

**‘We Are All Poor Here’: Economic Difference, Social Divisiveness, and
Targeting Cash Transfers in Sub-Saharan Africa**

by

Frank Ellis

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Frank Ellis
School of Development Studies
University of East Anglia
Norwich NR4 7TJ
UK

email: f.ellis@uea.ac.uk

ABSTRACT

‘We Are All Poor Here’: Economic Difference, Social Divisiveness, and Targeting Cash Transfers in Sub-Saharan Africa

Frank Ellis

(School of Development Studies, University of East Anglia, UK)

Social transfer practitioners are familiar with the social divisiveness that transfers can inadvertently create. One manifestation of this potential divisiveness is the oft expressed opinion voiced in community meetings, or by key informants, that ‘we are all poor here’. This is more often than not articulated by respondents as a plain statement of fact, not as special pleading nor with undertones of victimisation. This paper examines the circumstances of small economic difference giving rise to the sentiment captured by ‘we are all poor here’, utilising income distribution data from three SSA countries to illustrate important cautionary features that arise for the workable scaling up of cash transfers in Sub-Saharan Africa. The paper focuses on differences in per capita consumption in the long tail representing up to 60 per cent of the population that typifies national income distributions in the poorest countries.

The paper first reprises the efforts made by practitioners to narrow down eligibility to cash transfers to the destitute or ultra-poor, often defined as those unable to attain even the minimum acceptable level of calorie intake from their own efforts. Both proxy indicators and the deployment of a 10 per cent cut off point to determine the scale of cash transfers are discussed. The paper examines inter-decile per capita consumption differences for Malawi, Zambia and Ethiopia as revealed by national budget surveys. These show that as a rule of thumb US\$2 per capita per month separates the poorest decile from the next poorest decile in the income distribution, and US\$9-10 per capita per month separates the poorest decile from the sixth decile.

It is deduced, first, that the sentiment ‘we are all poor here’ accurately reflects the very small differences in personal and family circumstances separating everyone falling within the bottom 50-60 per cent of per capita consumption in poor mainly rural SSA countries; second, that beneficiary selection in cash transfer schemes therefore occurs within a context of very close proximity in well-being, life styles, command over assets and income streams, and real material consumption of this proportion of the population; and, third, that these wafer thin differences in consumption capabilities are narrower still in rural areas than in country averages, since urban income distributions are always significantly less equal than rural ones.

Existing pilot cash transfers are examined in the light of these findings, and it is found that they are unable to achieve their destitution reduction goals without inevitably creating some proportion of ‘leapfrogging’ by recipients above the levels of per capita consumption of non-recipients in adjacent income deciles. Social divisiveness is explained by small economic difference. The findings place some doubt on the merits of the 10 per cent rule that has been used to establish cut-off points in pilot cash transfers in Zambia and Malawi (and most recently Kenya). Without intending to be definitive on such matters, it is pointed out that categorical targeting such as social pensions avoids social invidiousness because all citizens understand that if and when they reach the eligible age threshold, they, too, will be entitled to the benefit.

Keywords: destitution, cash transfers, targeting, income distribution, Africa

‘We Are All Poor Here’: Economic Difference, Social Divisiveness, and Targeting Cash Transfers in Sub-Saharan Africa¹

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‘We Are All Poor Here’

Social transfer practitioners are familiar with the social divisiveness that transfers can inadvertently create, but there is little proper research in this area, rather anecdotal evidence that crops up in a scattered way in mission reports and scheme evaluations. One manifestation of this potential divisiveness is the oft expressed opinion voiced in community meetings, or by key informants, that ‘we are all poor here’. This is more often than not articulated by respondents as a plain statement of fact, not as special pleading nor with undertones of victimisation. Despite the strenuous efforts by deliverers of social protection to explain transparently why certain individuals or families are deemed eligible to receive transfers while others are not, and this includes the involvement of communities themselves in beneficiary selection, a sense of puzzlement and unfairness about the selection process can nevertheless persist in communities long after targeting decisions have been made.

