GOVERNMENT OF THE REPUBLIC OF ZAMBIA

MINISTRY OF LABOUR AND SOCIAL SECURITY

UNIVERSAL SOCIAL PENSION SCHEME

INCEPTION PHASE PROPOSAL

[April 8th 2010]

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LIST OF ACRONYMS AND ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
CSO	Central Statistical Office
FNDP	Fifth National Development Plan
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
HIV	Human Immunodeficiency Virus
ILO	International Labour Organization
M & E	Monitoring and Evaluation
MCDSS	Ministry of Community Development and Social Services
MDG	Millennium Development Goal
MHA	Ministry of Home Affairs
MLSS	Ministry of Labour and Social Security
MFNP	Ministry of Finance and National Planning
SCT	Social Cash Transfer
SPER	Social Protection Expenditure Review
TA	Technical Assistance

1.0 INTRODUCTION

The International Social Security Review (1995) observes that coverage against the risk of growing old dates to the beginning of social insurance. Old age was seen as one of the common misfortunes or ordinary contingencies that faced individuals in industrial society. Although social security aims at addressing among others these challenges at such a moment in life, one would be quick to point out that most social security systems in Africa and SADC region in particular leave much to be desired in almost all respects.

As the case is in most countries in the SADC, the Zambian social security system is in such a way that it concentrates in the formal sector. As such, it lives out the majority of people in the informal sector. The 2005 Labour Force Survey reviewed that the Zambian population was about 11,470,234 million consisting of a labour force of 4.9 million and only 416,000 in formal employment. Although economic gains have been recorded in the last five years, nothing much has changed in the social security arena.

Generally it is true though sad to state that most of the people in Zambia are without some form of social security. The problem becomes more evident in old age when one has no energies to move around to make ends meet. The HIV/AIDS pandemic which has rocked the entire universe has not spared Zambia. Its impact has been so devastating among the aged who have to take care of the orphans left under their custody. Although there is a scheme (Public Welfare Assistance Scheme) for the vulnerable it does not carter for all the aged due to inadequate funding. The aged therefore have to find ways and means of survival.

There is need to find ways of ensuring that all the aged are well looked after. They have made their contribution to the nation whether formally or informally in their respective societies. They actually still play a vital role in our societies as tankers of wisdom and as such they should enjoy all rights to life and more so a decent and dignified life. It is government's responsibility to take care of the aged and there should be measures taken to ensure that they have a steady income. Evidence has shown in countries like Mauritius that the benefits of the old age grant are far reaching and an effective way of alleviating poverty (Willmore, 2003). The pilot projects in Zambia under the Kalomo and Katete cash transfer have reviewed positive results. The cash transfers are not only for the aged but target those perceived to be the most vulnerable. It is possible that during the process of targeting; some of the aged are left out.

Taking a leaf from the situation in South Africa, Kaseke (2007) observes that the targeting of vulnerable groups promotes the categorical approach to social assistance leaving others who would fall outside the designated categories without a form of social assistance. Special attention should be given to the aged to ensure that their social economic needs are met and more so in light of their perceived changing roles in society.

In many developing countries and Zambia in particular, as much as it is agreed that preparation for old age is not adequate, the economic situations of third world countries have a great impact on the status of the aged. Most of those who were in formal employment do not have a meaningful pension that would sustain them and for those who have never been employed, it has been difficult to venture into income generating activities. This situation has led to high poverty levels among the aged/ elderly who in their last days have to toil and struggle for survival instead of enjoying what they have worked for whether in a formal or informal way.

In an effort to improve the quality of life for the aged/elderly, developed countries adjust their macroeconomic policies for guaranteeing older people's means of existence by adopting a set of measures that comprise a range of pension and social security schemes arrangements aimed at encouraging lifelong savings and flexible work and retirement plans. Developed countries also generally advocate for an approach that looks into issues of assistance to families and community structures, prioritizing rural development in order to reduce the exodus of young people and giving older people the chance to earn their living notably through participation into cooperative ventures, micro enterprises of family businesses. It has however been difficult for developing countries like Zambia to guarantee suitable means of existence for older persons due to inadequate financial resources and infrastructure at their disposal. The situation of the elderly in Zambia has not been adequately addressed. Although the Ministry of community Development and Social Services has a role in addressing the needs of the vulnerable in society among which the aged, the needs for older persons have not adequately been addressed due to inadequate funding.

2.0 RATIONALE AND JUSTIFICATION

The growing numbers of older persons, their present position in society and their quality of life is a great challenge to the government of the Republic of Zambia and the communities in which they live. Old age protection was in the past ensured by traditional social structures. The extended family and the community had a responsibility to take care of the elderly. In the modern age, effects of globalization, urbanization and the increasing cases of HIV/ AIDS related deaths have led to the disintegration of the extended family. The HIV/AIDS pandemic has led to the increased number of orphans who in most cases are left in the custody of the aged who do not often have a steady income to support themselves and their dependants. There is therefore need for government to devote more finances in this regard to ensure that all the aged in Zambia live a dignified life.

A review of the social security system in Zambia indicates that there are three major social security institutions in Zambia that operate at the national level. These are: (i) the National Pension Scheme Authority (NAPSA); (ii) the Public Service Pensions Fund (PSPF); and (iii) the Local Authorities Superannuation Fund (LASF). In addition, there are several private occupational pension schemes and an occupational disease and work injury scheme. Zambia also has a rudimentary non contributory social assistance scheme (Public Welfare Assistance Scheme) under the Ministry of Community Development and Social Services (MCDSS) which is targeted at the most vulnerable. The Ministry of Community Development and Social Services have over the last five years been piloting social cash transfer programmes in different districts to test the effectiveness of the different designs of social protection interventions. The contributory pension schemes provide benefits to the formal sector that constitutes an estimated 15 percent of the labour force. The beneficiaries of social assistance programmes are still very low as they target only the poorest 10 percent in some selected districts.

The contributory and other employment-related schemes exclude 85 percent of the labour force in the informal sector, majority of whom are women. Although the labour force in the informal sector may benefit from some of the non-contributory, government-funded social protection schemes such as the Food Security Pack, there are numerous categories of Zambians that do not benefit from either the contributory or the non-contributory social protection schemes. These include the growing numbers of older persons whose old age protection is neither guaranteed by the government nor supported by traditional social structures that once took responsibility to care for the elderly in society.

The MLSS universal social pension scheme proposes to redress this anomaly by designing and implementing a universal social pensions schemes that support the increasing number of elderly persons. Studies on various social pensions schemes, including the Katete pilot and micro simulations and models, have demonstrated that social pensions do not only have a huge potential of contributing to poverty alleviations, but they are also affordable. More importantly, these non-contributory social cash transfers have proved to be an important lifeline to the hundreds of older-headed households living with grandchildren that have been orphaned by HIV and AIDS.

Help Age International observes that social pensions are a vital component of social security given the global ageing population. It is estimated that by 2050, there will be 1.2 billion people over 60 worldwide of which two thirds will be in developing countries. Institutionalizing social pensions is seen as a strategic component of long term anti – poverty and social security policy.

2.1 Right to Social Security

Regular income in old age is an important element of the rights to social security and an adequate standard of living. The right to social security is recognized in a number of international and regional instruments including the following:

- Universal Declaration of Human Rights (1948)
- International Covenant on Economic and Social Rights (1966)
- Income Security Recommendation, 1944 (No. 67)
- African Charter on Human and People’s Rights (Banjul Charter) 1981
- SADC Code on Social Security

Social Pensions play an important role in the lives of the aged. Noted are the following:

- Regular income enables them to access services such as health care

- Increases their standing in society in that they do not become a burden in their community
- They are empowered and live a dignified life
- Generally poverty levels are reduced
- They are spillover effects in that child poverty is reduced as a result of increased school enrolment and nutritional intake
- Social Pensions supports economic growth as evidenced from a 72 year aged widow that moved from begging to farming after accessing the cash from the Kalomo cash transfer.

2.2 Pros for a Universal Scheme

According to the Help Age Briefing on Social Pensions of October 2006, pension experts report that income testing is administratively difficult, expensive and can induce stigma. It is urged that universal transfers avoid high administrative costs of means testing they also enhance equity and inclusion by avoiding the discrimination that can occur where means tests are applied and opportunities for corruption arise. Though leakage of benefits to the **better- off** is a major concern, it is evidenced that where poverty levels are high and benefit levels low, as the case is in most poor countries, leakages cost less than the costs of means testing.

Many have urged against universal pensions due to affordability and feasibility issues. It has been observed however that to the contrary Universal Schemes are affordable and feasible. Below are some interesting findings:

2.3 Affordability

Universal social pensions are affordable even in poor countries. Reports from Botswana, Lesotho, Nepal and Mauritius have all domestically financed universal social pensions which cost a maximum of 2% of the GDP. Recent ILO studies in seven African countries suggest that even with population ageing, universal social pensions will be affordable and that in the medium term they can be financed from domestic resources.

2.4 Feasibility

Social pensions are administratively feasible. Recent experiences in Lesotho, NEPAL and Namibia show that with strong political will and mobilization of agencies like Post Office, private and public banks as well as government key departments or councils and the military, constraints of administrative capacity can be overcome. (Help Age International, October 2006)

The over 60 population is a small but important part of Zambian society. There is some doubt around the exact number of people in the Zambian population. The last Zambian population census took place in 2000, and since then projections of the population have been made. There are quite significant differences between sources such as the Central Statistical Office and UN population projections, particularly in relation to the age distribution in the population. In reality, it is highly likely that all the population projections are inaccurate, and therefore at this stage we have to make a judgement on the likely number of people aged 60 years and over from the available information.

