverty. There is no official documentation that explains in detail the reasoning behind the choice of these target groups. However, notes from the Department of Nutrition during the planning phase indicate that 92 percent of malnourished children came from two-parent families, the majority of which were too poor even to purchase food rations (Repartição de Nutrição 1990). Therefore, planners seem to have used malnutrition as an indicator to target poor households, not as an indicator to target households with malnourished children or women.

From 1991 onward, evaluations mention the inclusion of two other categories of cash transfer recipients: households headed by women with five or more children and poor individuals suffering from chronic illness. By December 1994, neither of these two target groups had yet been incorporated into the program (Rogers 1994). Inclusion of the additional groups began in 1995 at the height of the expansion phase, but neither group ever attained levels of coverage equivalent to the original four target groups.

Concern about the vastly expanded numbers of beneficiaries, rumors of corruption, and a questioning of the financial sustainability of the program due to declining receipts from sales of food aid led the Ministry of Finance to undertake a large-scale survey of beneficiaries in 1995 in order to seek ways to improve program operation. Amid the government's own lack of resources, demands for reconstruction of infrastructure as a primary aim, and the increasing burden on the government's budget, the government was looking for ways to verify GAPVU's beneficial impact on the poor and to reduce program costs. Evaluations based on the beneficiary survey data (UAP/MPF 1995; Datt et al. 1997; Garrett et al. 1996), along with doubts about the program's sustainability, led to a reformulation of government policy towards what the appropriate criteria should be for the selection of target groups (UAP/UUP/MPF 1997).

The discussion about appropriate target groups for a cash transfer program revolved around the question of who are the most vulnerable and why and, consequently, which vulnerable groups should be eligible for a cash transfer. Distinctions began to be made between recipients capable of physical labor and those who were not. A consensus began to emerge that while the cash transfer should help the poor who could not work and really could not "help themselves," such as the elderly and the disabled, other programs should be designed for households with malnourished women and children. These households were considered to have the ability to lift themselves out of poverty should appropriate employment opportunities arise (Datt et al. 1997; Garrett et al. 1996). Restricting the types of beneficiaries served by the program would be in line with GAPVU's orientation as a cash transfer program and also could reduce program costs. Moreover, even though the cash transfer scheme designers never expected the subsidy to resolve the malnutrition problem, its inability to do so began to be seen as weakness in the program's design.

Coming out of these discussions in 1996 and 1997 was one of the most important alterations in the program: the Ministry of Finance proposed that the criteria for receiving the cash transfer should be an elderly person or a handicapped person living with no other economically active individual in the household, or to be chronically ill. Women with more than five children and families with malnourished children or malnourished pregnant women were to be moved to other, more appropriate programs. When the program was reorganized under INAS, these criteria were accepted with pilot cash-for-work schemes being launched to provide an alternative source of income for women excluded from the cash transfer program.[5]

The other major issue that emerged in the selection of appropriate target groups was whether the cash transfer program should be extended to rural areas. Before the end of the war in 1992, food aid distribution in rural areas, whether free or through cash-for-

[5] Prior to initiating the pilot schemes, INAS conducted a survey among cash transfer beneficiaries exploring whether they would be interested in participating in cash-for-work schemes and what types of programs they would prefer. High interest was expressed for cash-for-work programs requiring light physical labor (cleaning parts of the city) as opposed to those requiring heavy physical labor (road construction) (INAS 1997). Cash-for-work programs requiring heavy physical labor clearly would not be appropriate for malnourished pregnant women. Attention must also be paid to potential decline in quality of child care if mothers of young children participate in these programs.

work schemes, was the major safety net in rural areas. After the war, the coverage of these schemes diminished.

Typically, rural poverty is worse than urban poverty in very poor countries, and Mozambique is no exception (DPDS 1998). Because inadequate consumption in urban settings is principally due to lack of purchasing power, a cash transfer was judged to be the appropriate intervention there (Schubert 1990), but several evaluations raised the issue of whether expanding cash transfer programs to rural areas was desirable or whether alternative social safety net programs would be more appropriate than cash transfers (Schubert 1992, 1993a; UAP/MPF 1995; Datt et al. 1997; UAP/UPP/MPF 1997). Those emphasizing the presence of destitute individuals in rural areas also badly affected by the war viewed expansion of GAPVU or other appropriate safety nets into rural areas as the logical next step (Schubert 1992, 1993a; UAP /MPF 1995). More recent evaluations focused on the high cost of serving often highly dispersed rural populations (Datt et al. 1997; UAP/UPP/MPF 1997).

INAS has now decided to expand into rural areas to serve those who meet the eligibility criteria used in urban areas. Initial expansion of the cash subsidy program to small urban centers began in April 1998 with six new sites outside of provincial capitals (Borges 1998). Selection of a particular site was primarily in response to pressure by local political authorities.

The evolution of what is the appropriate target group to serve with a cash transfer in a resource-poor setting reflects a growing recognition of differences between social assistance programs that are capable of alleviating poverty and those that aim to reduce poverty, and how to more effectively differentiate among those classified as "absolutely poor." The reduction of the number of target groups to those incapable of physical labor reflects an acknowledgment of the limited resources available combined with a realization that investing in strategies that can raise the poor physically capable of working out of poverty may be more appropriate than using those resources to partially alleviate their impoverished state.

The expansion of the program to rural areas reflects the need to serve highly vulnerable populations throughout the country, but the government should proceed cautiously to be certain that the infrastructure and administration will be sufficient to support the operational needs of the program in rural areas and to continue to evaluate the comparative cost-effectiveness of the program.

COVERAGE

In the early 1990s, rough estimates were made of the number of absolutely poor in the country, with clear distinctions drawn between the poor who were capable of working but lacked opportunity, and the poor who were not (Green 1991; Schubert 1992). At the time of GAPVU's inception, an estimated 15 percent of urban households were classified as destitute (60,000 households in total), that is, falling within the lowest per capita income quintile of the urban population. These households were felt to be extremely food insecure as they were consuming, on average, only 60 percent of their minimum caloric requirements.[6]

After the creation of GAPVU in June 1990, full-scale implementation was expected to begin by September 1, 1990. However, administrative personnel were hired slowly and considerable time was spent getting the program underway. Consequently, the design and initiation phase was characterized by extremely slow rates of growth in numbers of beneficiaries. At the beginning of 1991—six months later, after its establishment, there were only 19 persons enrolled in the program, which only increased to a few hundred in the first months of 1991 (Schubert 1992).

The modest rate of enrollment was severely criticized at a key meeting held on May 27, 1991, which was chaired by the Minister of Finance. With only 0.6 percent of the proposed target group in Maputo being reached (a target of 10,000 households), a decision was made to reorganize the program, establishing specific goals and timetables for the number of beneficiaries to be recruited. The new targets were 4,000 recipients by June 30, 1992; 8,000 by June 30, 1993; 20,000 by June 30, 1994; and 60,000 by June 30, 1995, the latter representing 75 percent of the estimated number of destitute beneficiaries in all urban areas (80,000 total) (Schubert 1992). With a numeric goal structure in place, recruitment rates increased dramatically. In September 1993, Schubert reported that

[6] Estimates of the number of absolute poor and destitute for all urban areas of Mozambique were based on results of a household expenditure survey conducted in the cities of Maputo and Tete in 1988 (Greene 1991).

coverage was ”excellent,” with the 54,000 beneficiaries enrolled not only surpassing the target number for June the following year but close to the overall goal of 60,000 (Schubert 1993b).

When the Ministry of Finance implemented its beneficiary survey in 1995, it acquired the actual beneficiary lists and tried with great difficulty to locate randomly selected participant households on the lists. GAPVU staff in some provinces became extremely reluctant to assist survey implementers, who were eventually forced to locate beneficiaries at payment sites and accompany them to their homes to conduct the interview (Desai 1998).

An internal investigation by the government in the next year, not any contracted evaluation, uncovered massive corruption. The investigation revealed that many of the beneficiaries were imaginary, probably explaining GAPVU staff's reluctance to assist with the beneficiary survey. In Tete and Quelimane, for example, over 70 percent of the beneficiaries did not appear after reorganization to claim their benefits (Borges 1998). As a result, most staff were replaced, with the exception of those in Chimoio, Beira, and Lichinga (Borges 1998).

The change in coverage and the considerable differences in extent of the program by target groups and cities are shown in Table 2, which compares number of beneficiaries on official lists from two points in time: August 1995, during the expansion phase, and December 1997, over a year after the most recent restructuring of the program began. In 1995, although over half of the urban population of the country lived in the adjacent cities of Maputo and Matola, the much smaller cities of Tete and Nacala equaled or exceeded the number of registered beneficiaries in Maputo and Matola. In those two sites, there were much higher percentages of women with malnourished children enrolled in the program than other target groups (GAPVU 1995). Approximately 52 percent of total beneficiaries were elderly, and 38 percent were women with malnourished children. Handicapped persons only comprised 4.2 percent of the recipients.

In December 1997, the number of beneficiaries had declined to slightly more than one-third the total at the height. The composition of the 32,391 recipients reflected the elimination of imaginary beneficiaries and the change in policy regarding target groups, with the elderly now comprising 78 percent of recipients; handicapped persons, 6 percent; and women with malnourished children, only 10 percent. This latter group, along with malnourished pregnant women and female heads of households with more than five children, were gradually being phased out of the program (INAS 1997). Moreover, approximately 30 percent of beneficiaries were in Maputo and Matola, with the number of official recipients in Nacala, Tete, Quelimane, and Pemba being reduced by over 60 percent.

The reorganization into INAS resulted in dramatically lower numbers of beneficiaries and a distribution of recipients more in line with the geographic distribution of the overall population. To accurately assess how well the new program actually covers the eligible population, however, information is required on the numbers of persons truly eligible to participate, information that is not yet available. Detailed 1997 census data to be released in late 1999 could assist in this process or a representative beneficiary-nonbeneficiary survey could be conducted.