There are other ways, too, that this sense of unfair exclusion affects behaviours around social transfers. These include the restructuring of household demography in order to meet scheme criteria for inclusion (e.g. acquiring more orphans, small children, school age children, elderly household members); collusion between community welfare committee members and beneficiaries on sharing benefits; so-called ‘elite capture’ in which community leaders or local public officials ensure their friends and relatives are on beneficiary lists; and a sense by public officials that they deserve remuneration for helping manage transfers since this is an extra work obligation not envisaged by their very low salaries. In rare instances, pooling and equal sharing of a social transfer may occur, reflecting a community consensus that equity of outcomes is preferable to the targeting criteria imposed from outside.² However, the more common response is for a lot of individual manoeuvring to occur around gaining access to all or part of the transfer on offer.

This paper examines the circumstances of small economic difference giving rise to the sentiment captured by ‘we are all poor here’, utilising income distribution data from three Sub-Saharan African (SSA) countries to illustrate important cautionary features that arise for the workable scaling up of cash transfers in SSA. The paper focuses on differences in per capita consumption in the long tail representing up to 60 per cent of the population that typifies national income distributions in the poorest countries. In order to set things in motion, the paper first reprises the efforts made by practitioners to narrow down eligibility to cash transfers to the destitute or ultra-poor, often defined as those unable to attain even the

¹ I am very grateful to Bob Baulch, Gabriel Demombynes and John Hoddinott for supplying me with the mean decile consumption per capita from recent household budget surveys in Malawi, Zambia and Ethiopia respectively, on which the economic difference discussion of this paper is based. My colleague Ed Anderson also helped with data extraction. The paper draws on insights gained while the author worked on the evidence component of the Regional Hunger and Vulnerability Programme (RHVP) in southern Africa, one outcome of which is a forthcoming book (Ellis, Devereux & White, 2009). The paper has benefited from comments by Stephen Devereux, Nicholas Freeland and Phil White.

² This is said to have occurred in some communities during the implementation of the Targeted Input Programme in Malawi 2002-03

minimum acceptable level of calorie intake from their own efforts. The paper is concerned solely with routine and predictable cash transfers, not with emergency transfers, nor with *ad hoc* responses to temporary seasonal or spatial food entitlement deficits.

Criteria for Identifying the Destitute or Ultra Poor

It is well understood that resources for social transfers are limited. Especially in the context of trying to convince governments that there is political mileage for them in instigating publicly-funded transfers, their aggregate size needs to be kept to some quite small proportion of government budgets in order to be remotely acceptable. However, even without political sensitivities around scaled-up social protection, it has always been the case that those seeking to ameliorate the adverse circumstances of the worst off in African societies have had to devise complicated methods for delineating their target group of beneficiaries, and differentiating this group from other, almost as deserving, poor and vulnerable people.

In the absence of realistically being able to generate data on the true material circumstances of very poor and vulnerable families in African communities (i.e. to do means testing), practitioners have for many years tended to utilise 'proxy indicators' for identifying the ultra-poor. Proxies can be to do with the headship of the household (women, elderly, child, disabled headed households), evidence of lack of able-bodied adult labour in the household (elderly looking after orphans, carers looking after chronically sick adults etc.), lack of land for cultivation (unless the transfer requires access to land in order to fulfil its remit, such as free farm input packages), or plainly inadequate diet (observed to be consuming only one meal per day). Proxy indicators are often multiple (several criteria must be met simultaneously in order to secure eligibility), and they may be cascading (two or three basic criteria must first be met, then supplementary criteria are brought into play in order to refine the beneficiary list).