Using three population projection sources (UN data, some projections made by an Actuary for the ILO, and some projections based upon survey data), today the over 60 population could be as high as 590,000 persons, or as low as 465,000 persons. This is a differential with a range of 130,000 persons. Thus, due to the lack of more robust up-to-date population data, taking a midpoint between the two extremes may be a plausible compromise position, and this suggests a population of approximately 525,000 persons aged 60 years and over in Zambia currently.

More generally, this means approximately 5 percent of the Zambian population are aged 60 years and over. Thus, the aggregate cost of providing a universal pension is likely to be lower than for other beneficiary groups due to the lower population, ceteris paribus.

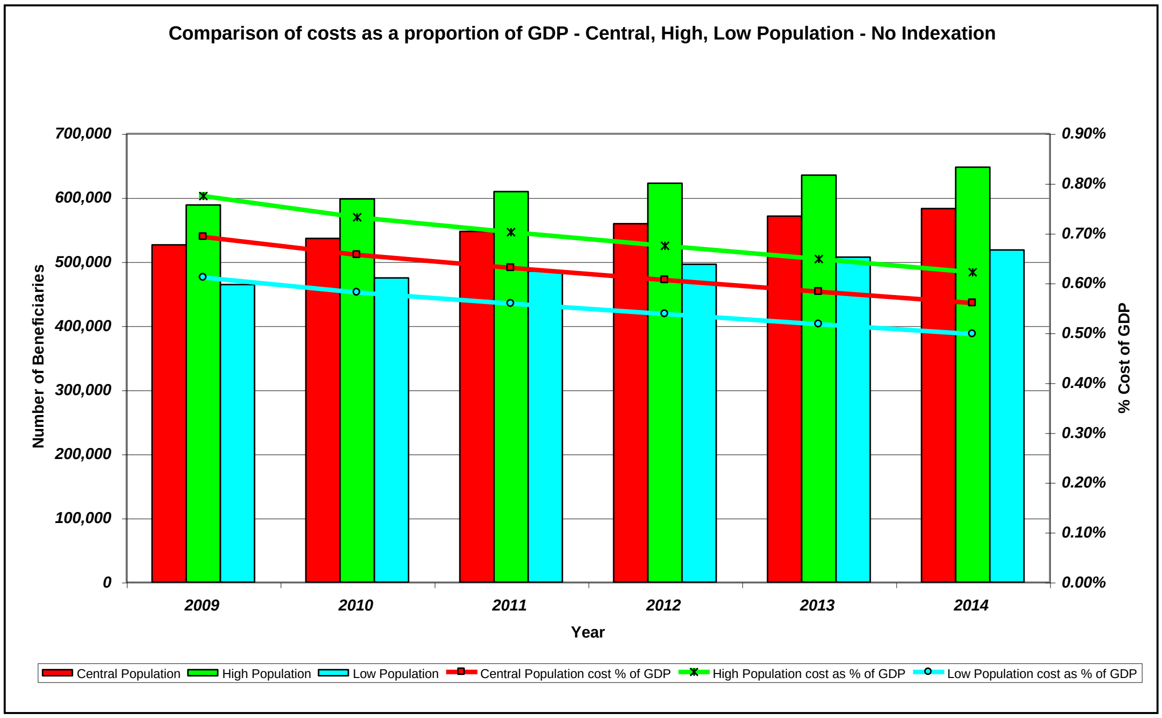
In terms of the number of households a universal pension could have an impact upon, approximately **15 percent**, or **350,000 households**, having at least one person aged 60 years and over in the household.

It will take a number of years to develop the political will, institutional capacity, and to agree an adequate funding envelope to implement a universal pension in Zambia. However, for illustrative purposes, one can indicate the likely aggregate cost of a universal pension using information from this point in time.

Assuming a 60 years and over population of **525,000** persons, a monthly pension benefit of **60,000 Kwacha** – which equates to **720,000 Kwacha per annum** paid to each beneficiary – and an administration cost equal to **10 percent of the total pension benefit paid**; the 2009 nominal cost of a universal pension in Zambia would be **415,800,000,000** Kwacha. The latest nominal GDP forecast for 2009 is **60,186,000,000,000** Kwacha according to Ministry of Finance and National Planning forecasts. This is virtually identical to the IMF GDP forecast. Thus, in GDP (%) terms, a universal pension in Zambia would cost approximately **0.7 percent of GDP today**. It should be noted that this finding is susceptible to variation, due to changes in the level of nominal GDP, the actual number of beneficiaries, and other factors not considered here such as price inflation (which we assume would impact on the level of the benefit paid over time), and possible differences in the policy delivery costs. To put into the context of donor funding, the total cost of a universal pension in US dollar terms, using an up-to-date exchange rate of 4,760 Kwacha to one US dollar ($), is approximately **$87 million per annum**.

Looking at the extremes of the population projection, the cost of a 60,000 Kwacha universal pension could vary between **0.6 percent** (for 465,000 beneficiaries) and **0.8 percent** (for 590,000 beneficiaries) of GDP based upon the 2009 nominal GDP forecast. A final, and important, point for this illustration that should be noted is that the GDP cost projections are based upon the assumption of accurate forecasts of GDP, and the accuracy of the overall National Accounts on which we cannot make a judgement. In US dollar terms this is in a total cost range of between approximately $75 million and $100 million per annum.

Figure 1, Comparison Of Costs as a Proportion of GDP, Different Population Scenarios, No Indexation



Over a 5-year period, the cost of a universal pension as a proportion of GDP falls, when looking at the costs in constant 2009 prices. Here a method of indexation is not applied, i.e. the benefit remains at 60,000 Kwacha over the entire period 2009-2014, and the 2009 nominal GDP figure only has real GDP growth (not inflation) applied year-on-year to 2014. The finding that the cost as a proportion of GDP falls, in constant prices, is partly explained by the impact of the growth rate of the population being lower than the forecast growth rate of GDP.

3.0 IMPACTS OF SOCIAL PENSION

3.1 Positive impact of a Universal pension on poverty, Development and economic growth

Old age universal pensions provide a flat rate cash benefits to persons above 60 years without consideration of income, employment, or means of livelihood. The fixed amounts are intended to maintain a minimum standard of living. Social pensions play a significant role in reducing chronicle poverty. They encourage investments in physical, human and social capital including education, the benefits of which are felt by future generation. Regular income to older people relieves the need for adult children to support their parents, enabling households to invest in children health and education. This would break the pattern of deprivation from one generation to the next. The pension money would transform the pensioner from someone that depends on the willingness of other household members to provide them with a share of the household's often meager resources to becoming a household asset in themselves, not only provides the traditional services of giving advice and imparting the wisdom of age but also can provide that most important function of being able to pay cash for at least some of the basic necessities of life thereby providing support to the household and the local economy.

Social transfers have a wide spread benefits for the country's economy through its multiplier effects especially on small farmers and businesses which gain particular advantage as this is where poorer households' purchases are focused and education and health also benefit as the pension income is spend on the education and health of the children

In addition to reducing vulnerability, cash transfers facilitate engagement by the poor in more productive enterprises thereby adding value to the national development and economic growth through the impact of income on poverty, nutrition, hunger and the welfare of the older people and children in the recipient households.

3.2 Impact on poverty, nutrition, and hunger

A universal cash transfer to older people would enable them to buy food cloths and pay for basic services. It is clear from the pilot cash transfers project in Zambia that pension income has significant impact on not the older people but also the entire household and the community at large

3.3 Impact on poverty

A study by Kakwani and Subbarao (2005) revealed that households comprising both older people and children are the poorest households in sub-Saharan Africa and that migration and AIDS has led to older people having to take care of young children, with many often not receiving remittances to help care for the children. The calculations of those households comprising only older people and children have shown that there is a poverty rate of 82% (Kakwani and Subbarao 2005). Therefore a small pension payment to all older people would provide older people and their wider households with significantly increased protection from poverty. The cash would help older people afford food, enable them to access services such as healthcare, support the huge caring role that older people play across and facilitate investment within communities. The pension could provide income in particular to the households in which both older people and children live, which are the most vulnerable. For older people who are currently dependent in these households, the cash would enable them to make a positive contribution rather than being regarded as a financial burden.

Using the latest CSO poverty lines, and data from the 2006 Living Conditions Monitoring Survey (LCMS), the ILO calculated the poverty profile of the 350,000 households with at least one member of the household being 60 years and over (Table 1, below).

The CSO methodology involves splitting people into three poverty groups – those living in Extreme Poverty (defined as those whose expenditure per equivalent adult is less than 65,710 Kwacha per month), those in Poverty but not Extreme Poverty (defined as those whose expenditure per equivalent adult is greater than 65,710 Kwacha per month but less than 93,872 per month), and the Non Poor (whose expenditure is greater than 93,872 per month) – which can then be analysed across a number of dimensions to build a poverty profile for Zambia.

Whilst the methodology has involved some careful analysis of food and basic needs expenditures, it is limited as it is both a static and subjective measure. That is, it relates to information collected at a point in time, and does not have any dynamic element to make it relevant to the expenditure situation faced today by an individual; and is subjective to the methodology developed. Furthermore, the poverty lines are currently being re-assessed by the UK Department for International Development to try and develop an official methodology with the CSO, which may change the outcome of poverty analysis undertaken by the ILO. Hence the ILO analysis will need to be reviewed again once more information is available.