SUBSIDY AMOUNT

The 1990 resolution creating the urban cash transfer called the transfer a food subsidy. The amount of the subsidy was precisely specified: *The food subsidy is 7,500 MT*[7] *per month for individuals not belonging to a family unit. For family units, the amount of the subsidy increases to 12,500 MT or to 15,000 MT, depending if the number of family members is two or three or more members, respectively. The food subsidy will be readjusted in proportion to increases in the minimum wage* (Boletim 1993).

In 1993, the amount of the subsidy was raised for eligible households. Eligible households, constituted by 1, 2, or 3 persons, received 20,000, 32,400, and 40,000 MT, respectively, and the decree again stated that appropriate adjustments would be made in proportion to increases in the minimum wage (Boletim 1993). The last raise in the cash transfer payment occurred in 1996, with 32,000 MT monthly stipulated for a single individual, 51,000 MT for 2 person households, 64,000 MT for 3 person households, and an additional 8,000 MT for every additional household member after three (GAPVU 1996).

[7] MT is *meticais*, the Mozambican currency.

As can be seen in Figure 4, the intended increases in proportion to increases in the minimum wage never occurred on a regular basis. From the program's inception, both the Ministry of Finance and MICAS felt that there should be a significant margin between the minimum wage and the cash transfer subsidy to promote an attitude of self-respect and to motivate beneficiaries to use their own capacities to improve their socioeconomic situation (Mandlate 1998).

The initial transfer for a single individual (7,500 MT) was 30 percent of the minimum wage (25,100 MT) in August 1990. From that point the relative value of the subsidy declined steadily to 13 percent of the value of the minimum wage in early 1993. With the increase of the subsidy to 20,000 MT, the subsidy regained its value in relative terms, being 34 percent of the April 1993 minimum wage of 58,800 MT. The relative value of the subsidy then again declined steadily. After reaching a relative value of 8.8 percent of the minimum wage, an increase of the subsidy to 32,000 MT for a single individual in 1996 only raised the relative value to 11.8 percent. The subsidy once again declined to 9 percent of the value of the minimum wage as of September 1998.

While the purchasing power of the minimum wage has been adjusted much more frequently than the subsidy (typically every 8-12 months), since 1990 the wage itself has never covered even the basic food needs of a six-person household in Maputo (Pires 1997). Based on the cost of a nutritionally balanced diet of 2,200 calories per person per day in Maputo, Pires (1997) calculated that from January 1990 through August 1996, the fluctuating value of the minimum wage ranged from being able to supply an adequate food basket for 1.3 to 2.7 persons.

Obviously, the purchasing power of food subsidy has not only declined significantly relative to the minimum wage but has drastically dropped in real terms since its inception. Practically every evaluation of the program, whether based on primary data collection or review of published reports, has noted the declining value of the subsidy's purchasing power (refer to Table 1) and called for its increase. Recent recommendations for monthly payments for a single person household include 60,000 MT (Tovela 1997), 70,000 to 105,000 MT (Bazo 1998), with MICAS itself recommending a level of 50 percent of the minimum wage (177,000 MT) in July 1998 (MICAS 1998). A per capita transfer capable of purchasing one-third of daily caloric needs (approximately 750 kilocalories), based on the cost of calories for a balanced diet by region (North, Center, South) or province is recommended as a level that has the potential to substantially improve the well-being of recipients at reasonable cost, with minimal disincentive effects.

The declining level in the real value of the subsidy is indicative to the low levels of political support for the program within the government. This lack of political support has grown over time and has put the opportunity to have an effective cash transfer program in jeopardy. After corruption was uncovered in 1996, some groups within parliament argued for its abolishment. Supporters of the program who believed that it was a vital part of the social safety net won out, but, as noted, the program's administration was overhauled from top to bottom.

Now, even within the administration, support for the program is mixed. MICAS, in line with its institutional mission, strongly supports the program but the Ministry of Finance, with effective power over the program's budget, does not (Borges 1998; Mandlate 1998). Proceeds from food aid sales used to fund the program have declined substantially in recent years. The government must now rely more heavily on domestically generated funds to finance the program. The government has only limited self-generated revenues, and the Ministry of Finance would prefer to use them to meet other demands. Delays in adjusting the amounts are also related to the Ministry of Finance's desire to first evaluate how the redesigned program would fit into a revised poverty reduction strategy, which has been under assessment since 1996.

ADMINISTRATIVE PROCEDURES: ELIGIBILITY REQUIREMENTS AND SERVICE DELIVERY

The program had some eligibility criteria that applied to all potential beneficiaries and others that were specific for particular target groups. All applicants had to live in a provincial capital or in Nacala or Maxixe for more than one year[8] and, in the initial phase of the program, the monthly per capita income of the household could not exceed 26,000 MT (US$26 per month in August 1990), a limit that was raised to 32,000 MT in the

[8] Ostensibly, this was to discourage further rural-to-urban migration (Schubert 1990).

expansion and restructuring phase (equivalent to US$3.54 in August 1995 declining to US$2.78 in August 1997). In addition, householdswith candidates who were elderly or handicapped, or female heads of household with more than five children, could not live with any other relative between 18 and 59 years old (the "economically active" ages) and no household member could be absent and working in a neighboring country. Applicants also had to present an identity card and to provide a signed declaration that no household member was working for someone else (GAPVU 1996). Local community leaders helped to provide some of this documentation and worked with program staff to identify eligible households. Ministry of Health staff were also involved because clinic nurses had to screen malnourished children and pregnant women at health clinics to be sure they met additional selection criteria (for example, children were supposed to fall into a category of less than the 3rd percentile of appropriate weight).

Under GAPVU, once a staff person had received an application, a home visit was to be made and an evaluation of the applicant's socioeconomic status and residency confirmed. With the declining value of the local currency (the *metical*), it became increasingly evident during the expansion phase that the income eligibility criteria was so low that it was meaningless to implement. For some elderly people, obtaining the necessary identification documents from local leaders was a significant constraint to enrollment. Eligibility criteria were simpler for malnourished women and children as they were typically accepted into the program based on nutritional status indicators only. Rogers (1994) noted that 90 percent of applications from malnourished pregnant women and malnourished children were accepted, compared to only 60-70 percent of applications for elderly and handicapped persons.

A series of measures was adopted as part of the first reorganization in an effort to strengthen the program's administrative capacity and potential impact of the transfer. Staff incentives to increase beneficiary recruitment were revised. For example, to motivate nurses to process applications, a nurse would receive 500 MT for each application approved (Schubert 1992). Other measures taken during the reorganization included the hiring of an additional two full-time managers, simplification of some of the eligibility criteria (for example, income statements from families of malnourished women and children would be accepted without subsequent verification by community leaders), more equipment (telephone for the central office, vehicles), and an increase in the subsidy level for larger families.[9]

In theory, there were explicit exit criteria. For all categories of beneficiary households except pregnant women, benefits were granted for one year, after which the eligibility of the household was reevaluated. Pregnant women were to be removed from the program 6 months after the birth of the child. If a child continued to be malnourished,

[9] Prior to the reorganization, the subsidy had been 7,500 MT for individuals not belonging to a family unit, 12,500 MT for two person families, and 15,000 MT for families with three or more persons (GAPVU 1990). Subsequently, the subsidy was to increase by 2,000 MT for each additional household member above three persons (Schubert and Antezana 1991).

payments continued up to a maximum of five years of age. However, confirmation of exit criteria required home visits, and as the system expanded, it was not possible for the limited number of staff to make even the required confirmatory home visits for enrollment.

Staff were stretched unrealistically thin under the GAPVU program. Efforts to have banks distribute the monthly payments, and thus avoid having program staff spend time on monthly distribution and walk through areas with large amounts of cash, were futile (Schubert 1993a). As the program expanded, demands on both supervisory and implementing staff became excessive. Still, evaluations in 1993 through mid-1995 often extolled the high coverage rates and low administrative costs: "GAPVU is the only one of the urban safety net programs which is in fact operational and reaching significant numbers of beneficiaries" (Rogers 1994); "The program is well-designed and well-managed. The cost efficiency of the program is excellent: only 3.2 percent of the total budget" (Schubert 1995).

Conflicting signs regarding verification of eligibility and quality of service delivery began to emerge. While some evaluations still found good administration ("the practice of having the Provincial Directors of Finance serve as delegates has assured regularity of payments and good accounting" (Schubert, May 1995)), others began to find serious problems: "the application of eligibility criteria are subjective" (Rogers, December 1994); "30 percent of households experienced interruptions in payments and there are discrepancies between the amount the household is supposed to receive and that the household actually receives" (UAP /MPF, September 1995); "59 percent of beneficiaries receive less than their household composition indicates that they should and 70 percent of elderly households receive less than they should" (Garrett et al. 1996). Many beneficiaries claimed that they did not know what their payment level should be. The exact reason is unknown, but GAPVU staff could have erroneously applied the rules, or beneficiaries, particularly the elderly, might have failed to report all households members.

The low administrative costs that consultants cited should have raised a red flag about administrative controls and quality of services instead of being extolled as a triumph of efficiency. Were program costs being deliberately understated? Or were they so small as to jeopardize the effective operation and supervision of the program? We have no evidence that the program costs were stated incorrectly, but by 1996 it was clear that the administration of the program was having problems (delayed, interrupted, and inaccurate payments) and that deviation of funds was occurring. Many of the administrative problems probably came about because the program scaled up far faster than staff could be trained and effective supervision put in place. The expectations regarding the rate of implementation of activities were substantial and, in retrospect, unrealistic from the very beginning.