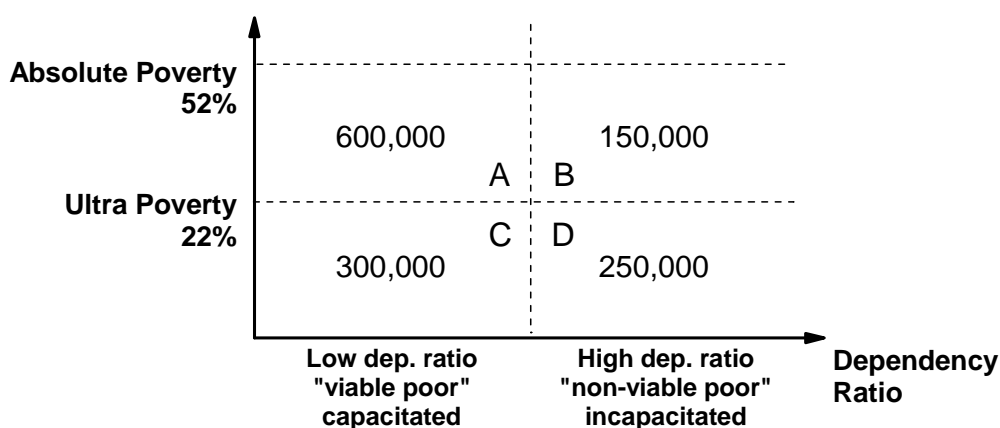
More recently it has been proposed by interpreting national level demographic and household budget survey data that the poorest and most labour-constrained 10 per cent of households reliably correspond to the 'non-viable' destitute requiring regular social transfers (Schubert & Goldberg, 2004; Schubert & Huijbregts, 2006). Leaving aside the dubious notion of a 'non-viable' person or household (disability advocates might have something to say about that), this 10 per cent proposition has achieved a certain authenticity, being used as the basic rule-of-thumb for beneficiary selection in pilot social cash transfer schemes in Zambia and Malawi, and forming an important focal point for discussion about beneficiary selection in the recently initiated Hunger Safety Net Programme (HSNP) in Kenya. From the viewpoint of this paper, the 10 per cent rule provides a useful touchstone because it combines economic difference and household demography as key factors determining who should receive social transfers and who should be excluded.³

For those unfamiliar with the 10 per cent rule, the basic model deduced by Schubert and colleagues is reproduced in Figure 1 below. In this instance the model is calibrated utilizing the 2004-05 Integrated Household Survey (IHS2) for Malawi, a nationally representative household budget survey covering 5,436 households. Using household expenditure data, the IHS2 estimated a national poverty rate for Malawi of 52 per cent, with ultra-poverty

³ This paper is not written specifically as a critique of the 10 per cent rule, which has made an important contribution to evolving practice in the targeting of cash transfers in SSA. Nevertheless in its conclusions it does return to the rule and identifies several critical weaknesses for its deployment as a targeting principle in scaled up cash transfers.

estimated at 22 per cent of the population. Figure 1 divides the implied 1.3 million poor households in Malawi in two main ways: first between the poor (A+B = 0.75 million households) and the ultra poor (C+D = 0.55 million households); and second between those having adequate labour to engage in productive activities to feed their families (A+C = 0.9 million households) and those lacking such labour (B+D = 0.4 million households). The combination of ultra poverty and lack of productive labour (measured by a high ratio of dependents in the household) is thus represented by the fourth quadrant in the diagram (quadrant D) comprising 0.25 million destitute and deserving households, equal to 10 per cent of all households in Malawi.

Figure 1: Identifying Those Most In Need of Social Transfers in Malawi



Source: Schubert & Huijbregts (2006, p.19)

It is important to note that a 10 per cent rule does not avoid the need to utilize proxy indicators in eventual beneficiary selection. The 10 per cent rule essentially places a ceiling on the number of households assisted, and therefore also puts a cap on the budgetary expenditure involved. However, actual beneficiaries up to the permitted 10 per cent are selected using proxy indicators, amongst which the absence of able-bodied labour in the household is the critical criterion, and other indicators are brought into play as secondary or tertiary criteria. This paper returns to the 10 per cent rule in due course after considering evidence on economic difference in three SSA countries.