The analysis (Table 1, below) shows that around three-quarters of all households with at least one member of the household aged 60 years and over, live in poverty. In practice, this means that in three-quarters of these households expenditure per equivalent adult falls below the overall poverty line (i.e. expenditure per equivalent adult less than 93,872 Kwacha per month). Furthermore, nearly two-thirds of these households live in Extreme Poverty.

Table 1 – Poverty Profile of Households with at least one member who is aged 60 years and over

60+ Households	Number of Households	Proportion
Extreme poverty	210,757	60%
Total poverty	48,860	14%
Non poor	91,148	26%
All	***350,765***	***100%***

In addition to looking at the general poverty profile in Zambia, the ILO also simulated the impact on poverty of a package of benefits, including a universal pension of 60,000 Kwacha. This involved taking the existing poverty profile, adding the benefit level to the appropriate beneficiary (e.g. one person in a household is over 60 years of age, hence 60,000 Kwacha was added to the household expenditure level per month), and then simulating the change in the poverty profile.

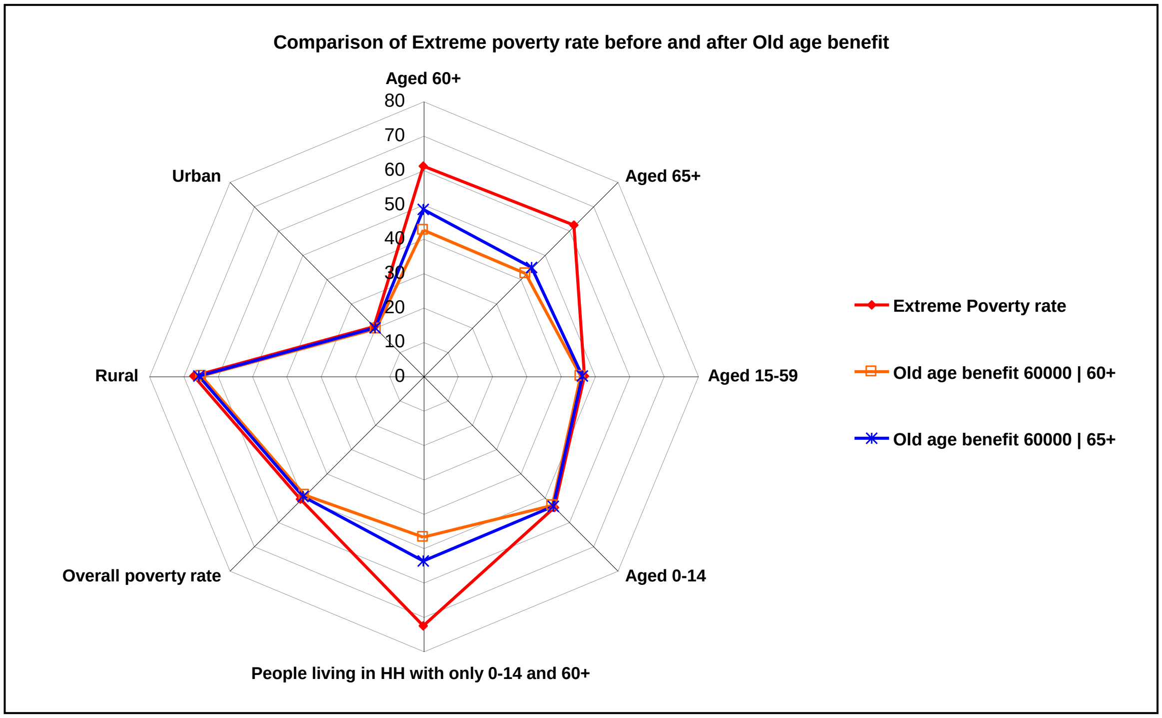
This methodology assumes that every extra Kwacha added to an individual/household income is spent. This assumption may be weak. In addition, the analysis also adds 60,000 Kwacha of money today, to expenditure behaviour captured in 2006 (when the LCMS was completed). Thus, due to price inflation, the poverty impacts simulated here may overstate the full impact likely today of a 60,000 Kwacha pension payment.

Figure 2, below, is a radar diagram, which allows us to display the poverty impact effect of a universal pension on a number of different groups. First we focus on the change in the Extreme Poverty rate on both individuals according to different age groups (those aged 60+, 65+, 15-59, 0-14 years); people living in households with only those aged 60 years and over and 14 years and under in them; the overall poverty rate; and finally by area (rural and urban). In this figure impact is analysed at the individual level (and not household level).

First, it is clear the universal pension has little impact on the overall poverty rate. This is partly explained by the focus of the graph, those in Extreme Poverty. What this means is that there are few people at the margin of the Extreme Poverty to Poverty but not Extreme Poverty groups who would move completely out poverty due to the universal pension. This is intuitive.

However, the universal pension appears to have a significant impact on reducing Extreme Poverty for the 60+ and 65+ groups, as we would expect, and interestingly for households with only those aged 60 years and over and 14 years and under. A quick check of the graph shows that this group have the highest Extreme Poverty rate, and can be thought as amongst the most vulnerable groups. A universal pension of 60,000 Kwacha to everyone aged 60+ moved the Extreme Poverty rate of this group from just over 70 to nearly 45.

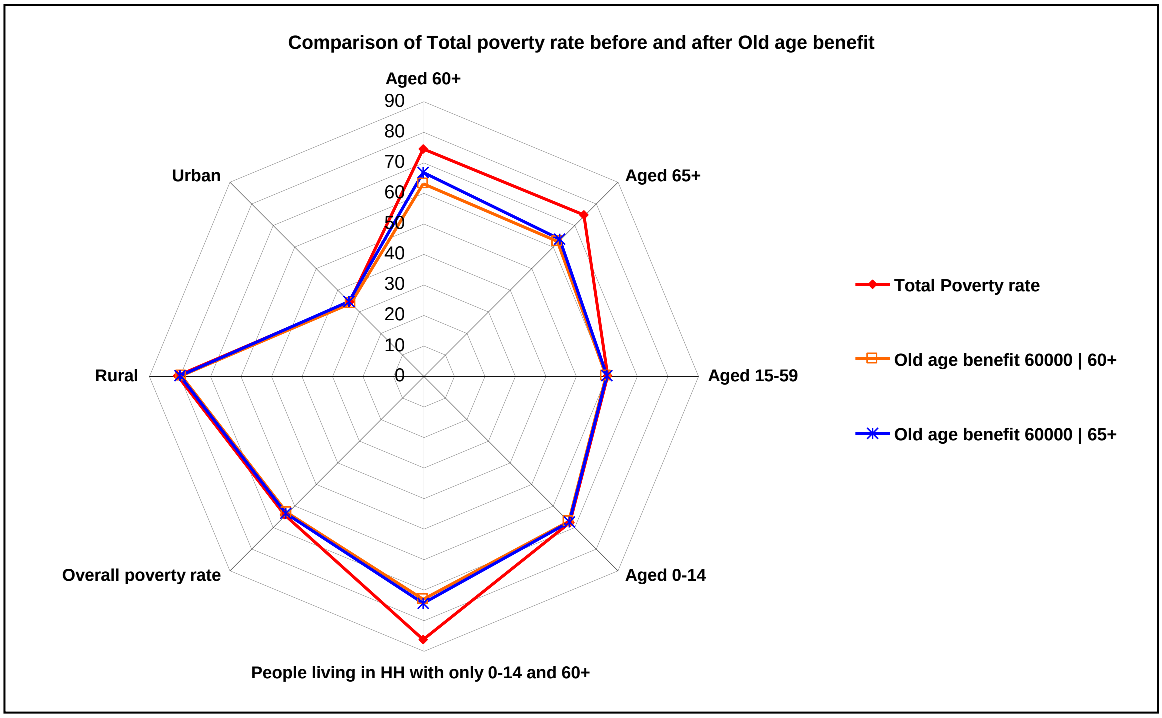
1. Figure 2, Comparison of Extreme Poverty Rate Before and After Universal Pension



Using the same dimensions as above, the impact of a universal pension on the total poverty rate, i.e. those who are living below the poverty line as defined, has been analysed, see Figure 2 below. This indicates the degree of movement of people within poverty to being out of poverty due to the universal pension. As we identified that virtually no one in Extreme Poverty moved out of poverty completely, this analysis instead highlight those within the Poverty but not Extreme Poverty group who are on the margins of moving out of poverty, and whom move out of poverty due to the universal pension payment.

As with the analysis of the change in the Extreme Poverty rates, a universal pension can have an impact on reducing the rate of those in poverty for specific groups, such as individuals in the 60+, 65+ age groups, and households with only those aged 60 years and over and 14 years and under present. A simple outcome is that the universal pension appears to be a well-targeted policy intervention for some of the poorest people in Zambia.

Figure 3, Comparison of Total Poverty Rate before and after universal pension



However, it is clear that a universal pension alone cannot have a major effect on the overall poverty rate in Zambia. Despite the simulations suggesting that a universal pension could reduce the total poverty rate for those aged 60+ by around 12 percentage points, there is hardly any movement in the overall poverty rate. This is fairly intuitive as the universal pension will be paid to approximately 5 percent of the total population, and will have an impact on only 15 percent of households. In addition, the nature of the analysis means that the 60,000 Kwacha is split between equivalent adults in the households, such that each person only receives a small amount extra in terms of assumed expenditure per equivalent adult.