The restructuring phase and the shifting of program to the newly created INAS in 1996 were accompanied by widespread changes in administrative procedures. Lists of beneficiaries were computerized, and within each province there was a lengthy procedure undertaken to verify all households on the list. During this period, legitimate beneficiaries often did not receive payments for several months (Bazo 1998). However, permanent changes in payment procedures were made to prevent the reemergence of nonexistent beneficiaries. Under the new procedures, a known community leader was selected to serve as the resident *permanente* responsible for helping eligible members of the community enroll in the program; the *delegado* came from provincial headquarters just to make the payment. Both the *permanente* and the *delegado* kept a separate list of beneficiaries. The name of a beneficiary had to appear on both lists for that beneficiary to receive a payment. Moreover, the *permanente* had to affix his or her signature to the finalized payment list, an act that was not previously required (Quive 1998).

In addition to making the *permanentes* more accountable for the management of the program, the incentive structure for those assisting INAS in identifying beneficiaries was modified. Instead of receiving a token payment for every person enrolled, *permanentes* and nurses utilized by INAS on a regular basis received a monthly salary of 300,000 MT (US$25.40) (Quive 1998). Besides acting as an incentive to improve service delivery, Quive (1998) notes that the social stature of the now salaried *permanentes* rose in their communities. Moreover, in response to criticisms that in some areas there was little knowledge about requirements and procedures for entry into the program and one's expected subsidy based on household demographics, within each site a team of two was appointed to be responsible for informing communities about the existence and requirements of the program.

Increased personnel and operating costs resulted in the percentage of total program costs dedicated to administration rising from approximately 3-5 percent (Schubert 1995) to around 11 percent (Borges 1998). However, while administrative control has improved and attempts have been made to improve basic service delivery, the reorganizations have not addressed the unreasonably low level of qualifying income for the target groups (elderly, handicapped, and chronically ill). As of October 1998, the income criteria was 32,000 MT per capita per month (nominal US$2.62). Because it is so low, the staff person needs to rely on other indicators on the form (for example, presence of persons 18-59 years of age within the household) and personal judgment and observation (for example, observable assets or an elderly person having difficulty walking or performing simple tasks) before recommending a household's inclusion in the program.

RATIONALE FOR KEY CHANGES IN THE PROGRAM

The foregoing analysis of the evolution of the program pinpoints two major turning points in the urban cash transfer program's history. The first is the meeting held on May 27, 1991, which resulted in the first reorganization of the program, and the second is the decision to abolish GAPVU in 1996 and transfer the functioning of the program to INAS.

As previously mentioned, the May 1991 meeting was chaired by the Minister of Finance and was attended by the Vice Minister of Health, the Secretary of State of Social Action, all members of the Administrative Council of GAPVU, as well as by the management of GAPVU and key consultants. The most important of the consultants was Bernard Schubert, who had been involved with evaluating the urban cash transfer since its initiation. Under pressure from major donors to show progress in implementing a social safety net, the Minister of Finance forcefully addressed the slow implementation of the scheme by calling for a complete reorganization. He supported this move by pointing to evidence provided by the consultant showing that overall coverage was very low, which in turn had resulted in extremely high administrative costs per recipient (Schubert and Antezana 1991). The consultant, however, did note that due to strict application and approval procedures, the scheme had avoided any leakage.

The consultant, with a rather perverse argument, wanted to "reduce beneficiary costs by expanding the program." Expanding the program would not actually reduce costs, but if the administrative budget was kept at the same level, administrative costs would be lower, on a per beneficiary basis. But given the need for adequate supervisory and administrative control and logistical support, "low" administrative costs were not necessarily indicators of good administration. Indeed, the consultant, at the same time that he argued for expanding the numbers exponentially, noted that GAPVU had limited administrative capacity, and that this would be a major constraint on successful program implementation (Schubert and Antezana 1991). This decision to expand, regardless of administrative capacity, reflected the pressure from donor communities to see immediate results, the pressure on politicians to show they were doing something for the poor, and a poor assessment on the part of the technical advisors on how best to reduce high administrative costs.

The major consequence of the reorganization was the wholesale adoption of quantitative goals for enrollment by established deadlines. Even then, the consultant commented that the interim targets (4,000 by June 1992; 8,000 by June 1993; 20,000 by June 1994) "are very modest targets and they are disappointing in view of the pressing problems of extreme poverty and malnutrition faced by the target groups" (Schubert and Antezana 1991). This was undoubtedly true from a social point of view, but from the view of public management, one had to realize that the government simply did not have, at that stage, sufficient human or financial resources to scale up so quickly. The adoption of such ambitious coverage targets became the overriding criterion for evaluating the success of the transfer program, minimizing the importance of careful and accurate targeting and efficient, effective program administration.

MICAS and the Ministry of Finance were responsible for initiating the second major reform: the abolishment of GAPVU. MICAS had already initiated the creation of a separate institute (INAS) for the implementation of social service delivery in 1996, and it was the logical institution to be responsible for reforming and managing the cash transfer program. The restructuring was largely a response to the widespread corruption detected in the program's administration that had been reported in local newspapers and discussed in Parliament (Quive 1998), but it also may reflect that MICAS had now established itself and was ready to assume complete responsibility for the program.

Changes in the structure and responsibilities of INAS also reflected a new understanding of what an antipoverty strategy should entail (INAS 1997). The new design reflected a differentiation of vulnerable groups in terms of their capacity to perform physical labor. Destitute elderly and disabled households would continue to be supported with cash transfers, cash-for-work opportunities would be created for households having malnourished children or high dependency ratios, and special technical training programs would be promoted for youth (United Nations Collaboration Program 1998). The document also reflected a realization that given limited resources, government agencies such as INAS needed to work in partnership with nongovernmental organizations to achieve their goals. INAS has now established a Social Fund through which donors can contribute to a variety of social assistance programs.

It is of interest to note that some of the tasks to be undertaken by INAS (for example, an integrated scheme with concurrent cash-for-work and cash transfer programs) were proposed by Schubert (1992) in his document describing his vision for a ”A Low Cost Social Safety Net for Destitute and Absolutely Poor Households in the Cities of Mozambique.” This points to the long gestation period needed for certain ideas to penetrate into planning process as well as an evolution in how safety nets were viewed. Given the proposed budget for INAS (which as of December 1998 had not yet achieved full financing from donors and government) and the experience with GAPVU, it is highly unlikely that anyone now would argue that a comprehensive safety net comes at ”low cost.”

4. PROGRAM IMPACT

In addition to these operational concerns, a number of reports have evaluated different aspects of the program since its beginning (refer to Table 1). Three major ways in which program impact can be evaluated include the following: Is the target group adequately reached? Are those receiving the transfer improving their consumption levels? Are the lives of those receiving the subsidy improving in other ways or are there some negative side-effects of the program?

A perusal of these questions reveals that no study has yet been designed to answer all three at once. Moreover, none of the evaluations has been able to fully answer the first question because no nationally representative evaluation has ever been done that included qualified nonbeneficiaries and beneficiaries of the program. Coverage evaluation was frequently done in an ad hoc manner: the number of destitute persons had been roughly estimated based on work done by Greene (1991) and it was assumed that all persons enrolled in the GAPVU project met the eligibility criteria. Therefore, coverage was considered to have improved based solely on the number of beneficiary families enrolled in the program (Schubert 1993a, 1995) without an assessment of whether all qualified candidates were being reached. Several studies, however, assessed whether the beneficiaries being reached were qualified (Schubert 1995; Datt et al. 1997; Bazo 1998).

Various qualitative evaluations using key informants, focus groups, and site visits focused mostly on general administrative aspects of the program and the importance of the subsidy to recipients. No in-depth review of INAS management has ever been undertaken. Although often surprisingly insightful, especially in retrospect, these reports are largely impressionistic. It is clear from the series of participatory assessments and key informant interviews conducted by Schubert and Antezana (1991), Schubert (1993a, 1995) and Rogers (1994) and the analysis of structured survey data (UAP/MPF 1995; Datt et al. 1997; Bazo 1998) that those receiving the cash transfer considered it an essential component of their livelihood strategies.

A 1996 survey conducted by the Poverty Alleviation Unit was supposed to evaluate the impact of GAPVU on poverty, food security, and malnutrition, but cross-sectional data were only collected on program beneficiaries, thus preventing any genuine inference about the program's targeting performance (Datt et al. 1997; Garrett et al. 1996). Datt et al. (1997) did find, however, that 65 percent of GAPVU beneficiaries were poor, and that without GAPVU transfer benefits, 71 percent of the beneficiary population would have been poor. In addition, the transfer was contributing 13 percent of the total monthly per capita expenditures of the participant families, not an insignificant amount. The study concluded, then, that the GAPVU transfer made a significant contribution to alleviating the poverty of beneficiaries. But it could not be determined whether GAPVU's target groups were appropriate or whether its selection mechanisms did any better than random selection. Nor could it be known whether the program participants did any better than similar nonparticipants in terms of rising out of poverty and reducing food insecurity and malnutrition.

Although limited by a small sample size and its focus on only elderly beneficiaries, the 1998 study by Bazo is the only genuine evaluation that exists of the impact of the program on social outcomes, such as food consumption. Using a single-visit 24-hour recall survey of food consumption, no significant difference was found in the mean number of per capita calories consumed by 41 elderly beneficiaries (1,403, kilocalories) and 40 elderly nonbeneficiaries meeting eligibility requirements (1,453 kilocalories) (Table 3). This low level of daily caloric intake is far below the 2,200 kilocalories per capita recommended intake. Elderly households were spending daily only 6,700 MT (US$0.58) per capita on food. Based on the typical undiversified bundle of food being consumed by these households, which cost 4.75 MT per calorie, the meager monthly subsidy of 32,000 MT could only provide 225 calories per day for one person (assuming all of the subsidy was spent on food, which, on average, it was not).