Economic Difference and Cash Transfer Implications

Data on income distributions in Malawi, Zambia and Ethiopia are set out in Table 1 below. In each case, these income distributions are derived from nationally representative large scale household budget surveys, for Malawi the 2004-05 IHS2, for Zambia the 2002-03 LSMS, and for Ethiopia the 2004-05 HICES.⁴ In each case the data is presented as mean consumption per capita in descending order of deciles, converted from national currencies to US\$ at the official exchange rates ruling at the time that surveys were conducted.⁵ Table 2 displays the mean differences in per capita consumption per month between deciles, derived from the data

⁴ The published analyses of these surveys can be found in Devereux *et al.* (2006); Government of Malawi (2005); Government of Malawi & World Bank (2006); World Bank (2005) and Woldehanna *et al.* (2008).

⁵ The exchange rates used to convert local currency data from the surveys into US\$ were, for Malawi MK108.9 = 1US\$; for Zambia ZMK4566 = 1US\$; for Ethiopia 8.6 birr = 1US\$

in Table 1. Finally, by way of having a ‘neutral’ discussion removed from any single country, both Table 1 and Table 2 provide a column giving the simple average of these mean decile consumption per capita figures, and the result is graphed in Figure 2.⁶ This is treated in ensuing discussion as a generic income distribution applicable to low per capita income SSA countries with large rural populations.

Table 1: Mean Consumption by Decile: Malawi, Zambia, Ethiopia
(US\$ per capita per year)

Deciles	Malawi	Zambia	Ethiopia	Simple Average
10	760.5	716.0	506.7	661.1
9	347.6	320.6	270.0	312.7
8	260.4	243.4	224.3	242.7
7	211.9	195.3	197.4	201.5
6	178.4	163.6	176.5	172.8
5	152.0	138.4	156.5	149.0
4	129.3	117.5	136.7	127.9
3	108.9	98.7	120.6	109.4
2	88.3	78.7	104.6	90.5
1	62.2	51.3	80.1	64.5

Source: 2004-05 IHS2 (Malawi), 2002-03 LSMS (Zambia), 2004-05 HICES (Ethiopia)

Table 2: Consumption Differences between Deciles: Malawi, Zambia, Ethiopia
(US\$ per capita per month)

Decile Interval	Malawi	Zambia	Ethiopia	Simple Average
9-10	34.4	32.9	19.7	29.0
8-9	7.3	6.4	3.8	5.8
7-8	4.0	4.0	2.2	3.4
6-7	2.8	2.6	1.7	2.4
5-6	2.2	2.1	1.7	2.0
4-5	1.9	1.7	1.6	1.8
3-4	1.7	1.6	1.3	1.5
2-3	1.7	1.7	1.3	1.6
1-2	2.2	2.3	2.0	2.2

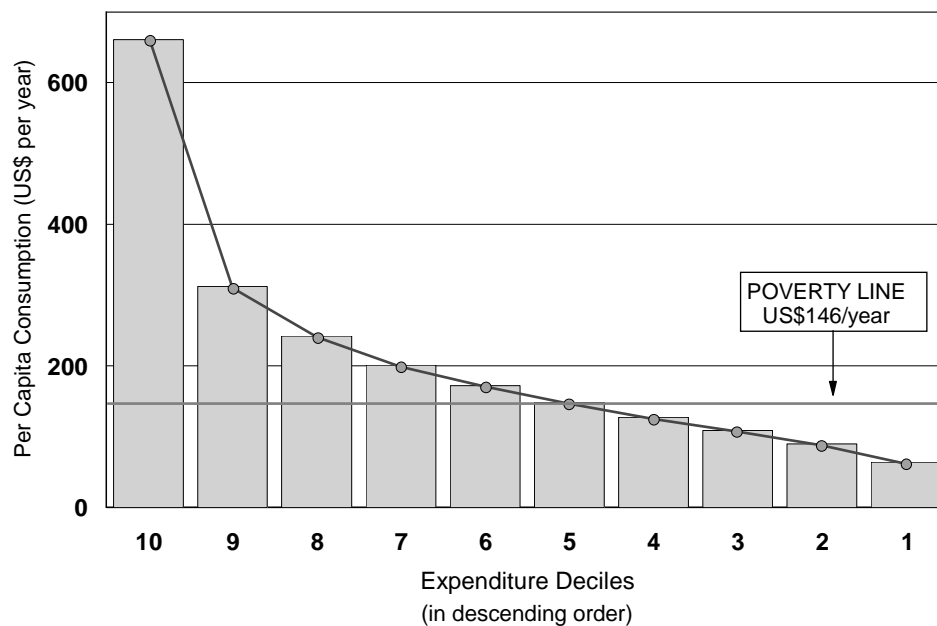
Source: derived from Table 1 (inter-decile differences divided by 12 to convert from annual to monthly amounts)