This should not be considered as a negative outcome. Instead it emphasises the importance of a coordinated package of social protection interventions in Zambia, to tackle poverty in some of the poorest groups in Zambian society. The current social protection policy development process in the Ministry of Community Development and Social Services, looking at developing a child grant, and up-scaling existing targeted social assistance to the most poor, fit well with a universal pension concept. In practice this means that a range of social protection interventions are being targeted effectively across the spectrum of the most poor, and in fact the overall impact on poverty in Zambia is likely to be significantly higher.

3.4 Impact on nutrition and hunger

Social pensions address the problem of hunger and nutrition. The households that receive pension income would spend it on the basics like food, fuel, housing, and household operations. This increased spending on food is associated with better nutritional outcomes. The report "the Social and Economic Impact of South Africa's Social Security System" states "households that receive social grants have lower prevalence rate of hunger for young children, as well as older children and adults, even compared to those households with comparable levels". Another survey conducted in Cape Town, South Africa, revealed that older people spent 46% of their pension on Food, 12% utilities, 10% on social participation, 9% on household expenditure, 5% on debt repayment, 3% on education, 3% on health and 2% on savings and investment (HelpAge International, 2005). Further a preliminary report of the cash transfer pilot project in Kalomo district of Zambia under the Ministry of Community Development and Social Services indicated that the cash transfers were used to buy food, soap and blanket and also invested in seeds, getting a field ploughed by neighbors, and buying livestock. The report further revealed that in the target population, school enrollment went up by 3%; nutritional level went up, more household had more than one meal a day; the health status of the beneficiaries were better than those who did not receive the transfers; the incidences of illness reportedly decreased from 43% to 35%; a number of households making investment quadruped to 50% increase, asset ownership increased from 8.5% to 42% and incidence of begging decreased in the communities (MCDSS & GTZ 2005).

The impact of pension on the households is clear, the bulk of a pension was spent on food therefore it is not surprising that the pension would have positive impacts on hunger, nutrition and health

3.5 The impact of pensions on children's well being

studies on the impact of old age pension conducted in Brazil showed that 10 – 14 year olds' school enrollment were significantly higher among rural Brazilian households that receive pensions as compared with those who didn't and girls in pension recipient household in South Africa were on average 3 – 4cm taller than girls of the same age in non – recipient households (HelpAge International 2006). The older people share their pensions with their households. Pension's income is often spends on children's health, education, better nutrition and invested in assets and small scale business which in turn support children welfare and the capacity of the older poor to continue to contribute to the family and community

Households that receive regular cash grants are more able – and willing – to send their children to school. This is particularly important among orphans cared for by poor older people who, without other means of income, are unable to support the children except with their pension. In South Africa there has been an 8% increase in school enrollment amongst the poorest 20% of households. In Zambia, a small cash transfer of $US7 per month provided mainly to older people has resulted in a 16% increase in attendance among beneficiary households. These investments also help build a more productive and skilled workforce in the medium and long term with significant economic impacts (helpAge International)

3.6 Contribution of social pensions to economic development

There is no doubt on the impact of social protection to the economic development of a society. Expenditure in social protection is viewed world over as an essential investment whose return is unquestionable.

3.6.1 Impact on economic activities

Apart from facilitating household investment in agriculture production and improving living standards within the household, cash transfers to older people have significant effect beyond the immediate household, encouraging income generating activities and providing support to the local economy. This is so, because older people are inclined to invest even small cash transfers in come generation and acquisition of productive assets. With regards to its redistributive impact, pensions are likely to deliver cash into remote rural areas not reached by other institutions. Cash is scarce in rural areas therefore pensions can have a significant impact in rural economy. A study in Brazil found that half of the pensioners in rural areas use their pension income to finance rural economic activities and invested in farming (Barrientos and Sherlock 2002). The finding of the study in Brazil highlights the fact that cash transfers support productive economic activities and help restructure the economy to foster job creation and improve livelihood by creating opportunities for local farmers to produce surpluses as they would have a market to sell to. In Lesotho around 18% of cash from the pension was spent on activities that created jobs for others

Pension income also has more permanent benefit, that is, it stimulate the local trade, the grocery stores would be established in places where it could not survive without the business that pensioners bring every month. In southern Namibia, one study found that social pensioners account for between one – third and two thirds of turnover at retail stores and more than half of the pensioners were granted credit facilities in these stores because of their guaranteed monthly income. Pension income would certainly create fiscal effects that would support sustainability in the economy.

3.6.2 Impact on decent job creation

In market economy, families need to live and if they cannot get cash from decent work, they would engage in more dangerous business or exploitative relation such as, child labour, beg or borrow and increase debt, sell essential assets or engage in criminal or anti social activities. Cash transfers make it possible for both the pensioners and the young adults in the recipient household to search for decent work and studies have established that cash transfers are invested in activities that create employment such as farming. In Lesotho around 18% of cash from the pension was spent on activities that created jobs for others (HelpAge International). Social pensions also enables many children have access to education and which ultimately will prove to be valuable in labour market.

4.0 GOAL, PURPOSE, OBJECTIVES AND OUTPUTS

4.1 GOAL AND PURPOSE

The overarching goal of the MLSS's proposed Social Pensions Scheme is to contribute towards the reduction of poverty by promoting and implementing social pensions transfers that improve the living standards of the aged. These small but regular and predictable payments will be made to the eligible beneficiaries that have been identified and selected through age based targeting processes.

The purpose of this 18 months inception phase is to design a universal social pension scheme and prepare for its implementation by 2012. The proposed MLSS universal social pension scheme is consistent with the overall goals of the Fifth National Development Plan and also a recommendation from the ILO SPER Report of 2008. The purpose of the social pension scheme is to improve the standards of living of the beneficiaries receiving social pensions and their families by providing eligible pensioners with cash transfers that will enable them have access to services, better healthcare, improved nutrition and food security.

The long term objective of the MLSS is to develop a fully scaled up national pension scheme that will cover the entire country. This social pension scheme will operate alongside the social cash transfer scheme (run by MCDSS). The MCDSS SCT will target vulnerable people only up to 59 years old, while MLSS will target those with 60 years and above. The programme will commence with the Katete Social Cash transfer and then be expanded to other districts and provinces in a phased approach. However, in order to achieve this objective, the starting point will be to identify and develop administrative capacity, institutional capacity, work processes, procedures and regulations and resources necessary to deliver the programme. This proposal outlines interventions and strategies for the initial eighteen (18) months phase as a foundation for developing the requisite capacities skill sets and networks for designing and implementing a universal social pension in Zambia.

4.2 OBJECTIVES

The broad objectives of the programme are:

(a) to build and strengthen the MLSS's institutional, administrative and technical capacities to deliver social pensions;

(b) to review the Policy and Legal Framework for the introduction of a national universal basic pension scheme;

(c) to promote and enhance political will and support from policy makers, civil society and the public;

(d) to develop systems and processes that support the efficient and effective delivery of social pensions in an accountable and transparent manner;

(e) to develop a national implementation plan for the introduction of a universal basic pension scheme; and

(f) to mobilize resources for the implementation of a national universal basic pension scheme.

4.3 EXPECTED OUTPUTS AND ACTIVITIES

The capacity of the MLSS to carry out their responsibilities is limited in that the requisite resources, in terms of staff, skills, finance and operating systems are not fully in place. In addition, the MLSS will need the requisite equipment, hardware and software to embark on designing and implementing a social pensions scheme.

Over the next 18 months the primary focus of the MLSS will be to attain the following outputs which are further outlined in the logical framework and plan of operation.

4.3.1 Output 1: Capacity and Institutional Development for key MLSS staff to design a social pension built /complete inception process.