Clearly by the end of 1997, the subsidy was having no significant impact on food consumption levels. On the other hand, the program did seem to have other effects. According to Bazo, participants purchased more of their food in the market, instead of relying on donations from others, and showed less reliance on begging as a survival strategy. Over half of the beneficiaries occasionally utilized their subsidy to participate in small-scale group credit schemes (*xitique*) compared to minimal participation in these schemes by nonbeneficiaries (Bazo 1998). Thus, the cash transfer was serving as a supplementary coping strategy, but could not assure an adequate level of calorie consumption in destitute elderly households. At such low subsidy levels, there did not seem to be any negative disincentive effects in terms of reduced social support from others in the community (Bazo 1998; Quive 1998).

5. PROGRAM STRENGTHS AND WEAKNESSES AND RECOMMENDATIONS

Mozambique's seven-year experience with an urban cash transfer program is a unique opportunity to assess whether an extremely poor country can successfully implement cash transfer programs to protect its most vulnerable citizens. Since independence, the government has had a strong commitment to raising the living standards of its people, an effort severely affected by years of armed conflict. One may question why policy advisors initially encouraged the government to undertake a targeted cash transfer program for which, according to Subbarrao et al. (1996), there was no prior experience in Sub-Saharan Africa. However, the strong initial political support given by the government to the program reflected the need to provide an alternative to a failing rationing system and a deep awareness of the severity of its urban poverty problem. Once begun, there was pressure to show success, especially given the lackluster performance of most other SDA-funded initiatives (Walker and Dava 1994). Mozambique's experience, though, now provides lessons for the successful design, administration, and sustainability of cash transfer programs in resource-poor countries.

LESSONS LEARNED: IMPLICATIONS FOR THE DESIGN AND ADMINISTRATION OF CASH TRANSFER PROGRAMS

We draw a number of important lessons in four areas of program design and operation (technical, administrative, financial, and political) based on this analysis of the urban cash transfer program. Many of these are likely to apply to other countries.

Technical and Administrative

Policies and programs need to take a realistic account of administrative capabilities. Because of limited experience and expertise to engage in dialogue with outside advisors, developing countries are particularly susceptible to adopting programs designed in and for other countries. Moreover, international agencies, such as the International Monetary Fund and the World Bank, often promote a standardized set of policy recommendations based on successful experiences in other countries. General lessons may be useful, but programs must be adapted appropriately to other countries whose resource constraints, nature of needs, and administrative capacity may be completely different. In Mozambique, insufficient attention was paid during the initial design of the cash transfer program to the country's capacity to implement a nationwide cash transfer scheme, including realistic mechanisms for sustaining such a program.

Because human and financial capacities are likely to be limited in resource-poor countries, operations must include capacity building of staff at the local as well as at the central level. Programs must ensure adequate control and supervision, including occasional full audits and the establishment of bureaucratic reporting mechanisms. At the same time, organizational structure must be sufficiently decentralized to permit efficient functioning of routine activities. Programs should link, where possible, with other existing social programs, to collaborate in collection of information and thereby reduce administrative burdens.

Good management is essential and it is not free. Authorities should recognize that they must support and pay for good administration. It is not free and it is often neglected. Cash transfer programs that target individuals have significant costs to verify compliance with eligibility requirements and to reduce leakage. Low administrative costs may indicate that verification procedures are not being implemented; they are not automatically a sign of efficient program administration. Administration should also be sufficiently decentralized so as to permit decisions to be made in a timely fashion and to enhance monitoring effectiveness by holding local staff accountable for program performance. Given often limited administrative capacity, this observation implies that serious attention needs to be paid to staff training.

Regulations and lines of authority need to be clear, simple, and relatively stable. Although the program's original design was laid out in a clear, logical manner, it was far too complex to implement. Lines of authority crossed institutional boundaries, and those that did exist were changed fairly frequently, confusing roles further and inhibiting attempts at effective interinstitutional coordination and management. The lack of an institutional home and support reduced effectiveness of supervision and opened the way to exploitation of weaknesses in administration.

The program should establish an effective monitoring and evaluation system linked to performance evaluations and program operations from the outset. A variety of evaluation methodologies need to be used to best grasp the strengths and weaknesses of a program. Participatory methodologies of program evaluation can provide excellent descriptions of the importance and utilization of program benefits by beneficiaries. Program beneficiaries in group interviews are unlikely to report negative information that will severely jeopardize their receipt of a subsidy.

In this instance, heavy reliance on participatory evaluations during the first five years of the program proved inadequate for detecting leakages and dishonesty among key informants and service providers. For large-scale cash transfer activities, evaluation procedures must include randomly sampled beneficiary households from actual participant lists and a matching nonbeneficiary population. In-depth studies of management, examining the effectiveness of its structure and procedures, as well as regular financial audits, should also be undertaken.

Care should be taken to adopt indicators for evaluation that reflect the objectives of the program. Monitoring and evaluation procedures should pay attention to proper verification, financial control, and overall program objectives. In the case of GAPVU, numeric targets became the primary objective of evaluation rather than good program administration and impact on beneficiaries.

Attention must be paid to what kind of technical assistance is appropriate and how much is needed. The first major assessment of the cash transfer program in its initial phase (Schubert 1990) called for increased technical assistance to improve administrative capacity. Practically every evaluation during the life of the program and members of the advisory technical committee spoke of insufficient administrative capacity as the single most important weakness of the program. However, the technical assistance provided by Team Consult Berlin consisted of frequent multiple visits to the country to advise on design and revising implementing procedures, with training and capacity strengthening done via short workshops. Only one technical support person (funded by UNICEF) was permanently present during the entire pilot phase. There was no day-to-day outside technical assistance at the provincial level to help test and implement procedures.

Given the dearth of qualified professional public servants because of Mozambique's colonial legacy, a scarcity exacerbated by the war, and the lack of experience with this type of program within the region, in retrospect failure to pay attention to the low level of administrative capacity may have been a basic flaw in the original design of the transfer program. Moreover, a desire to keep administrative costs as low as possible and the emphasis on showcasing the transfer as a strictly Mozambican program reinforced this tendency to inadequately tackle the weak administrative capacity of the program during its first five years of existence. It is essential that sufficiently trained administrative personnel are in place before cash transfer programs are expanded to national levels.

Administrative procedures must be straightforward and feasible. When human resources are limited, it is essential to avoid burdening them with complex administrative procedures. Because of a lack of alternative social service programs, the cash transfer scheme included too many target groups with distinct eligibility requirements. While eligibility criteria were fairly consistent throughout the life of the program, procedures for enrollment were complex. Each category of beneficiary had a different set of criteria to meet, some requiring verification by health authorities, others not. While enrollment procedures based on nutritional status proved easier to use than income-based means testing, the inclusion of malnutrition as a targeting tool at times confused the objectives of the program (refer to Schubert 1993a; Ginja and McDonald 1995) for examples of trying to show the impact of the subsidy reduction on malnutrition).

In countries with limited human resources, eligibility criteria should be reasonable and based on easily measurable indicators (demographic characteristics, employment status, asset ownership) correlated with income. The income eligibility criteria based on an estimate of monthly income per capita was so low as to be nonsensical and therefore was ultimately ignored. The utilization of a simple list of indicators typically correlated with income would be preferable to attempting to quantify income levels themselves.

Administrative procedures must be in place to assure regular cost of living adjustments in the real value of the cash transfer. A per capita transfer capable of purchasing one-third of daily caloric needs (approximately 750 kilocalories), based on the cost of calories for a balanced diet by region (North, Center, South) or province is recommended as a level that has the potential to substantially improve the well-being of recipients at reasonable cost, with minimal disincentive effects. To maintain program impact, the benefit amount must be adjusted to keep pace with inflation. Some mechanism should exist to ensure that benefit levels are automatically adjusted for inflation. In spite of being legally tied to the value of the minimum wage, the relative value of the cash transfer has so far failed to be maintained due to the lack of transparent, enforceable administrative procedures and the lack of political power of the recipients and their allies within the government.

Adequate pilot testing is essential. Pilot testing is key to working out administrative and logistic procedures, and although it can be supported through capacity-building initiatives, scaling-up should not exceed the resource constraints and administrative capacity of the government. A pilot program should implement, evaluate, modify, and reimplement to assure that administrative and logistic procedures are functioning well before nationwide expansion occurs. The expansion of the program should be done in phases, to reduce strains and allow adequate capacity strengthening to occur concurrently.

There was a pilot phase in the Mozambican case, and technical committees and consultants made substantial alterations in program design based on the pilot experience. However, the first major reorganization in 1991 failed to adequately address the fundamental problems of complexity of design and inadequacy of administrative capacity. Instead, the program bowed to pressure to expand the number of beneficiaries dramatically when it still should have been concentrating on getting sufficient numbers of staff in place and adequately training that staff.

Financial and Political

Program authorities and supporters must manage internal and external political pressures to assure financial viability and sustainability of the program. Program authorities must think strategically to manage internal and external political pressures to assure the financial sustainability of the program, and funding should be linked to a fairly stable source of funds. Political forces must view the transfer as an important component of the safety net strategy for the poor, and they must be committed to investing in safety nets. Governments with limited resources may determine to spend those same funds to strengthen other social services that have important roles in reducing poverty (such as education). At the other extreme, they attempt to gain political support by expanding the program to cover more beneficiaries while reducing the amount of the benefit, sometimes to rather meaningless levels.

To assure financial sustainability, strong political support from key ministries must exist. Schubert recognized the high costs involved in covering the 60,000 households targeted under the scheme. In 1993, he noted that the scheme has always received the resolute support of the President of the Republic and the Council of Ministers of the

Republic of Mozambique. This strong political determination was and is essential for the existence and success of the scheme (Schubert 1993a, 26). Clearly, since the corruption crisis, this strong political support has been lost. Action has simply not been taken to increase the value of the transfer in spite of several evaluations documenting the loss of the transfer s purchasing power. Lack of political support for the cash transfer program within the government since 1997 is being expressed as financial strangulation. Apparently, it is easier politically to let the program die a slow death than to suddenly eliminate all beneficiaries. From the political standpoint, the program is unlikely to survive without substantial pressure from interest groups inside and outside the government.