⁶ Lest the reader objects to this as requiring a population weighted average, the purpose here is to examine ‘ballpark’ differences between deciles for economies of the type represented by a Malawi, Zambia or Ethiopia, and therefore a weighted average that would result in undue weight being given to Ethiopia is not required.

These various data and graphs demonstrate that cash transfers to the most destitute in low income SSA countries must operate within exceedingly narrow parameters of economic difference if socially invidious changes in income distribution are to be avoided:

- (1) essentially (as a rule of thumb) US\$2 per capita per month separates the poorest 10 per cent from the next poorest 10 per cent in the income distribution;
- (2) the gap between the 1st (poorest) and 2nd (next poorest) decile tends to be higher than succeeding gaps going upwards through the lower half of the distribution (2nd to 5th decile), and this applies in all three countries;
- (3) this may give the impression that the poorest 10 per cent can be satisfactorily identified for policy purposes as a separate category for social transfers;
- (4) the inter-decile consumption gap between the 5th and 6th decile remains at roughly the same level as between the 1st and 2nd decile;
- (5) progressively steeper rises in mean consumption differences only occur from the 7th decile upwards.

Figure 2: Generic Income Distribution and Poverty Line Based on Three Countries
(mean consumption per capita, by decile, US\$ per year)



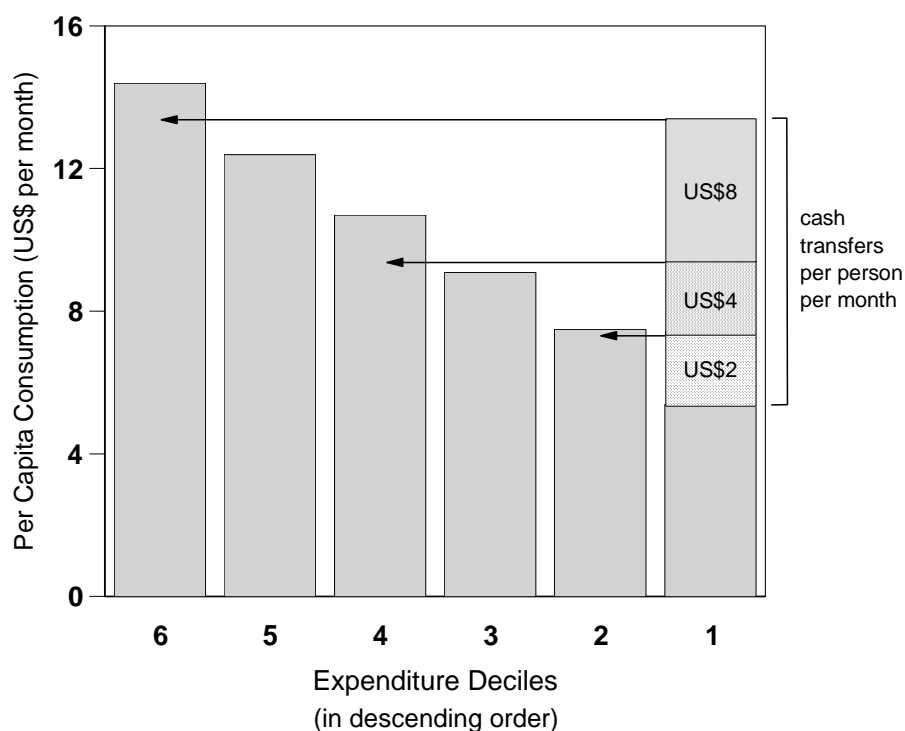
Source: see sources cited for Table 1 and in footnote 4 above