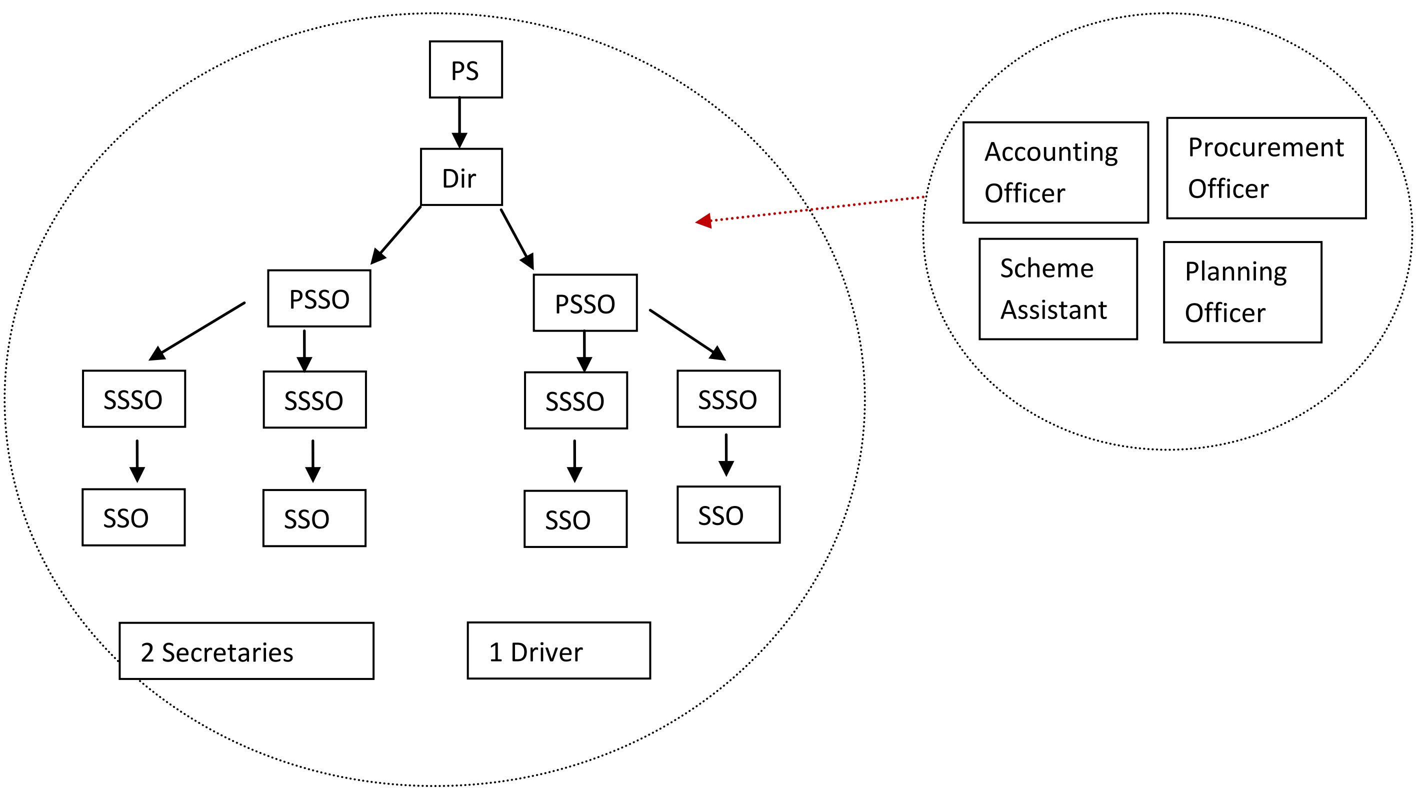
In order to implement any form of social pensions, it is necessary that the implementing agency is equipped with a certain degree of institutional, administrative and technical capacities. As much as some of these competencies may be outsourced it is important that implementing agency as the principle is also up to date with technical issues as a way of avoiding information asymmetry and the eventual principal – agent problem. It is against the above background that the Ministry of Labour and Social Security is proposing capacity and institutional development through the outlined activities that are logically sequenced in the attached gannt chart and logfram.

The optimal institutional, capital and human resource levels can only be appropriately and accurately determined once a needs assessment exercise has been carried out underpinning the design and implementation requisites. Therefore, within the inception stage, a capacity needs assessment shall be undertaken for the Ministry of Labour and Social Security to assess the necessary staffing levels and institution capacity to implement the social pensions.

The inception phase of the universal social pension scheme and its subsequent design and implementation will be managed by the Ministry of Labour and Social Security through the Department of Social Security. The Permanent Secretary is the executive head of the Ministry of Labour and Social. The Department of Social Security is one of the six Departments that constitute the Ministry of Labour and Social Security. The department is headed by the Director, who is assisted by two Principal Social Security Officers. These three officers constitute the policy making and key decision making team. Below the Principal Social Security Officer level are four Senior Social Security Officers and four Social Security Officers. Support staff includes a stenographer, two typists, a driver and office orderly. In the Ministry, there are three important units that will play a critical role in the inception phase, design and implementation of the universal social pension scheme; these are Planning, Accounting/Audit and Procurement.

Current Structure for Department of Social Security

Proposed additional Structure



The Department of Social has the following qualification or skill sets:

1. Master of Public Governance and Management

2. Master of Public Management- vic
3. Bachelor of Science – Mathematics - dir
4. Bachelor of Arts – Social Work (x2) - patience /cris
5. Bachelor of Arts – Political Science - tony
6. Bachelor of Education with Psychology (x2) joseph /
7. Post Graduate Diploma in Social Security (x2) – tony
8. Designing and Implementing Social Cash Transfer Programmes (x2) – EPRI, CapeTown – dir / tony / vivtor/ agy/
9. Strategies for the Extension of Social Security (3) – ILO, Turin-joseph, tony , dir

The MLSS's main focus for the capacity building plan is to strengthen the capacity of headquarters staff to design, administer, manage, coordinate and monitor the implementation of the expanded universal social pension scheme.

The Ministry of Labour and Social Security will work towards strengthening and expanding the capacity of the Department of Social Security and Units through training and recruitment of the needed human resources.

In the absence of a training needs assessment, the following training requirements are necessary for MLSS staff for overseeing the designing and implementation of a social pension scheme:

1. Designing & Implementing of social transfer

This programme will enhance the capacity of Officers to design and implement universal social pensions in Zambia. Social pensions are extremely complex in nature and require a certain level of technical skill which is currently not fully developed in the Ministry. With this training, officers will have the skills required to better contribute to the design of the universal social pension scheme.

2. Project Management

This skill is essential for all officers in the ministry to systematically manage the processes of establishing systems and processes for the design and implementation of the universal social pension scheme.

3. Publicity and Advocacy

This training will equip officers with requisite skills to develop advocacy strategies and public awareness programmes to sensitize, solicit and lobby support from the public, tax payers, policy makers, Parliamentarians for the Social Pension programme in Zambia.

4. Financial Management

MLSS has accounts officers who handle financial matters of the Ministry but there is need to enhance their skills to bring them to speed with managing social pension scheme finances which are anticipated to be huge. This skill will also reduce chances of fiduciary risk.

5. Procurement Management

The Procurement and Supplies officers of the MLSS would require enhancement of their skills and capacity to handle large procurements during the design and implementation of Social Pension. Some of the requisites (consultancy, MIS) are specialized and therefore will require enhance procurement skills.

6. Social Budgeting and Micro Simulation

Notwithstanding the engagement of Technical Assistance, to be able to roll out the social pension to new districts, the officers will be required to understand and undertake micro - simulations to determine the impact of social pension on poverty, the cost of such role out and expansion and social budgeting. This technical skill is cardinal in the selection of new districts

7. Local and Regional Tour

Most importantly, MLSS should create close links with MCDSS in order to acquire lessons and experiences on various aspects of design and implementation of pilot cash transfer schemes. In order to have a hands-on experience MLSS staff will undertake frequent study visits to Katete and other cash transfers within Zambia and in the regional (Namibia, Lesotho and South Africa). The results will be compiled analysed and compared. This will call for enhanced transportation as the department currently only has one old vehicle that might to undertake long distances.

4.3.2 Output 2: MLSS has all documents ready and prepared for Policy and Legal Framework for a Universal Social Pension in place

A conducive and supportive policy and legal environment are an essential component for the operationlization and implementation of the proposed social pensions. The Ministry will therefore ensure during the inception phase that the all necessary documentation for the finalization of policy and legislative provision is submitted on time available to ensure a smooth implementation process.

Managing a universal social pension scheme is within the mandate of Ministry of Labour and Social Security. According to the FNDP, one of the mandates of the MLSS is to promote social protection through the creation of a comprehensive social security system. The key strategy outlined in the FNDP is to improve social security service delivery and to extend social security contingencies to those that are currently excluded. The FNDP also suggests that the Ministry of Labour and Social Security carry out research on social security in order to monitor social security trends and to establish and maintain a social security data base. This is also highlighted in the National Employment and Labour Market Policy and the Decent Work Country Programme for Zambia.

The MLSS through the National Social Security Reform Steering Committee submitted the Draft National Social Security Policy which provides for the principal of monthly payments for elderly people aged 60 years and above. However, Cabinet has not yet set the policy as an agenda item. After the policy has been approved by Cabinet, there will be need to engage some Technical Assistance to assist with developing a more appropriate and precise policy and legislation addressing social pensions. The other alternative would be to review the draft social security policy and amend it in such a manner that it addresses social pensions more precisely and comprehensively.

For the policy and legislative process to be successful, support from politician, particularly MP, would be required. MPs will need to appreciate the impact of the programme on their constituents before they could support it. Policy makers and other senior government officials and technocrats also have to be convinced through seminars, TV / radio programmes and documentaries, sensitization tours and other means of awareness as these form government's think tank. The awareness programmes are meant to sell the ideal of social pensions in the pursuit of influencing outcomes such as public-policy and resource allocation decisions. In order to achieve this, there is need for a very good advocacy strategy. HelpAge International has been identified as one of the lead players in the social cash transfer advocacy field and therefore MLSS will explore means of engaging HelpAge for technical assistance.

Pursuant to the legal / policy development and the advocacy process, MLSS will encourage the participation of the appropriate stakeholders to enhance transparency and acceptability right from the on-set. Stakeholder consultative workshops will have to be reasonable to include travelling and lodging expenses for MPs in order to achieve a good turn-up and ultimate support for the programme.

4.3.3 Output 3.0: Comprehensive scheme design for Universal Social Pensions completed and costed

In order to implement the social pensions, there is need for an action plan or implementation plan alongside the design and the manual of operations. As much as these require a certain technical skill set, stakeholder participation will be encouraged as much as possible. The design will be the most important output as it will be the blueprint or roadmap upon which all programme aspects will depend.

Designing of the social pensions scheme is perhaps the most import component of the programme in that it provides the blueprint or foundation upon which all other components are built or derived from. Designing constitutes the planning phase and includes targeting, delivery, payment mechanisms and structures.