The failure of the cash transfer to keep pace with the cost of living reflects the lack of power of the destitute and their advocates. Independent criteria that increase the value of the transfer automatically may be preferable to tying transfer increases in the transfer to other politically sensitive issues, like increases in the minimum wage. Increases in the minimum wage affect a large proportion of both public and private expenditure. Therefore, it is not surprising that increases in the minimum wage frequently fail to keep pace with inflation (Pires 1997). Using criteria that automatically adjust benefits may enable the program to finesse the issue of political support by not having to tap into political capital each time an increase in benefit amounts is necessary.

From the technical standpoint, a viable alternative would be to tie the value of the transfer to the national or regional average cost of calories of the most popular staple urban foodstuff (for example, maize flour), based on extant cost of living data. Currently there is a single national rate for the cost-of-living, yet the cost of goods, particularly basic foodstuffs, varies widely between the three principal regions of the country (Datt et al. 1998). Revised subsidy levels that take into account regional price differences in the cost of essential food and nonfood items could help minimize the financial burden to the state, and hence increase the likelihood of financial sustainability.

In this respect, the Ministry of Social Action and NGOs responsible for caring for the destitute need to think of innovative ways to empower the destitute to become an effective lobby. Increased involvement of trained social workers to complement the current administratively-oriented staff of the cash transfer program may assist in increasing transparency of service delivery and help communities care for their destitute populations. In addition, social workers and NGOs could assure that recipients receive adequate benefits, using media coverage and other advocacy techniques to sustain political support and to assure that the law requiring increases in the subsidy proportional to the minimum wage is respected.

From the outset, the program must consider how to become sustainable in the long term. GAPVU was financed almost entirely out of the state budget, based on revenue from the sale of food aid, not as part of a multilateral agency loan. The decline in monetized food aid sales threatened the program's financial viability. Program supporters and budget officials must plan how to develop funding mechanisms from the start, perhaps considering alternative financing mechanisms, such as luxury taxes or value-added taxes.

In this context, it remains to be seen whether the Social Fund established by INAS as a means to attract additional donors to a whole set of social assistance programs, of which the cash transfer is just one, is a more viable approach to long-term funding support than sole reliance on the government budget. Emphasis needs to be placed on receiving the financial support of private enterprises as well as international donors and on obtaining additional administrative support from local religious institutions and NGOs to assist with improving implementation of the scheme. Positive efforts on the part of government to encourage such partnerships is reflected in a law passed in 1997, the *Lei de Mecenato,* which permits institutions and private enterprises to receive tax breaks for financial contributions made to social programs.

6. CONCLUSIONS

Although studies are not available to confirm this particular cash transfer program s impact on poverty in Mozambique, it is clear that a cash transfer program can be an effective part of an overall social assistance strategy. In an impoverished country struggling simply to get policies and priorities right, with a myriad of demands but few governmental resources, what is the role of social assistance programs? And where, if anywhere, do cash transfer programs fit into an antipoverty strategy?

Safety nets are intended mostly to catch and assist those that miss out on the benefits of economic growth (such as the disabled or those that cannot work), or those who need temporary assistance. Especially in countries like Mozambique where poverty is widespread and a government s financial resources are limited, mechanisms other than safety nets must be found to lift the majority out of poverty. Large social assistance programs, such as direct transfers or social security, simply do not seem fiscally or politically sustainable in resource-poor countries.

But a cash transfer program has its place. Although cash transfers require significant administrative capacity and a relatively advanced information base to identify and reach the target population, a cash transfer program is an especially appropriate way to provide additional income to those who cannot work when they have no other support and so cannot benefit from economic growth. A direct transfer to these groups may be especially appropriate in urban areas where social cohesion may be weaker than in rural areas and where few individuals have access to resources, such as land and water, that they use as a natural safety net.

Still, limitations to the effectiveness of cash transfers must be recognized. For example, it may not be the most effective way to reduce malnutrition of the household s most vulnerable members. A smaller proportion of the transfer than desired may be spent on food or health care for the child or the pregnant or lactating mother, mitigating the transfer s effect on malnutrition. Moreover, other programs, such as feeding programs or nutrition education, may be better ways to improve nutritional status in low-income households.[10] In addition, the inclusion of target groups who can work may detract from the focus of the program on the destitute who really have no where to turn, a focus that may otherwise be useful to build up political support for the program.

Additionally, a direct cash transfer to households where there are individuals capable of working can also create a disincentive for these individuals to look for work. Although this is less of a problem when the transfer is relatively small and the need is great, other programs, such as food- or cash-for-work, can be better suited to providing income to the household.

Given finite resources and limited administrative capability, it seems reasonable that limiting the scope of an urban cash transfer program to doing what a cash transfer program does well, and working to ensure sustained levels of meaningful financing for the program, will enhance the program s effectiveness.

A cash transfer program must also be seen in terms of how it fits into the larger scheme of economic growth and poverty alleviation measures. Most especially, over time, it must come to form part of a complete array of programs of social assistance, which Mozambique is only beginning to create. This could involve programs for

[10] In Guatemala, for example, it was found that a direct nutritional supplement to the woman during pregnancy reduced the prevalence of low birth weight by half (Lechtig et al. 1975). Preliminary results for Mozambique indicate that providing mothers with just some education may significantly improve child nutritional status (Garrett et al. 1998).

specifically designed and targeted to vulnerable groups such as pregnant women, malnourished children, juveniles, and the unemployed. Special programs and policies directed towards the disabled that are still physically capable of working could permit them to earn incomes from their own projects or to be fully integrated into the labor force. These programs must integrate and coordinate with other programs of the government and of communities, religious organizations, and NGOs. At this stage, though, the resources are few, but a program like this seems the minimum that a government can offer its society: a program that provides subsistence-level support to only those truly destitute persons who have no other means of support.

Can an urban transfer program work in Mozambique and countries similar to Mozambique? We believe that the answer is yes. Cash transfers certainly have a role in terms of the overall plan of providing social assistance, and although the lack of a rigorous evaluation prevents us from confirming the program's impact, Mozambique's experience appears to indicate that even a government of limited resources can carry out such a program, at least in urban areas where information and administrative capacity are sufficient. Nevertheless, as noted above, social assistance programs must pay close attention to technical, administrative, financial, and political needs if they are to be successful.

Do cash transfer programs impose greater administrative costs and informational burdens than other programs of social assistance, as some analysts suggest? If so, are these burdens so great as to outweigh the benefits of the program? No hard data are available for Mozambique, but it is possible that cash transfer programs require greater information and better financial control than, for instance, food subsidies. There may be ways to reduce the administrative burden by establishing information systems that rely on nonintrusive, less time-consuming methods; by coordinating information collection and use with other government agencies; or by sharing administration, including program promotion and beneficiary identification and validation, with partner organizations at the community level. Food subsidies, however, have often proved unsustainable because of high burdens on governmental budgets and additional costs due to leakage and distortions caused in local markets. Further research should be undertaken to explore the impact and cost of recently introduced urban cash-for-work programs in comparison to the existing urban cash transfer program. However, even if found to be more efficient, many beneficiaries included in current cash transfer schemes do not have the physical capacity to participate in cash-for-work endeavors.

The current program apparently addresses key design flaws of the original program. It has improved supervision, provided cleaner lines of authority, and developed more precise targeting and service delivery mechanisms. If the financial and political support of the government is put behind these changes, partnership relationships with donor organizations are likely to emerge. However, there are three key actions that need to be taken to improve support within and outside the Mozambican Government for the cash transfer program: (1) a complete review of management, including new procedures, should be made, and the transfer of responsibility to MICAS should be completed; (2) the eligibility criteria should be revised, replacing the unusable income criterion with a reasonable income level correlated with validated indicators of poverty, and (3) an inter-Ministerial meeting should be held to determine the appropriate level of the subsidy, to establish a reliable mechanism for cost-of-living adjustments in the benefit level, and to seek mechanisms to assure sustainable funding.

Even if an urban cash program is working well, will it have impact? In many cash transfer programs, there are problems of intrahousehold distribution of the cash transfer once it is received. However, when target groups of those least able to participate in the work force, the destitute elderly, the disabled, and the chronically ill, which tend to come from households lacking economically active adults, the transfer is likely to directly benefit the recipients. To have impact on actual levels of calorie consumption, the cash transfer would have to be tied to cost equivalence of an established number of calories sufficient to raise consumption levels above a minimum threshold, taking into account intrahousehold distribution of benefits and the extent of nonfood expenditures.

Another potential side-effect that could reduce total impact of the cash transfer is that private transfers (from other households) to the individual who receives the public transfer will be reduced. Recent evidence from the South African elderly pension scheme, which provides a cash transfer about twice the median per capita income of African households in South Africa, shows a significant reduction in remittances to pension recipients *that are receiving remittances*, varying from 20 to 30 cents for each

Rand received (Jensen 1997).[11] However, qualitative data indicate that this is not the case for Mozambique (Schubert 1995; Bazo 1998; Quive 1998). This is not surprising due to the low level of private transfers being received by these socially isolated individuals and the extensive poverty, which means that households have less to share, in Mozambique.

Can the government extend this program to rural areas? In rural areas, long distances between beneficiaries and high transport and communication costs may mean that the cost of delivery may far outweigh the amount of the benefit. Moreover, the subsidy may undermine existing social relations in rural areas. For instance, in some rural areas of Mozambique, communities have strong feelings concerning who among the vulnerable actually merit outside assistance. Targeted cash transfer programs may result in recipients receiving reduced assistance or facing increased resentment from other members of the community (Dava, Low, and Matusse 1998). If a targeted cash program were introduced, consideration should be given to concurrent establishment of complementary programs that would allow nontargeted members of the community to participate.

The urban cash transfer program in Mozambique is at a critical juncture. Administrative mechanisms have been revised to address many of the previous failings.

