



# THE IMPACT OF THE HARMONIZED SOCIAL CASH TRANSFER PROGRAMME (HSCT) IN ZIMBABWE ON THE LOCAL ECONOMY

Local economy-wide impact evaluation (LEWIE) simulation methods are used to assess the likely impacts of cash transfers on the local economy. When the **Harmonized Social Cash Transfer Programme** gives money to beneficiary households, they spend it, buying goods and services. As this cash swirls around within wards and districts, it creates benefits for non-recipient households as well, who may provide the goods and services purchased by beneficiary households.

This study finds that the Zimbabwe HSCT generates a total income multiplier of 1.73 in nominal terms with a confidence interval of 1.42 to 2.00. Each dollar of transfer has the potential to generate 1.73 dollars of total income within the project area.

## THE PROGRAMME

The Harmonized Social Cash Transfer (HSCT) is an unconditional cash transfer introduced in 2011 by the Ministry of Public Service, Labour and Social Welfare (MPSLSW) in order to “strengthen purchasing power of 55 000 ultra-poor households who are labour constrained through cash transfer”. Targeted to food poor, labour-constrained households, the objectives of the programme include enabling recipient households to increase consumption above the poverty line, reduce the number of ultra-poor households and help beneficiaries avoid risky coping strategies such as child labour and early marriage. Moreover, the programme is expected to lead to improved nutritional status, health and education outcomes, as well as a reduction in violence. Eligible households receive bi-monthly unconditional cash payments that range in size from \$10 to \$25 per month based on household size. As of March 2014, 55 509 households in 20 districts had been enrolled, covering 247 645 individuals. The government’s plan is to support 200 000 households in all 65 districts of Zimbabwe by 2015.

The immediate impact of the HSCT is to raise the purchasing power of recipient households. The value of the transfer represents approximately 20 percent of median pre-programme household expenditure. As these households spend their cash, the transfer’s impacts immediately spread from the recipient households to others inside the recipient communities. Doorstep trade, purchases in village stores, periodic markets, and purchases outside the village potentially set in motion income multipliers within the district. Some impacts leak out of the project area as well, potentially unleashing income multipliers in districts where the HSCT has not yet been rolled-out.

The local economy-wide impact evaluation (LEWIE) methodology is designed to understand the full impact of cash transfers on local economies, including on the production activities of both recipient and non-recipient groups; how these effects change when programs are scaled up to larger regions; and why these effects happen. All of these aspects are important for designing projects and explaining their likely impacts to budget holders and other sponsoring agencies.