Taking into account the dynamic and complex nature of designing a social pension scheme, MLSS will engage technical assistance to assist with the various aspects; obviously this would be done in consultation with social partners. Workshops will be organized to bring together experts and key stakeholders to discuss the design of the universal social pension with a view of coming up with a viable and generally accepted design.

Once the design has been agreed upon, the next stage would be to develop detailed proposal on implementation of a national social pension scheme, including budgets and new districts for staged rolling out of the social pensions identified, for submission to both Ministry of Finance and Cooperating Partners this will be developed alongside the Manual of Operations.

During the design mission, one important undertaking should be to learn and capture lessons from Katete pilot and other successful pensions schemes in Southern Africa.

The department will be undertaking fact finding and lesson learning tours of Katete cash transfer pilot project and new districts identified for SCTs with the view of understanding challenges faced on the grounds in implementation cash transfers. Additional tours of Katete Cash Transfers will be organized for Ministers, PSs of MLSS, MFNP, MCDSS and selected MPs. The aim of the tours would be to expose the officials to the impact of the programme on peoples' lives. Further to this, study tour would be undertaken for advocacy and learning purposes in Lesotho, Namibia and Mauritius.

TA from expert in M&E will be required to assist the MLSS in undertaking M&E and help the MLSS identify independent institutions to be engaged to carry out M&E. This level of technical skill is currently not fully developed in the Ministry. It is important to incorporate the M and E mechanism within the design in order to ensure accurate measurement of progress.

TA from experts in Management Information System (MIS) will also be required to assist the MLSS in developing an appropriate MIS and a compatible database on social pension in Zambia. This level of technical skill is currently not fully developed in the Ministry. The principle elements of the MIS will also be an integral component of the design mission.

The International Labour Organisation (ILO) has been identified to provide technical assistance to cost the universal social pensions and to develop a detailed budget for the implementation of Universal Social Pension. Simultaneously, the MoFNP will be engaged for the introduction of a Government Budget Line on the Universal social pension.

4.3.4 Output 4.0: Capacity building and institutional strengthening plan (CB & ISP) developed for implementation of national social pension scheme

MLSS currently has 22 field labour stations throughout the country while Zambia has 72 districts in 9 provinces. The Department of Social Security is centrally located at the Ministry of Labour and Social Security.

Output one above is meant to equip the MLSS staff with the necessary skills to oversee, coordinate and manage a universal social pensions at central level. This section will deal with issues relating to the structures that will be used for delivering the pensions. There are a number of options that can be used as a delivery mechanism including the following:

a. Expand the staffing levels of the DSS
b. Engage the private sector
c. Engage NGOs
d. Engage government ministries
e. Engage parastatals
f. Combination of the above

What seems to be more appropriate and cost effective would be (f) a combination because not there is no single organisation with adequate national coverage and skill. Delivery of a social pension may require a mixed institutional framework with the optimal capacities to handle all the associated scope of tasks. This brings us to the next question relating to the optimal combination or mix and the coordination issues that arise thereof. Unfortunately, this question cannot be adequately answered without carrying out a survey.

MLSS will have to undertake a form of an institutional audit of the available government agencies, NGOs, CBOs and other organisations including pension schemes and their willingness and ability to deliver the programme or part of it. MLSS will Identify and engage potential partners and systems for the delivery of a national social pension scheme. Through the capacity and institutional assessment, insufficiencies will be identified and corrective measures will be proposed. This assessment will be undertaken with the support of some consultancy.

A capacity and institutional strengthening plan will be developed for the most suitable network of institutions to be involved in the scheme implementation.

In light of the above MLSS will develop a interim capacity plan and budgeted, identifying training and institutional strengthening needs through an institutional assessment identifying current gaps, to support inception process.

In order to adequately measure progress, the indicators to be used for M and E shall include the following:

- Procurement Plan and budget developed and agreed with CPs

- MLSS staff participates in social pensions activities organised by MCDSS as part of learning.

In terms of delivery structures, the MLSS will explore the possibilities of partnering with a number of stakeholders including NGOs and other government ministries and agencies. This arrangement would entail that MLSS would provide the overall co-ordination and oversight functions at headquarters and this would smoothen operations and reduce on duplicity and fiduciary risks.

4.3.4 Output 5.0: Ministry of Labour takes over running of Katete pilot scheme

In line with design mission recommendations, MLSS may be required to take over the Katete Cash Transfer Scheme from the MCDSS towards the end of the inception stage. The two ministries would therefore have to work in close collaboration to facilitate and enhance the transfer of knowledge and experience. NGOs like Care International may be engaged as an agent to conduct caretaking arrangements on behalf of MLSS.

The two ministries have to develop a handover plan which will detail the activities that have to be undertaken by both ministries to ensure a smooth handover of the scheme. The hand over plan has to be mutually agreed upon by both ministries and has to be prepared in good time. The handover plan will terms and systems upon which the scheme will be managed and administered. In conformity with the design, the Katete scheme may be used as the base scheme to trigger the scale up of the universal social pension to other parts of the country.

7.0 WORK PLAN FOR SOCIAL PENSIONS INCEPTION PHASE

Inception phase activities will be implemented for a period of 18 months, from the third quarter of 2009 up to the first quarter of 2011. The work plan below outlines the activities that will be undertaken in each quarter. The Gantt Chart in Appendix 3 presents a more detailed outline of when exactly each activity will be implemented. This will help all stakeholders to monitor our progress in implementing the planned activities under the inception phase.

YEAR	ACTIVITIES
2010 – QTR 2	• **Interim capacity plan developed and budgeted, identifying training and institutional strengthening needs through an institutional assessment identifying current gaps, to support inception process** • **Develop a Training Plan and budget to be agreed upon with CPs and commence training** • **develop Procurement Plan and budget to be agreed upon**

YEAR	ACTIVITIES
	with CPs
2010 – QTR 3	• MLSS staff participate in social cash transfers activities organised by MCDSS as part of learning • Monitor staff capacity development for the implementation of the inception phase
2010 - QTR 4	• Engage TA to support review and revision of legal and policy framework in consultation with social partners • Conduct Advocacy programmes with key stakeholders including Parliamentarians, policy makers and civil society(on going up to 2010 QTR4)
2011 – QTR 1	• Revise policy and legal framework and submit to Cabinet/Parliament for approval. • Engage TA to assist with the development of the Design (targeting, delivery, payment mechanisms and structures) • Identify and engage potential partners and systems for the delivery of a national social pension scheme
2011- QTR 2	• Develop detailed proposal on implementation of a national social pension scheme, including budgets and new districts for staged rolling out of the social pensions identified, for submission to both Ministry of Finance and Cooperating Partners • The design for universal social pension developed and agreed with key stakeholders • Learn and capture lessons from Katete pilot and other successful pensions schemes in Southern Africa,
2010 – QTR 2	• Engage TA (ILO) to cost the universal social pensions
2011 – QTR3	• Develop a detailed budget from 2012 for the implementation of Universal Social Pension
2011 – QTR3	• Develop a comprehensive capacity and institutional development plan for 3 years addressing needs of all actors in implementation of national social pension scheme, and including a detailed budget • Start engaging potential implementing partners for the implementation of a national pension scheme
2011 – QTR4	• MLSS takes over the running of the Katete pilot pension scheme from MCDSS, (if GRZ decides to scale up social pensions) • MLSS draws up appropriate exit strategy from Katete in case the pilot is not scaled up, in collaboration with MCDSS
2011 – QTR4	• Prepare activity-based budget for submission to Ministry of Finance and National Planning and potential donors • Train staff in social budgeting / social protection quantitative techniques
2012 – QRT 1	• Introduction of the Universal Social pension in national budget (GRZ)

YEAR	ACTIVITIES
2012 – QRT 2	• **Rollout of the universal social pension to new districts**
2012 – QRT 3	
2012 – QRT 4	

8.0 COSTS AND BUDGET ESTIMATES

The total cost of the inception phase of the Universal Social Pensions for the next 18 months is estimated at US$ 1,129,000.00, as indicated in the table below. Capacity building for the ministry staff who will be involved in the design and implementation of the Universal Social Pension Scheme will cost about US$163,500. Capital equipment which will be necessary for the smooth and un- interrupted implementation of the inception phase is estimated at US$160,500. Advocacy which has been identified as a crucial element of the programme is estimated at US$ 275,000. The Deign mission and the associated undertakings have been estimated at 560,000. A detailed budget is at attached in appendix 1.