Some important features are deduced or are closely related to these observations. First, the sentiment of 'we are all poor here' is shown most decidedly not to constitute special pleading, but to reflect accurately the very small differences in personal and family circumstances separating everyone falling within the bottom 60 per cent of per capita consumption in poor mainly rural SSA countries. Second, beneficiary selection in cash transfer schemes in such countries occurs within a context of very close proximity in well-being, life styles, command over assets and income streams, and real material consumption of 50-60 per cent of the population. Third, these wafer thin differences in consumption capabilities are narrower still in rural areas than in the national averages shown in Table 2, since urban income distributions

are always significantly less equal than rural ones. Indeed if we take Malawi as an example, US\$9 per month separates the 1st from the 6th decile in rural areas, compared to US\$18 per month in urban areas, and US\$9.7 per month overall.⁷

The generic data provided in the last column of Tables 1 and 2 and graphed in Figure 2 can be utilised to demonstrate the implications of per capita cash transfers of varying amounts, as shown in Figure 3. Of course, cash transfers are typically provided to households, and some cash transfer schemes adjust for household size while others do not. Ideally a cash transfer should adjust for household demography as well as household size; after all a 5-person household containing one adult and four small children has different consumption requirements from one containing three adults and two teenage children, even if in both instances the adults are unable to participate in productive labour for one reason or another. However, administrative feasibility places restrictions on how sensitive in practice variations in the level of cash transfers to households of different compositions can be. The main point made by Figure 3 is that there is exceedingly little room to manoeuvre at the bottom of the income distribution if the problem of ‘leapfrogging’ the material consumption of cash transfer beneficiaries above adjacent households in the income distribution is to be avoided.

Figure 3: Income Distribution Implications of Varying Levels of Cash Transfers (US\$ per month)



Source: As for Figure 2, with illustrative additions.

In Figure 3, a US\$2 transfer per month to an individual very nearly brings a mean individual in the bottom decile up to the same mean material consumption as the next decile. A transfer

⁷ The measure of inequality provided by the Gini coefficient for these three countries is 0.26 (Ethiopia), 0.34 (Malawi) and 0.35 (Zambia) in rural areas; and 0.44 (Ethiopia), 0.48 (Malawi), and 0.46 (Zambia) in urban areas. See references provided at footnote 4.

of US\$10 to a 5-person household would have this effect, but note that the same US\$10 given to a 4, 3, 2, or 1-person household would bump up such a mean individual increasingly above successive adjacent consumption deciles. In fact, if by design or accident an individual were to receive US\$8 per month, this would leapfrog their material consumption from the first into the sixth decile of the income distribution.

In conversations with practitioners, it is apparent that it is thought this problem can be avoided if the 10 per cent selected are scattered across the lower income deciles rather than being confined to the lowest decile. This is unfortunately not true. Dividing individuals into deciles (or for that matter into any other equal shares of the population) is done by strictly ordering per capita consumption per person from the highest to the lowest, thus all individuals in the lowest decile have lower per capita consumption than all individuals in the next decile and so on. It follows that selecting the 10 per cent eligible for cash transfers from across several deciles merely means that some rather better off people have been selected in preference to the 10 per cent poorest, and therefore the potential for leapfrogging up the income distribution is made more likely rather than less likely.⁸

The question arises as to how well existing cash transfer pilots have performed in terms of operating within the narrow parameters that avoid socially invidious alterations in the income distribution positioning of beneficiaries. Two schemes (or sets of schemes) are examined briefly in this regard: the Zambia pilot cash transfers and the Mchinji cash transfer scheme in Malawi. The original Zambia pilot cash transfer is the well known Kalomo scheme funded by GTZ and implemented by the Government of Zambia, starting in 2004. This was also the first scheme to apply the 10 per cent rule. The Kalomo scheme initially provided 1,027 beneficiary households with US\$6 per month, with no variation for household size. For a one-person household at the mean of the bottom decile of the Zambia income distribution at that time, this would have catapulted the individual concerned from the first to the fourth decile of the income distribution (see Table 1 above). Similar effects in lesser degrees may have occurred for two- or more-person households. Average household size in the Kalomo scheme was 3.8 persons (Schubert & Goldberg, 2004).