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[11] Note that 50% of South African pension recipients are not receiving any private remittances.

Target groups have been appropriately redefined to focus on those incapable of working and so participating in other types of social assistance schemes. Evaluations and reason have indicated that, at an reasonable level of benefit, the program can positively affect the lives of the destitute in Mozambique. Yet political support for the program is uncertain, threatening its sustainability. We believe the government should continue to support this program because it should take the lead not only in providing structures to promote economic growth but also to providing support for those who growth has left behind. The government is the only institution able to coordinate national programs of this size, even when it must rely on other partners (nongovernmental organizations, religious institutions, private enterprises) for substantial logistic or financial support.

Urban areas of Mozambique have a truly destitute population that is surviving below minimally acceptable levels of consumption. For the program to have impact it must be supported politically and financially and there must be sufficient financial support to make a difference to the destitute population it is trying to protect. Transfer amounts remain at such abysmally low levels as to have little impact on well-being of these most vulnerable. The value of the transfer needs to be increased sufficiently to make an impact on the consumption levels of a well-targeted group of truly destitute persons incapable of work. At the same time, the amount of the transfer should not be so high as to cause a significant decline in support that destitute beneficiaries are receiving from others and must take into account the limited resources of the government.

No matter what the level of the new transfer, the government will need to develop new mechanisms for sustained funding as well as seek partners to financially and administratively support this endeavor. INAS, faced with opposition from the Ministry of Finance to expanding the budget for the program, is already attempting to procure support for the cash transfer as well as other proposed poverty reduction programs from external donors and NGOs. Once the recommended increased cash transfer level is in place, the revised administrative structure of the INAS program has the potential to provide much needed social assistance to the poorest and most vulnerable members of Mozambican society.

Mozambique's urban cash transfer program should be viewed as one component of an overall strategy to reduce and alleviate poverty. Its ability to support a program of this nature provides a model for other developing countries and, perhaps especially, other African countries emerging from conflict. In war-torn societies, extended conflict damages the social networks on which many of the most vulnerable depend for survival. There is a crying need to rebuild social networks that support livelihood strategies. As part of the government's responsibility to represent the values of the society it has been elected to represent, it has an inherent duty to protect its most vulnerable members. With this program, the Mozambican Government provides important leadership for all of Mozambican society, providing a basis on which citizens can rebuild the trust and support that are essential for effective communities and their effective participation in society.

TABLES

Table 1. Summary of Conclusions and Recommendations from Evaluations of the Cash Transfer Program

Author and Year of Study	Objective of Study and Source of Information	Eligibility Criteria	Coverage (in relation to total number of potential beneficiaries)	Leakage	Impact on Consumption Levels	Other Impact: Improved Living Conditions	Management
Creation of the Bureau of Assistance for the Vulnerable Population (GAPVU) through an Internal Regulation of the Council of Ministers: June 1990							
Schubert (08/1990)	Evaluation of the Design and Implementation Plan for the program	Four proposed beneficiary categories: elderly, handicapped, malnourished children, and malnourished pregnant women	Recent migrants are excluded that are frequently the most poor.	Targeting (selecting only qualified households) is the most difficult element to do.	The proposed value of the transfer (7,500 MT monthly for a household consisting of one person) can purchase from 1,150 kilocalories per day (balanced diet) to 8,300 kilocalories (only yellow maize).	The scheme is conceptually solid; has the strong support of the government; would be able to alleviate food security problems faced by the poorest 15 percent of the urban population.	The institutional capacity is very limited for preparing and implementing this scheme. Technical assistance is required in order to strengthen the administrative capacity.
Schubert (08/1991)	Evaluation and reorganization of GAPVU after 8 months of operation (May 1991); survey of expenditures of 19 beneficiary households (July-August 1991)	Five proposed categories: malnourished children pregnant women already included elderly, handicapped, and female household heads with >5 children not yet incorporated into the scheme; requirements so rigorous (e.g., 50 percent persons identified in clinics do not complete application process); abolish income criterion for malnourished children and pregnant women	Very low. Only 0.6 percent of target group reached. (For example, 60 persons enrolled in Maputo)	There were no significant leaks because of rigorous application of the eligibility criteria.	Transfers is 2,300 MT per capita (US$1). Average monthly expenditures: 17,000 MT/capita. Increase in calories in the diet: 180 kilocalories per day per adult equivalent. Prior to receiving transfer consuming: 1,150 kilocalories per day per adult equivalent. To assure minimal food security, need to provide 450 kilocalories per day that requires 6,000 MT per capita per month. Actual subsidy is far to low to assure survival.	Minimal. Due to lack of coverage, the scheme has begun to lose political support.	Efficiency of the scheme is very low: high administrative costs per beneficiary because of lack of coverage; still problem of limited management capacity; only 2 of the 14 units have qualified persons leading them.

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							(continued)
First Reorganization of GAPVU: June-September 1991							
Schubert (10/1992)	Proposal for Low Cost Social Safety Net based on secondary data: Household survey data (1988/89: Tete and Maputo) FSD/Cornell Maputo 1990/91	From January 1992 onwards: began to incorporate elderly and handicapped beneficiaries	Improved. Attained 15 percent of destitute urban households. Expansion in provincial capitals outside Maputo is faster than in Maputo and Matola; from April 1992 onward: program exists in all the provinces.		In order to be efficient and effective, need to raise monthly transfer so as to raise destitute households above the "destitution line"	Only GAPVU (compared to other existing cash-based safety nets) has had an impact on poverty reduction.	
Schubert (02/1993)	Children whose mothers were malnourished during their pregnancies: Comparison of 66 beneficiary households with 52 nonbeneficiary households	Consider prolonging the duration of payments to the malnourished pregnant women target group until the children born are 2 years old			Assures the survival of destitute households and has an important impact on the nutritional intake of children	Even though malnourished pregnant women only received their first payment 1-2 months before giving birth, the transfer appears to have a positive impact on birth weight and infant mortality	Precarious lack of personnel in administration; only have 3 qualified managers to fill 6 available positions 1992: administrative costs are 13 percent of the total budget
Decree, Regulations, and Statute for GAPVU by the Council of Ministers: September 1993							
Schubert (10/ 1993)	Evaluation of the Management of the Program: Interviews with key informants	Delay the introduction of female-headed households and chronically ill until the administrative problems are resolved.	Excellent. In September 1993, there were 54,844 beneficiaries, close to the goal of 60,000 in 13 cities.	Quality of targeting satisfactory: 70 percent of beneficiaries are destitute; 20 percent live in absolute poverty but are not destitute.		Is the only social program with extensive coverage in urban areas that really reaches the poorest; work done by GAPUV during the last two years was excellent.	Payments made regularly and without delay; program in danger because of neglected administrative work and financial negligence; administrative capacity is insufficient. Supervision and control in the cities is not sufficient;

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Author and Year of Study	Objective of Study and Source of Information	Eligibility Criteria	Coverage (in relation to total number of potential beneficiaries)	Leakage	Impact on Consumption Levels	Other Impact: Improved Living Conditions	Management
							administrative costs are 5 percent of the total budget. (continued)
Second Reorganization of GAPVU: End of 1993							
Rogers (12/1994)	Interviews with key informants and some participants; Literature review	Program does not yet include female-headed households with more than 5 children and chronically ill; major reason for turning down applicants: existence of another income source in the family; suggests that persons with agricultural plots should not receive the transfer.	Participation as a percentage of the population varies a lot between cities; Maputo/Matola lower than other small cities; limits on the number of new participants admitted every month: 90 percent of pregnant women and malnourished child applicants are accepted compared to 60-70 percent of elderly and handicapped.	Exists; one qualitative estimate is 30-40 percent of households; leakage higher in households with malnourished children because the income criterion is not enforced in this target group.	Suggested that a quantitative study should compare consumption level (using 3 nonconsecutive days of data collection about amounts actually consumed) of beneficiaries and nonbeneficiaries to determine there is an impact on the consumption level.	GAPVU is the only one of the urban safety net programs which is in fact operational and reaching significant numbers of beneficiaries. The focus of policies for poverty reduction should be concentrated in the rural areas. If any effort needs to be made in urban areas, GAPVU appears to be the best approach.	Sustainability of the program depends on availability of the state budget. Application of eligibility criteria is subjective; limited awareness of the program, especially among mothers of malnourished children. Need to link more with other organizations for identifying target groups for intervention.
Ginja and Mc-Donald (2/1995)	Secondary data		12/94: 71.672 beneficiaries; 48 percent elderly, 38 percent malnourished children, difficult to know the degree of coverage because of lack of systematic evaluation		Difficult to know potential nutritional impact due to the lack of systematic monitoring	The increase in the number of malnourished children may be indicative of growth in rates of malnutrition.	1994: Transfer absorbed 5.8 percent of the civil operations budget, which corresponds to a third of the budget for health. Administration went through a period of crisis in management and financial control. Overcome with the substitution of the members of the key management and greater fiscal control

Table 1. Summary of Conclusions and Recommendations from Evaluations of the Cash Transfer Program

Author and Year of Study	Objective of Study and Source of Information	Eligibility Criteria	Coverage (in relation to total number of potential beneficiaries)	Leakage	Impact on Consumption Levels	Other Impact: Improved Living Conditions	Management
							(continued)
Schubert (5/1995)	Participatory group interviews	Need to more rigorously apply the criterion on living without another person of economically active age, including younger wives of elderly men. Investigate sources of agricultural and nonagricultural income during verification visits. Should reverify eligibility of elderly and handicapped every year.	Quality of selection of target groups is reasonable and can be improved. Need to include as target groups: female heads of households with >5 children and chronically ill persons incapable of working.	Admits that the degree of corruption and other irregularities are very difficult to investigate, but thinks that irregularities and corruption are relatively well-controlled.	There was no specific information. 60 percent of the transfer is used to purchase maize.	In the opinion of poor and destitute households, GAPVU is their only hope. The majority, especially the elderly and handicapped, need assistance in order to survive.	The cost-efficiency is excellent: only 3.2 percent of the budget was spent on administration. The practice of having Provincial Director of Finance serve as *delegados* (responsible for distributing GAPVU payments) assured regular payments and good accounting.
UAP/MPF (9/1995)	Preliminary results: only 65% rate of response; quantitative study of 628 households: malnourished children, elderly, and pregnant women	Many households with elderly persons have adults of economically active age, in violation of the eligibility criteria		Lack of cooperation with study by provincial level GAPVU personnel was an indication of enormous leakages (imaginary beneficiaries on the official lists) and partial payment problems.	Participants are not receiving much help from relatives or other organizations (only a fifth). For everyone else, GAPVU is the principal source of income, especially for the elderly.		Wait 2-3 months for processing an application. 30% of households encountered interruptions in their monthly payments. Significant gap between the stipulated payment and the money actually received by beneficiaries.