BUDGET ITEMS	Persons/Quantity	cost (US$)
Output 1.0: Capacity and Institutional Development for key MLSS staff to design a social pension built /complete inception process		177,500
Output 2.0: MLSS has all documents ready and prepared for Policy and Legal Framework for a Universal Social Pension in place		227,750
Output 3.0: Comprehensive scheme design for Universal Social Pensions completed and costed		350,000
Output 4.0: Capacity building and institutional strengthening plan (CB & ISP) developed for implementation of national social pension scheme		100,000
Output 5.0: Ministry of Labour takes over running of Katete pilot scheme		44,500
Total		**899,750**

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APPENDICES

APPENDIX 1: BUDGET AND COST ESTIMATES

BUDGET ITEMS	Persons/Qty	cost (US$)	Total costs
***Output 1.0:* Capacity and Institutional Development for key MLSS staff to design a social pension built /complete inception process**		**177,500**	**177,500**
1.1 Fill vacancies in the Social Security Department	3	0	0
1.2 in – house Assessment of the MLSS capacity	1	2,300	2,300
1.3 hire of vehicle Katete field study and office equipment	1	23,500	23,500
1.4 Training key MLSS staff in skills necessary for the implementation of Universal Social Pension and study tours	1	151,950	151,950
***Output 2.0:* MLSS has all documents ready and prepared for Policy and Legal Framework for a Universal Social Pension in place**		**227,750**	**227,750**
2.1 Engage TA to policy review and development of laws and regulations for the implementation of Universal Social Pension	1	21,000	21,000
2.2 Develop Advocacy strategy for Universal Social Pension in Zambia	1	5,250	5,250
2.3 TA for implementation of Advocacy strategy and logistics	1	41,500	41,500
2.4 Advocacy workshops and meetings	1	95,000	95,000
2.5 Information sharing meetings with MCDSS and other stakeholders		15,000	15,000
2.6 Publicity material /media programs	1	30,000	30,000
2.7 Ministers, PSs & MPs field tour Katete (Eastern Pro.) and to Namibia	2	35,000	35,000
***Output 3.0:* Comprehensive scheme design for Universal Social Pensions completed and costed**		**350,000**	**350,000**
3.1 Contract Design Team	1	0	0
3.3 Engage TA for the Universal Social Pension Design (agency and consultancy fees)	1	300,000	300,000
3.4 stakeholders workshop on design	1	25,000	25,000
3.5 Field trips, logistic etc	1	25,000	25,000
3.6 Identification of institutions to be used for delivery of the social pensions	1	0	0
***Output 4.0:* Capacity building and institutional strengthening plan (CB & ISP) developed for implementation of national social pension scheme**		**100,000**	**100,000**

4.1 Engage TA to draw up TORs for capacity assessment	1	10,000	10,000
4.2 Engage TA to undertake capacity assessment & Develop capacity and institution strengthening plan (CB&ISP)	1	35,000	35,000
4.3 stakeholder workshop to review and get feedback on the institutional strengthening plan	1	30,000	30,000
4.4 field trips, logistics etc	1	25,000	25,000
***Output 5.0:* Ministry of Labour takes over running of Katete pilot scheme**		**31,000**	**31,000**
5.1 Meeting with MCDSS to discuss hand over plan	1	1,000	1,000
5.2 Handover plan developed and agreed between MLSS, MCDSS	1	0	0
5.3 undertake a lessons learnt study and dissemination of finding	1	30,000	30,000
5.4 Attach MLSS staff to Katete pilot scheme	1	0	0
5.5 takeover of the Katete pilot scheme by MLSS without the MCDSS	1	0	0
5.6 Evaluation at the end of inception phase (constancy, travel & other logistics)	1	10,000	10,000
5.7 Financial audit at the end of inception phase	1	3,500	3,500
			899,750

APPENDIX 2: MLSS LOGFRAME FOR THE UNIVERSAL SOCIAL PENSION INCEPTION PHASE

PROJECT TITLE	**Financial and Technical Support for SP programmes in Zambia – Ministry of Labour**					
GOAL	**Indicator**	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	
GRZ ensures social security coverage through introduction of a Universal Social Pension in for people aged 60 years and above by 2012	National Social Security policy, and specially social pension scale up, approved by Cabinet	Draft policy already submitted to Cabinet	Cabinet has reviewed the draft policy, including new submission on pension scheme (May 2010)	Policy approved by December 2010	Universal Social pension scheme starts in 2012	
		Source				
		MLSS quarterly reports to CPs				

PURPOSE	**Indicator**	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	**Assumptions**
To design a universal social pension scheme and prepare for its implementation by 2012	Cabinet is informed of social pension scheme design via cab info memorandum	Cabinet not formally aware of pension scheme	Scheme design completed by June 2010	Cabinet memo submitted by July 2010	Scheme design approved by 2011	Cabinet considers draft policy on time Draft social security policy is approved
		Source				
		MLSS quarterly reports to CPs				
	Indicator	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	
	MLSS makes a strong budget submission for allocation of GRZ funds towards a new pension scheme in 2011 and 2012	No budget allocations (2010)	Universal SP scheme included in main MLSS workplan and budget May/June 2010	Strong bid for budget allocation made in April May 2011	GRZ allocates budget line for pensions in 2011 and/or 2012	

		Source				
		MLSS quarterly reports and GRZ Yellow Book				
INPUTS (£)	**DFID (£)**	**Govt (£)**	**Other (£)**	**Total (£)**	**DFID SHARE (%)**	
INPUTS (HR)	**DFID (FTEs)**					

OUTPUT 1	**Indicator**	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	**Assumptions**
Capacity and institutional development for key MLSS staff to design a social pension scheme/ complete inception process	Qualified and skilled staff fill all key positions in Social Security Dept	3 vacancies Limited expertise on pensions	No long-term vacancies by 2011	From 2011 MLSS can manage Katete scheme without MCDSS support	No vacancies in Unit and	Staff movement will be predictable and vacancies can be quickly filled GRZ decides to implement pensions and continues with Katete
		Source				
		MLSS Staff establishment				
	Indicator	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	
	Quick Capacity assessment done for inception phase and capacity development plan completed	No assessment (Oct 2009)	Contract consultant to do assessment – Dec 2009		Assessment and Plan completed by Feb 2010	
		Source				
IMPACT WEIGHTING	**Indicator**	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	
10%		0% (2008)	60% (2010)	80% (2012)	100% (2013)	
		Source				**RISK RATING**

		VUP M&E collected by VUP programme				LOW
INPUTS (£)		**Govt (£)**	**Other (£)**	**Total (£)**	**DFID SHARE (%)**	
INPUTS (HR)	**DFID (FTEs)**					

ACTIVITIES FOR OUTPUT 1	**Indicator**	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	**Assumptions**
Capacity and institutional development for key MLSS staff to design a social pension scheme/ complete inception process	Department operating at full staff capacity.	3 vacancies	Authority to employ sought from Cabinet Office by 2011		No vacancies in the department by January 2011	Cabinet expeditiously responds to the request to employ
		Source				
		MLSS staff establishment				
	Indicator	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	
	MLSS task team constituted to carry out a skills gap analysis	No task tram (Oct 2009)	The individuals to sit on the task team identified – Dec 2009		Assessment and Plan completed by Feb 2010	
		Source				
		MLSS Documents				
IMPACT WEIGHTING	**Indicator**	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	
	Skill level for Key MLSS staff to manage, coordinate and oversea the inception phase increased	No skills strengthening strategy undertake	Staff undergo basic courses, workshop & attachments relating to managing the		Key MLSS equipped with skills to manage , coordinate and oversea the inception phase	

			inception stage by March 2009		enhanced by February 2009	
		Source				**RISK RATING**
		MLSS Documents				LOW
INPUTS (£)		**Govt (£)**	**Other (£)**	**Total (£)**	**DFID SHARE (%)**	
INPUTS (HR)	**DFID (FTEs)**					

OUTPUT 2	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	Assumptions
MLSS has all documents ready and prepared for Policy and Legal Framework for a Universal Social Pension in place	Social pension legislation approved by parliament	No legislation	Draft circulated for consultation by June 2010		Social Pension legislation approved(2011)	Cabinet considers draft policy on time Draft social security policy is approved
		Source				
		MLSS documents				
	Indicator	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	
	Effective advocacy with policy makers and MPs	No advocacy strategy or activities	MLSS develops a short advocacy strategy by Jan 2010		80% of activities in advocacy strategy completed	
		Source				
		Workshop reports and media coverage Review of advocacy strategy				
IMPACT WEIGHTING	**Indicator**	**Baseline**	**Milestone 1**	**Milestone 2**	**Target (date)**	
25%						
		Source				**RISK RATING**
						HIGH
INPUTS (£)	**DFID (£)**	**Govt (£)**	**Other (£)**	**Total (£)**	**DFID SHARE (%)**	
INPUTS (HR)	**DFID (FTEs)**					

<table>
<tr><th>ACTIVITIES FOR OUTPUT 2</th><th>Indicator</th><th>Baseline + year</th><th>Milestone 1</th><th>Milestone 2</th><th>Target + year</th><th>Assumptions</th></tr>
<tr><td rowspan="8">MLSS has all documents ready and prepared for Policy and Legal Framework for a Universal Social Pension in place</td><td rowspan="3">Advocacy and Sensitization workshops and TV/radio Programmes undertaken for Policy Makers</td><td>No workshops or TV/Radio programme undertaken</td><td>Parliamentarians, policy makers and civil society are exposed to the positive benefits of social pensions until 2011</td><td></td><td>Parliamentarians, policy makers and civil society are in support of the scheme (2011)</td><td rowspan="9">Sufficient advocacy and awareness activities undertaken on time</td></tr>
<tr><td colspan="4">Source</td></tr>
<tr><td colspan="4">MLSS documents, Media coverage</td></tr>
<tr><td>Indicator</td><td>Baseline + year</td><td>Milestone 1</td><td>Milestone 2</td><td>Target + year</td></tr>
<tr><td rowspan="3">Field study visits for key parliamentarians / policy makers are undertaken to Katete and other regional social pension schemes</td><td>No Field studies undertaken by key parliamentarians / policy makers</td><td>Parliamentarians, policy makers and civil society are exposed to the positive benefits of social pensions until 2011</td><td></td><td>Parliamentarians, policy makers and civil society are in support of the scheme (2011)</td></tr>
<tr><td colspan="4">Source</td></tr>
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<tr><td>IMPACT WEIGHTING</td><td>Indicator</td><td>Baseline</td><td>Milestone 1</td><td>Milestone 2</td><td>Target (date)</td></tr>
</table>

