SOUTHMOD

Policy Note

Assessing the impact of the Cash for Work programme in Zambia

A microsimulation of the cash for work drought response

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Findings

- Cash for Work (CFW) as a drought response was designed to enable households to cope with and mitigate the adverse effects of food insecurity caused by the 2023/2024 drought
- The programme reduced extreme poverty by 0.6 percentage points, with about 32,000 individuals lifted out of poverty during its first phase in 2024, and a budgetary expansion of ZMW 1.9 billion, excluding administrative costs
- The largest poverty reductions were observed among single-parent households and households with elderly members. Additionally, households with members outside the labour force benefitted, aligning with the core objectives of the programme

Zambia experienced a severe drought during the 2023/2024 farming season. During this period, approximately 9.8 million people were affected, with 6 million requiring immediate assistance. In terms of coverage, 84 of the 116 districts in the country were affected. In terms of agricultural production, over 1 million hectares of maize was destroyed.

As a result of the prolonged 2023/2024 drought, Zambia declared a national emergency and sought humanitarian assistance to finance the country's drought response plan. As part of the ongoing drought interventions, the Cash for Work (CFW) programme was introduced as a social protection intervention to provide temporary employment and immediate financial relief to vulnerable households.

In addition to financial relief, the CFW programme was designed to ensure that public works were undertaken to support the recovery and climate adaptation needs of communities, building their resilience to future shocks. Some of these works include drainage clearing, tree planting, and the construction of weir dams. This aims to provide both economic and social benefits to the communities affected by the drought.

In light of the above, this policy note assesses how the CFW programme, per its design, impacts poverty and inequality. Furthermore, the analysis also examines its budgetary implications.

Overview of Cash for Work interventions

Cash for work programmes are used in numerous settings, primarily to cushion the effects of economic crises. Outside of traditional aid, cash and in-kind transfer programmes are proven to be a cost-effective modality for responding to food insecurity and/or economic crisis settings. This is also the case in Zambia, where previous programmes are generally considered to have succeeded.

CFW is premised on past cash-for-work programmes, such as the Project Urban Self-Help (PUSH) and Food for Work (FFW), both work-based programs aimed at addressing poverty, food insecurity, and community infrastructure. The PUSH programme was introduced in 1991/1992 and targeted vulnerable urban populations, particularly unemployed women. The FFW programme provided food rations in exchange for labour on public works projects in rural and drought-prone areas.

The CFW programme is currently being implemented under the Ministry of Local Government and Rural Development (MLGRD), through a decentralized approach using local authorities and with a qualifying criteria shown in Box 1. It utilizes Local Government structures, such as Satellite Disaster Management Committees (SDMCs), Ward Development Committees (WDCs), and Community Welfare

Assistance Committees (CWACs), to undertake the identification, registration, and engagement of target beneficiaries for the programme.

Box 1:

Qualifying criteria for beneficiaries of the CFW programme

Beneficiaries of the CFW programme need to meet the following criteria to be eligible:

1. Must be a Zambian citizen.
2. Must be willing to exchange manual labour for cash.
3. Must not be registered in any other government beneficiary programme.
4. Must be a resident of an eligible district.
5. Must register using the name on the national ID.
6. Must not be in formal employment.

Source: Cash for Work Operational Guidelines (MLGRD, 2024)

In terms of expenditure, a total of ZMW 2.0 billion was allocated in the 2024 supplementary budget for phase 1 of the programme, and another ZMW 2.0 billion was allocated in the 2025 National budget to cater to phase 2 of the programme. As of April 2025, a total of 2.5 million beneficiaries had joined the programme.

Similar to other cash-for-work programmes, CFW has faced challenges in its implementation. In particular, delays in the disbursement of funds and inadequate funding to cover administrative costs. As the CFW programme was designed as an emergency response to the drought, evidence on its effectiveness in addressing household vulnerability is still absent. This analysis, therefore, provides an early assessment of its potential impacts if fully implemented and focuses on how different qualifying criteria may affect its impact on poverty and inequality in Zambia.

Methodology

The analysis is conducted using MicroZAMOD within the harmonised bundle version 3.0, which runs on the EUROMOD software. MicroZAMOD is a tax–benefit microsimulation model developed for Zambia within the context of the SOUTHMOD project, with support from UNU-WIDER in cooperation with the Zambia Institute for Policy Analysis and Research (ZIPAR) and Southern African Social Policy Research Insights (SASPRI).

The current MicroZAMOD is underpinned by the 2022 Living Conditions Monitoring Survey (LCMS), covering 8,512 households and 43,786 individuals across the 10 provinces of Zambia. The analysis is based on the 2024 policy system and measures a full year's implementation of the first phase of the CFW programme through a reform (i.e., August–December 2024).