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Author and Year of Study	Objective of Study and Source of Information	Eligibility Criteria	Coverage (in relation to total number of potential beneficiaries)	Leakage	Impact on Consumption Levels	Other Impact: Improved Living Conditions	Management
							(continued)
Datt et al. (1997)	Survey of 626 households (May-August 1995); quantitative analysis	Income eligibility criterion (24.000 MT per capita per month) is so low (of the poverty line) that it is impossible to comply; There were elderly living in households with other persons of economically active age.	Impressive coverage: 16% of urban households; Almost 50% of recipient households headed by women; As 85% of the country s population is rural, need specific policies for reducing poverty in rural areas.	30% of transfers are leakages to the non-poor; less leakage in the malnourished child target group (selection criteria based on measurements) than in elderly target group (selection criteria based on income)	Difficult to evaluate because of lack of non-beneficiary group being included in the study. Transfer contributes 13% of monthly per capita expenditure; Contributed to poverty reduction (71% incidence without transfer versus 65% with transfer)		Beneficiary composition varies a lot between cities, reflecting differences in administrative capacity.
Garrett et al. (9/1996)	Based on quantitative analysis of 626 households	Income criterion is not utilized because it is not realistic. Criteria for the selection of pregnant women are imprecise and delay their entry into the program.	Need strategy to improve communi-ation about program existence. Should only include elderly and handicapped persons; Not best way to effectively reduce malnutrition.	Some beneficiaries are not paid the correct amount.	The study design does not allow this to be evaluated.		A more comprehensive study of the efficiency of the management and operation of GAPVU is required. Problems with payment interruptions.
UAP/UPP /MPF (2/1997)	Based on quantitative analysis of 626 households	The income criterion must be adjusted to a more realistic level.	Define goals for coverage and estimate their costs. Target groups need to be reassessed: program should only benefic those social groups incapable of working (elderly, handicapped).	30% of transfers are leaked to persons above the poverty line.		Including persons capable of working (for example, women with malnourished children) can lead to reducing incentives to work.	Reinforce capacity in terms of human and material capital; Low operation costs (2.1%) reflect weak institutional capacity; Reduce the waiting time for transfer payment; Maintain permanent communication with the beneficiaries in order to inform them regarding changes in the program.

Table 1. Summary of Conclusions and Recommendations from Evaluations of the Cash Transfer Program

Author and Year of Study	Objective of Study and Source of Information	Eligibility Criteria	Coverage (in relation to total number of potential beneficiaries)	Leakage	Impact on Consumption Levels	Other Impact: Improved Living Conditions	Management
							(continued)
Tovela (3/1997)	Survey of 839 beneficiaries; qualitative analysis		High degree: More than 90,000 of 120,000 destitutes households covered (1996); Incomplete coverage in Maputo & Matola *suggests raising the income eligibility requirement to being less than 60.000 MT per month*	Some have other sources of income, but leaks are not serious.	Transfer furnishes 462.3 kilocalories per day; does not produce any improvements in basic alimentation.	Does not produce any substantial alteration in living conditions.	Participants do not possess minimal knowledge of their basic social rights.
Decree Creating the National Institute of Social Action (INAS): *10 de September 1997*							
Bazo (7/1998)	Survey of 41 Elderly participants and 40 Elderly non-participants (that meet eligibility criteria); quantitative analysis	Should reassess income eligibility criterion; There were elderly destitutes living with a person of economically active age.	Was not investigated.	Still exist some non-qualified persons in the program, but the level of leakage is not worrisome.	No significant difference in average consumption between participants and non-participants. Average level of consumption is 1400 kilocalories per person per day that is below the minimal level for staying healthy; Level of transfer should be tied to purchasing power for a determined number of calories.	Participants depend less on begging and other types of survival strategies than non-participating destitutes; Some beneficiaries participate more in rotating credit programs (*xitique*) due to receiving transfer.	Lack of regular payments during the restructuring of the program.

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Author and Year of Study	**Objective of Study and Source of Information**	**Eligibility Criteria**	**Coverage (in relation to total number of potential beneficiaries)**	**Leakage**	**Impact on Consumption Levels**	**Other Impact: Improved Living Conditions**	**Management**
							(continued)
Quive (8/1998)	Group interviews (7-10 persons per group); 246 semi-structured interviews with participants	Majority of participants do not know well what are the eligibility criteria; difficulties in measuring monthly income levels, especially non-salaried income; Living alone is not a realistic criterion: how can persons with limited physical capacity survive without the help of other persons?	Was not investigated	Re-structuring exercise (*prova da vida*) showed that only 33% of the beneficiaries on the GAPVU list were qualified; these remained in INAS .	Transfer lasts on average only 2 days and the rest of the time beneficiaries must fend for themselves.	69% responded that their life improved with the program; 38% stated their material situation improved; "There is no doubt that the State s financial assistance has a positive effect on the lives of the beneficiaries. This program contributes strongly to the development of social tissue which in a certain way contributes to the maintenance of social stability, thus avoiding the total social disintegration of some of the needy populations." Some used the transfer to made drinks to sale or do petty trade; provides opportunities for social interaction among isolated persons. Free access to public transport in urban areas.	Improvement of the payment system; *Permanentes* & nurses receiving regular salaries (300000 MT monthly); Verification of beneficiary lists between the *permanente* and the delegations in order to prevent corruption. Many beneficiaries only receive the minimum (32000 MT) when they have the right to more. Lack of collaboration with other programs (e.g. caixa escolar); Delay in processing applications creates tensions between the *permanentes* and the applicants.
MICAS (7/1998)	Revision of Formal Social Safety Net Policies; Secondary data	Are too restrictive; Use multi-disciplinary teams to identify potential beneficiaries; Results from poverty profiles can help establish	Reduce the total number of beneficiaries in order to increase the transfer to qualified beneficiaries; must include persons		In order to have impact: the transfer must be raised to 50% of the minimum wage for a household with only one person.		Ministry of Planning and Finance must provide the material conditions to capacitate MICAS; Introduce luxury taxes, whose receipts can be

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Author and Year of Study	Objective of Study and Source of Information	Eligibility Criteria	Coverage (in relation to total number of potential beneficiaries)	Leakage	Impact on Consumption Levels	Other Impact: Improved Living Conditions	Management
		eligibility criteria.	incapable of working, abandoned elderly, abandoned children, handicapped persons, the chronically ill (chronically poor, but not structural poverty)				used to finance the social safety net; Lack of divulgation of information concerning the program.

Table 2. Comparison of the Composition of Beneficiaries of the Cash Transfer Program (*Subsídio dos Alimentos)* during the Expansion Phase under GAPVU with the Current Program under INAS

Category	August 1995 (GAPVU) Number of Beneficiaries	August 1995 (GAPVU) Percentage of Total	December 1997 (INAS) Number of Beneficiaries	December 1997 (INAS) Percentage of Total	Change in Number of Beneficiaries (Percent)
Target Group:					
Elderly	35,541	51.5	25,254	78.2	-28.9
Handicapped	2,927	4.2	2,022	6.3	-30.9
Pregnant Women	4,529	6.6	453	1.4	-90.0
Women with Malnourished Children	25,968	37.6	3,253	10.1	-87.5
Chronically Ill			55	0.2	
Female Heads of House-holds with >5 Children			1,254	3.9	
Location:					
Maputo	5,855	8.5	4,175	12.9	-28.7
Matola	5,414	7.8	5,478	17.0	+ 1.2
Inhambane	2,936	4.3	1,412	4.4	-51.9
Xai-Xai	2,333	3.4	1,120	3.5	-52.0
Maxixe	3,549	5.1	2,293	7.1	-35.4
Beira	3,334	4.8	3,192	9.9	- 4.3
Chimoio	6,075	8.8	3,007	9.3	-50.5
Tete	11,164	16.2	2,523	7.8	-77.4
Lichinga	4,441	6.4	2,344	7.3	-47.2
Pemba	2,853	4.1	915	2.8	-67.9
Nampula	6,250	9.1	3,107	9.6	-50.3
Quelimane	3,403	4.9	906	2.8	-73.4
Nacala	11,378	16.5	1,819	5.6	-84.0
TOTAL	68,985	100%	32,291	100%	-53.2

Sources: August 1995 (GAPVU 1995); December 1997 (INAS 1997).