25%						
		Source				**RISK RATING**
						LOW
INPUTS (£)	**DFID (£)**	**Govt (£)**	**Other (£)**	**Total (£)**	**DFID SHARE (%)**	
INPUTS (HR)	**DFID (FTEs)**					

OUTPUT 3	**Indicator**	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	**Assumptions**
Comprehensive scheme design for Universal social pension completed and costed	Scheme design approved MLSS Snr management	Only concept note (2009)	Design team contracted by Jan 2010	Design of pension scheme completed June 2010	Scheme design approved by 2011	Financial commitment requires cabinet approval
		Source				
		MLSS reports				
	Indicator	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	
	Multi-year budget and financing plan agreed by Government and cooperating partners as appropriate	Concept note has some costings	Engage TA to do costings by Jan 2010	Multi-year budget completed by May 2010	Financing plan for pension scale up agreed by April 2011	
		Source				
IMPACT WEIGHTING	**Indicator**	**Baseline**	**Milestone 1**	**Milestone 2**	**Target (date)**	
30%	Agreement reached on	0	60%	80%	100%	

	most appropriate and cost effective implementation modality for SPS	**Source**				**RISK RATING**
		VUP M&E collected by programme				MEDIUM
INPUTS (£)	**DFID (£)**	**Govt (£)**	**Other (£)**	**Total (£)**	**DFID SHARE (%)**	
INPUTS (HR)	**DFID (FTEs)**					

ACTIVITIES FOR OUTPUT 3	**Indicator**	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	**Assumptions**
Comprehensive scheme design for Universal social pension completed and costed	Consultant contracted to draft TORs and Manage TA support	No design team (2009)	Consultant contracted to draft TORs and Manage TA support	TOR drafted with TA support by December 2009	All team assembled by February by 2011	Tender procedures are carried out in good time
		Source				
		MLSS reports				
	Indicator	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	
	Develop Procurement plan	No procurement plan in place. Government has cumbersome procurement procedures	TA to Draft the Procurement Plan contracted by January 2009		Procurement plan in place by March 2010	

		Source				
IMPACT WEIGHTING	**Indicator**	**Baseline**	**Milestone 1**	**Milestone 2**	**Target (date)**	
30%		0	60%	80%	100%	
		Source				**RISK RATING**
						MEDIUM
INPUTS (£)	**DFID (£)**	**Govt (£)**	**Other (£)**	**Total (£)**	**DFID SHARE (%)**	
INPUTS (HR)	**DFID (FTEs)**					

OUTPUT 4	**Indicator**	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	**Assumptions**
Capacity building and institutional strengthening plan (CB & ISP) developed for implementation of national social pension scheme	Capacity and institutional assessment done of all agencies to be involved in implementation of SPS	No plan	Engaging TA to carry out assessment by Jan 2010		Assessment completed by June 2010	Capacity building plan may require creation of new posts for civil servants in MLSS
		Source				
		VUP M&E collected by programme				
	Indicator	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	
	CB and ISP completed, costed and agreed with Finance and CPs.	None at the moment	Engage TA to develop plan by Sept 2010		Plans and costing completed by December 2010	
		Source				

IMPACT WEIGHTING	Indicator		Milestone 1	Milestone 2	Target (date)	
25%	ISP and CP plans					
		Source				RISK RATING
						LOW
INPUTS (£)	DFID (£)	Govt (£)	Other (£)	Total (£)	DFID SHARE (%)	
INPUTS (HR)	DFID (FTEs)					

ACTIVITES FOR OUTPUT 4	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	Assumptions
Capacity building and institutional strengthening plan (CB & ISP) developed for implementation of national social pension scheme	Engaging TA to carry out assessment by Jan 2010	No team in place	TORs developed for the assessment by Jan 2010		TA team in place by June 2010	TOR are accurately and timeously done
		Source				
		VUP M&E collected by programme				
	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	
		Source				
IMPACT WEIGHTING	Indicator		Milestone 1	Milestone 2	Target (date)	

25%						
		Source				**RISK RATING**
						LOW
INPUTS (£)	**DFID (£)**	**Govt (£)**	**Other (£)**	**Total (£)**	**DFID SHARE (%)**	
INPUTS (HR)	**DFID (FTEs)**					

OUTPUT 5	**Indicator**	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	**Assumptions**
Ministry of Labour takes over running of Katete pilot scheme	Handover plan agreed between MCDSS and MLSS, and CPs	No plan	Plan drafted by MLSS and being circulated by November 2010		Plan agreed by all stakeholders by Dec 2010	Social Pension policy has been approved by Cabinet.
		Source				
		MLSS documents and SAG meeting minutes				
	Indicator	**Baseline + year**	**Milestone 1**	**Milestone 2**	**Target + year**	
	Systems in place in MLSS to manage Katete Scheme	No systems in place	Design and agree system for management of Katete by Sept/Oct 2010		Katete beneficiaries are being paid by MLSS systems by May 2011	
		Source				
		MLSS quarterly reports				

IMPACT WEIGHTING	Indicator	Baseline	Milestone 1	Milestone 2	Target (date)	
10%						
		Source				RISK RATING
						MEDIUM
INPUTS (£)	DFID (£)	Govt (£)	Other (£)	Total (£)	DFID SHARE (%)	
INPUTS (HR)	DFID (FTEs)					

ACTIVITIES FOR OUTPUT 5	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	Assumptions
Ministry of Labour takes over running of Katete pilot scheme	MLSS staff have the capacity to manage the scheme	MLSS staff have limited skills to manage Katete scheme	Afield study visits to Katete		MLSS staff acquire Hands-on exposure on managing katete scheme by Dec 2010	Social Pension policy has been approved by Cabinet.
		Source				
		MLSS documents				
	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	
		Source				
		MLSS quarterly reports				
IMPACT WEIGHTING	Indicator	Baseline	Milestone 1	Milestone 2	Target (date)	

10%						
		Source				**RISK RATING**
						MEDIUM
INPUTS (£)	**DFID (£)**	**Govt (£)**	**Other (£)**	**Total (£)**	**DFID SHARE (%)**	
INPUTS (HR)	**DFID (FTEs)**					

APPENDIX 3: GANTT CHART

	2010									2011												2012		
Activity /Month	**APR**	**MAY**	**JUN**	**JUL**	**AUG**	**SEP**	**OCT**	**NOV**	**DEC**	**JAN**	**FEB**	**MAR**	**APR**	**MAY**	**JUN**	**JUL**	**AUG**	**SEP**	**OCT**	**NOV**	**DEC**	**JAN**	**FEB**	**MAR**
Output 1.0: **Capacity and institutional development for key MLSS staff to design a social pension scheme/ complete inception process**																								
1.1 Fill vacancies in the Social Security Department																								
1.2 Purchase of office equipments and creation of office space for an expert																								
1.3 Quick Assessment of the MLSS capacity																								
1.4 develop capacity building plan																								

1.3 engage TA to carry out an assessment of the MLSS institution capacity																								
1.4 Training key MLSS staff in skills necessary for the implementation of Universal Social Pension																								
1.5 Opening of Social Pension Banks Account under MLSS																								
Output 2.0: **MLSS has all documents ready and prepared for Policy and Legal Framework for a Universal Social Pension in place**																								
2.1 Engage TA to review policy and develop laws and regulations for the implementation of USP																								
2.2 Engage TA to Develop Advocacy strategy for Universal Social Pension in Zambia																								
2.3 circulate for consultation draft policy and backing regulations for USP																								

2.4 Advocacy Workshops with policy makers, MPs, Civil Society and NGOs on the policies and bills.																								
2.5 Stakeholders workshop on design																								
2.6 information sharing meeting with CARE?MCDSS																								
Output 3.0: **Comprehensive scheme design for Universal social pension completed and costed**																								
3.1 contract Design Team																								
3.2 develop the design of the USP and operation manual for approval by MLSS Senior Management																								
3.3 Engage TA to do costing for the USP																								
3.4 prepared a multi-year budget and financial plan to be agreed by GRZ and CPS																								
3.5 identify the most appropriate and cost effective implementation modality for USP																								
3.6 Identification of institutions to																								

be used for delivery of the social pensions																								
Output 4.0: **Capacity building and institutional strengthening plan (CB & ISP) developed for implementation of national social pension scheme**																								
4.1 Engage TA to carry out capacity assessment of MLSS and key institutions involved in the implementation of the USB																								
4.2 Engage TA to Develop capacity and institution strengthening plan (CB&ISP)																								
4.3 cost CB&ISP to be agreed by CP and GRZ																								
4.4 Hold lesson learning workshops																								
Output 5.0: **Ministry of Labour takes over running of Katete pilot scheme**																								
5.1 Plan to take over Katete drafted by MLSS and circulated to all stakeholders																								
5.2 Handover plan developed and agreed between MLSS, MCDSS																								
5.3 establish systems necessary for take over of the running of Katete Pilot scheme																								

5.4 attach MLSS staff to Katete pilot scheme																								
5.5 takeover of the Katete pilot scheme by MLSS without the MCDSS																								