In Zambia, the Kalomo scheme was followed by four other pilot cash transfers, each testing different aspects of cash transfer delivery, in Monze, Kazungula, Chipata and Katete districts (Ellis, 2007). To take one more example, the Kazungula scheme provided 554 destitute and incapacitated households with US\$7.5 per month (if they had no children) and US\$10 per month (if they had children) from 2005 to 2007. In April 2007, these amounts were raised to US\$10 and US\$12.5 respectively. Again, the income distribution effects of such transfers depend on household size and composition, and in the case of single person households could have bumped their material circumstances up to the levels experienced by individuals in the fourth decile.⁹

In Malawi, a pilot social cash transfer was initiated in Mchinji district in 2006 implemented by the government with technical support from UNICEF. This has since been extended to three more districts. Monthly cash transfers vary according to household size, and take into

⁸ The argument here has been developed from per capita consumption data and magnitudes might differ slightly if household level deciles were used instead, depending on the relationship between household size and per capita income across the income distribution.

⁹ This takes into account the impact of inflation on the real purchasing power of the Kwacha between 2002-03 and 2005 when the Kazungula scheme started.

account if the household has children in primary or secondary school. The income distribution effects of the Mchinji scheme are summarised in Table 3. The left side of this table provides the level of cash transfer by household size. The right side of the table examines how such transfers (on a per capita basis) effect the position of individuals with respect to the prior income distribution.

Table 3: Cash Transfers in the Mchinji Scheme and Income Distribution Effects
(amounts per month)

A. Cash Transfer Amounts				B. Income Distribution Effects		
HH Size (persons)	Cash Transfer (US\$)	Cash Transfer (MK)	Transfer per Person	Decile No.	Mean Cons. per cap (MK)*	Decile 1 + Transfer per Person
1	4	600	600	1	726	1,326
2	7	1000	500	2	1,020	1,226
3	10	1400	467	3	1,249	1,192
4	13	1800	450	4	1,478	1,176
				5	1,724	

* mean rural decile consumption per capita per month from IHS2 adjusted for inflation of 31.5% between 2004-05 & 2006-07

Source: Schubert & Huijbregts (2006 p.12), own calculations based on IHS2 data

It can be seen in the last column of Table 3 that the amount for a single person household risks catapulting the individual from the first to the upper reaches of the third decile (MK1,326 compared to MK1,249). However, this effect diminishes as household size increases since the scheme transfers less per capita at each successive household size (from 600 to 500 to 467 to 450 MK per capita). But the effect of school attendance payments (MK200 for a primary pupil and MK400 for a secondary pupil) is not factored in here, so that a 4-person household with 3 school-age children could achieve a per capita income of between MK1,800 and 2,400, giving them the equivalent consumption per capita as the fifth or sixth decile.¹⁰

The pilot cash transfers in both Zambia and Malawi were designed, of course, in full knowledge of the income distribution data that is presented here.¹¹ It was appreciated early on that a cash transfer could not bring the per capita income of a household up to the poverty line, because in doing so all 10 per cent recipient households would leapfrog their way up to the fourth or fifth decile of the income distribution (this follows automatically if the poverty rate is around 50 per cent). As stated in Schubert & Goldberg (2004, p.6) ‘The transfer does not lift beneficiary households out of poverty. It just lifts them from critical poverty, which is life threatening, to moderate poverty’. This seems sensible enough, but the problem is that there are another 30-40 per cent of non-recipient households that are also in varying degrees

¹⁰ These observations are made with respect to the mean rural consumption per capita in the bottom decile, and would vary in magnitude depending on how far below or above the mean consumption was any individual family.