Table 3. Comparison of Total Volume of Consumption (in Meticais) and Total Calories Consumed During the Last 24 Hours by 41 Elderly Cash Transfer Recipients and 40 Nonparticipants (December 1997), by Household, Per Capita and by Adult Equivalent

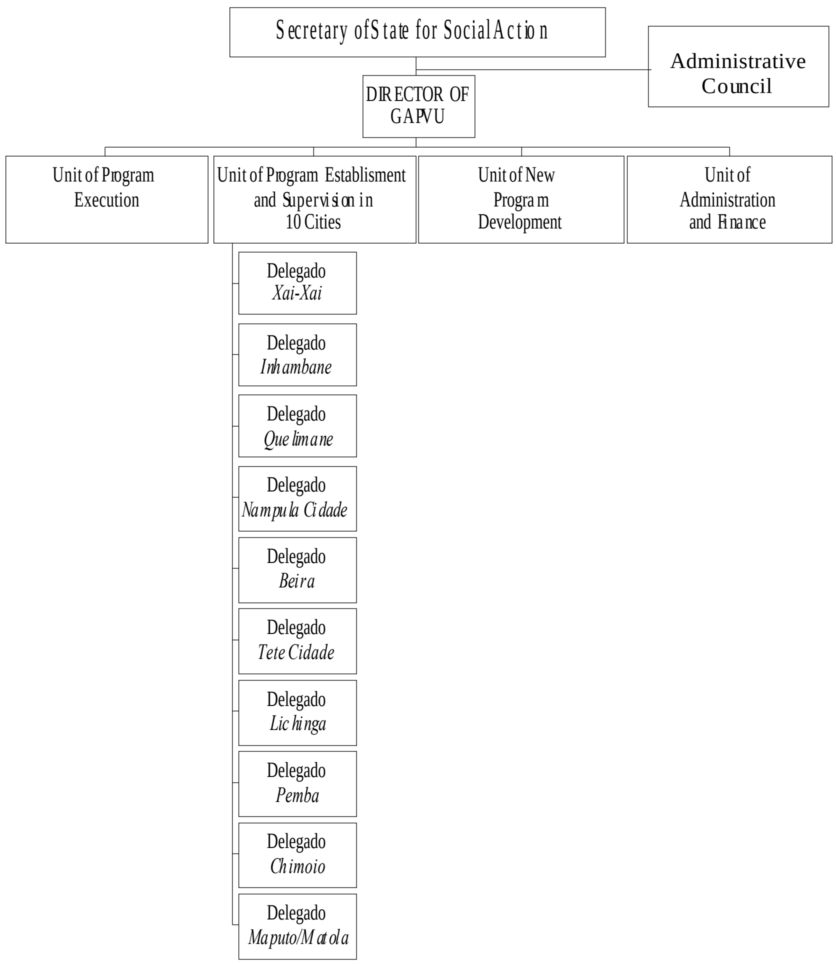
		Quartiles 25	50	75	Mean[a]	Standard Errors
Value in Meticais: By Household	Participants	6,615	9,500	15,425	13,203	10,662
	Nonparticipants	6,750	11,050	16,170	12,757	9,136
Per Capita	Participants	3,664	6,750	8,990	6,667	3,593
	Nonparticipants	4,226	5,900	7,631	6,863	4,996
By Adult Equivalent	Participants	4,321	8,238	10,786	7,985	4,510
	Nonparticipants	5,588	7,373	9,660	8,748	6,286
Calories Consumed: By Household	Participants	1,499	2,885	5,602	3,822	2,906
	Nonparticipants	2,049	3,389	4,950	3,700	2,234
Per Capita	Participants	886	1,367	1,920	1,403	650
	Nonparticipants	1,091	1,424	1,924	1,453	502
By Adult Equivalent	Participants	1,083	1,683	2,372	1,761	821
	Nonparticipants	1,566	1,864	2,228	1,858	634

Source: Bazo (1998).

[a] There is no significant difference between participant and nonparticipant means, according to the results of the t-tests.

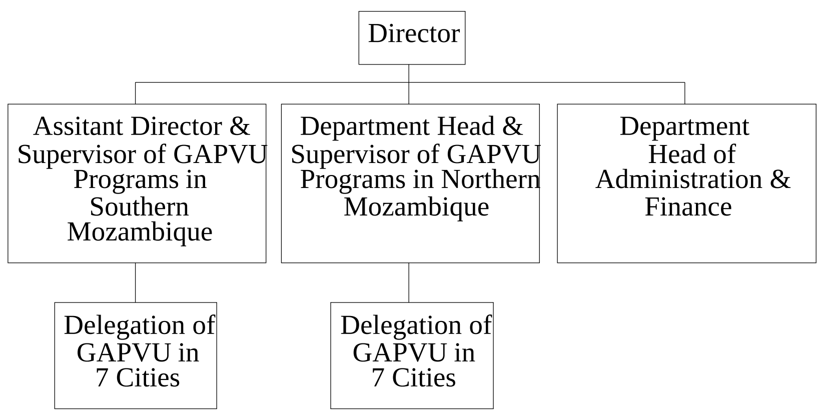
FIGURES

Figure 1. Organigram of
Gabinete de Apoio à População Vulnerável
Office of Assistance to the Vulnerable Population
(GAPVU) 1991-1993



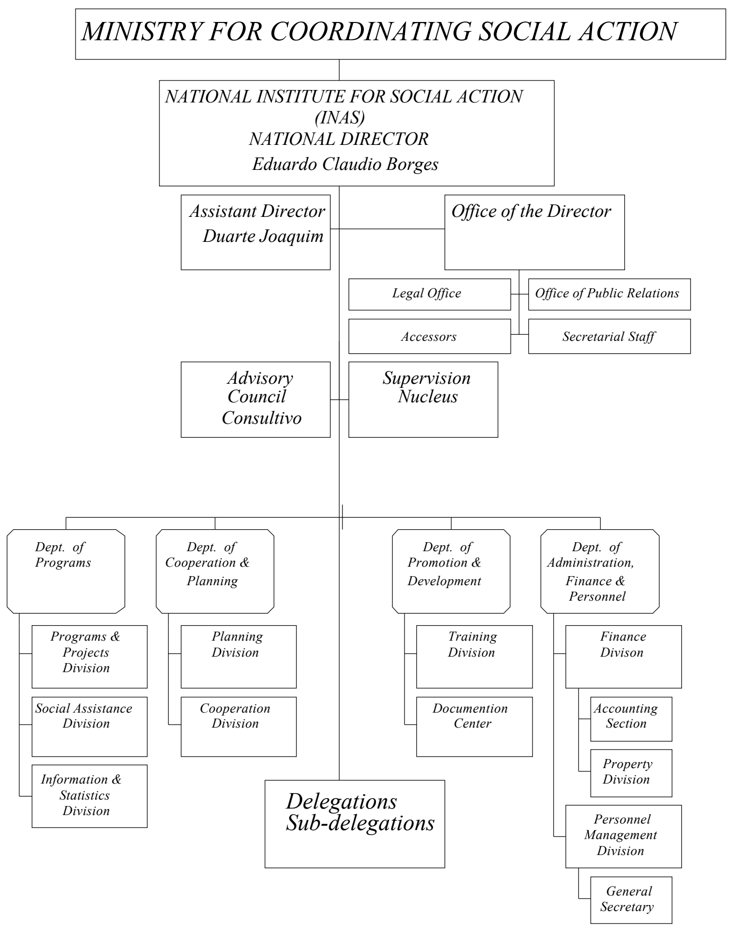
Source: Adapted from Schubert (1993b)

Figure 2. Organigram of
Gabinete de Apoio à População Vulnerável
Office of Assistance to the Vulnerable Population
(GAPVU) 1994-1996



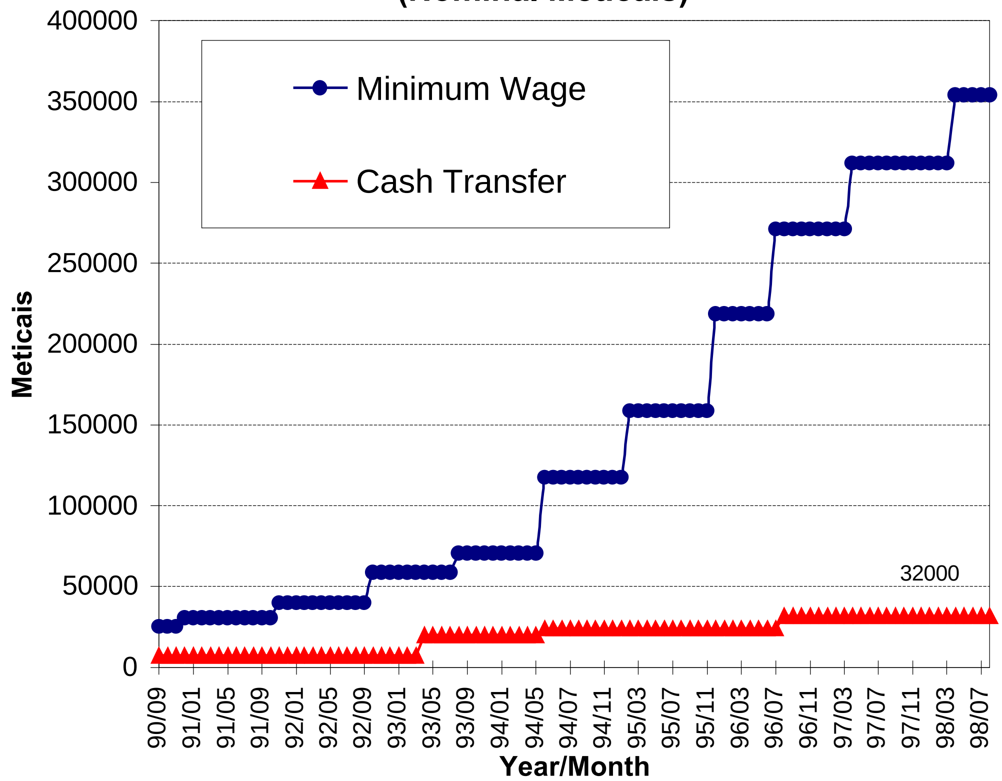
Source: Schubert (1993b)

Figure 3. Organigram of the Instituto Nacional de Acção Social National Institute for Social Action (INAS) September 1998



Source: MICAS (1998)

Figure 4. Evolution of the Value of the Cash Transfer in Relation to the Minimum Wage (Nominal Meticais)



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