We make several assumptions, of which the most important are: (1) The CFW programme is simulated in MicroZAMOD assuming that the cash transfer is being taken up and paid in its entirety to all entitled beneficiaries as per the programme criteria, (2) Households use the entire cash payment for consumption, (3) The change in poverty and inequality focuses on the overnight change in income and consumption, while changes from other sources, such as behavioural aspects, are not measured, and (4), the expenditure for the CFW benefit includes payments made to benefit recipients only, and does

not include administrative costs such as bank charges for cash transfers, monitoring expenses for programme facilitators, or the costs of procuring protective equipment and tools used by beneficiaries.

Poverty, inequality, and budgetary implications of the CFW programme

Findings show the CFW programme reduced extreme poverty and inequality. The percentage share of the poor population who also live in extreme poverty decreased from 48.8% to 48.2%, a decrease of 0.6 percentage points. In absolute terms, this translates into an estimated 32,300 individuals in beneficiary households exiting extreme poverty. A comparable effect is observed on inequality, as indicated by the Gini coefficient, which decreased by 0.2 percentage points from 50.8 before the reform to 50.6 after the reform (See Table 1).

The CFW programme raised government spending on social transfers by ZMW1.9 billion. This amount does not include administrative costs and is similar to the budgetary allocation of ZMW2 billion provided by the government in 2024 for the first phase of the programme.

Table 1: MicroZAMOD outcomes of CFW programme microsimulation

Outcome	Baseline (ZMW millions)	Reform (ZMW millions)	Impact of Reform (ZMW millions)	Impact of Reform (%)
Government expenditure on social transfers	3,410	5,396	+1,986	
CFW benefit	0	1,986	+1,986	100%
Number of households receiving cash benefits	1,486,415	1,530,155	+43,740	2.9%
Extreme Poverty (share of poor population %)	48.8	48.2		-0.6
Inequality (Gini coefficient)	50.8	50.6		-0.2

Note: ZMW monetary measurements only applicable of government expenditure metrics

Source: Authors' elaboration of simulations using MicroZAMOD

Further analysis of poverty across different population groups reveals the most significant reductions in extreme poverty are among households with 3+ adults and no children (2.1 percentage points), households with 2 adults and 1–2 children (1.8 percentage points), and single-parent households (1.7 percentage points). Other notable distributional effects include elderly-headed households (1.8 percentage points) and households with no labour income (0.9 percentage points), which aligns with the core objectives of the programme.

Table 2: Poverty distributional effects of the CFW programme

Extreme poverty rate (share of poor population, in %)	Baseline	Reform	Impact of Reform
Household structure			
- Single parent	51.6	49.9	-1.7
- 2 adults with 1-2 children	33.2	31.4	-1.8
- 3 or more adults without children	24.7	22.7	-2.1
Vulnerable households			
- Young child (aged 0-2)	51.6	50.5	-1.1
- Elderly member	58.2	56.3	-1.8
- Member with a disability	53.5	52.2	-1.4
- No male adults	48.4	47.1	-1.4

Labour market status			
- No labour market income	56.1	55.2	-0.9

Source: Authors' elaboration of simulations using MicroZAMOD

CFW Learnings

The analysis demonstrates that the CFW programme can mitigate the adverse effects of the 2023/2024 drought on vulnerable households, while also contributing to a reduction in poverty and inequality overall. The sustainability and effectiveness of the programme will depend on the government's ability to address implementation challenges, as well as its ability to secure stable and predictable funding, without which its long-term effectiveness may be undermined.

It is important to note, however, that the estimates presented here are likely on the optimistic side, as they assume full coverage and timely delivery of benefits. In reality, the programme's implementation has faced delays in disbursements, limited administrative resources, and gaps in beneficiary targeting.

Nonetheless, the findings underscore the importance of ensuring that the CFW programme serves not only as a tool for relief but also as a platform for fostering longer-term resilience and adaptation. The policy recommendations that follow translate these lessons into practical actions for strengthening design, delivery, and fiscal sustainability of the CFW programme and similar social protection interventions.

Policy Recommendations

- **Improve systems and administration:** A key finding from the study has been the need to address disbursement delays and ensure adequate funding for administration, as well as improve coordination with local government structures
- **Embed Cash for Work in long-term climate adaptation:** As Zambia continues to face unpredictable climate-related forecasts, the CFW programme can be positioned as a component within the broader social protection framework, linking public works to climate-smart projects that support adaptation and community resilience
- **Build shock-responsive social protection strategies informed by impact evaluations:** Develop evidence-based social protection strategies that explicitly address shocks, reducing reliance on ad hoc responses when crises occur. A key element of such strategies includes simulations that reflect the tax-and-benefit system as done for the COVID-19 shock. Another key element should be systematic evaluations of interventions like the CFW programme, not only to measure their general impact, but also to assess how effective the public works were in strengthening resilience against future shocks
- **Ensure the financial sustainability of the programme:** Acquire predictable financing for the CFW programme to avoid delays in disbursements, enhance administrative capacity, and safeguard the continuity of the programme. Establishing dedicated budget lines and integrating contingency financing mechanisms for social benefits would help ensure that resources are available when needed, thereby improving both timeliness and effectiveness of the CFW programme

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