¹¹ The thinking behind the design of these pilot cash transfer schemes is traced in project documents that are accessible on websites: www.socialcashtransfers-zambia.org and www.socialcashtransfers-malawi.org.

below the poverty line, and in very low income rural areas this proportion is even higher ('we are all poor here'), so that invidious comparisons between households are bound to occur when some receive a benefit and others do not.

Broader Implications

This paper has the limited objective of demonstrating the narrow parameters of economic difference within which cash transfers must operate if they are to avoid creating ethically dubious social tensions between included and excluded groups. It seems almost certain that existing social transfer pilots, notwithstanding the sensitivity of their design, have breached these parameters at least to some degree. This is because they deliver cash transfers to households, and households vary in their demographic size and composition, so that some beneficiaries will have 'leapfrogged' the standard of living of non-beneficiaries in the same communities.

In a prospering society where people's standards of living are generally on an upward path, such difficulties at the margin would be unlikely to matter too much, and indeed could be considered a small price to pay in order to secure the adequate nutrition and basic needs of those left behind while the majority move forward. Moreover, in such a scenario, those moving forward are unlikely to feel resentful of those receiving help, since the level of such help will be significantly below their own material situation, or what they are able to aspire to in the foreseeable future.

However in Sub-Saharan Africa, and especially in rural areas of the poorest countries, such a process is hard to distinguish. Most community members consider (essentially correctly) that 'we are all poor here'. Moreover, opportunity is not rising at a rate (nor has it been doing so historically) for fractionally better-off individuals to see an improvement in their circumstances coming into view round the corner. For this reason, social transfers in SSA often involve seeking tiny variations in circumstance that ordinary people do not perceive as real differences in order to select a lucky few people as transfer recipients. This inevitably creates social tension and division, as well as personal strategies to work around the selection criteria that are proposed, or the organisational means of implementing them.

The narrow economic differences that separate the bottom 50-60 per cent of the population in many SSA countries place some doubt on the merits of the 10 per cent rule that has been used to establish cut-off points in pilot social cash transfers in Zambia and Malawi (and most recently Kenya). First, arising from the evidence of this paper, it is exceedingly difficult using this rule to avoid propelling the consumption level of some beneficiaries above that of non-beneficiaries in the same communities. Second, any such single proportion clearly cannot be expected to apply evenly across geographical and social space, even if it can be delineated satisfactorily at a national aggregate level. It follows that it will over-capture the kind of households it seeks to target in some places (wrong inclusion) while under-capturing such households in other places (wrong exclusion).

Third, it is doubtful that the labour capability difference between households that is critical to keeping the proportion down to 10 per cent is as clear cut as the rule suggests. The productive deployment of labour is not just a matter of labour supply but also of labour demand. Households containing labour entirely unemployed, or significantly underemployed, differ little in their material conditions from household lacking economically active labour, and indeed may even be worse off due to the higher food consumption needs of adult household members. Fourth, even if labour is productively deployed, it is possible that its returns are

insufficient to meet basic nutritional requirements (the ultra-poverty line), which in all the countries mentioned in this paper is double or more than double the 10 per cent proportion of poorest households.

Space limitations prohibit a proper exploration here of what these considerations imply for scaled up social protection in Sub-Saharan Africa. There seems little doubt that categorical targeting (child support grants, old age pensions) avoid to a considerable degree the social divisiveness (as well as the administrative intricacy) attendant on trying to separate out an especially deserving sub-set of the poor from amongst the larger proportion of poor people that are little differentiated from each other in terms of the material conditions of their lives. Categorical targeting has the considerable added advantage of establishing a right to the social transfer for all those who meet the simple criterion that defines the category (such as the age threshold in the case of social pensions). Moreover, in the case of social pensions, social invidiousness does not occur because all citizens understand that if and when they reach the age threshold, they, too, will be entitled to the benefit.

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