THE TRANSFER PROJECT

RESEARCH BRIEF

The broad range of cash transfer impacts in sub-Saharan Africa:

Consumption, Human Capital and Productive Activity

Introduction

This brief brings together the critical mass of evidence that has emerged from recent rigorous impact evaluations of government-run cash transfer programmes in sub-Saharan Africa (SSA). Most, but not all of the evidence presented here comes from the evaluations supported by the Transfer Project (led by UNICEF, FAO, Save the Children-UK, UNC, and national governments, among other partners), a community of practice created to share lessons, experience and expertise between evaluators, government programme managers and development partners. Within the Transfer Project, a subset of countries participated in the FAO-led From Protection to Production (PtoP) project, which focused on measuring the impact of cash transfers on productive and economic activities. Most of these evaluations used mixed methods, combining quantitative and qualitative approaches with general equilibrium modelling of local economy impacts. This brief is based on evidence from government-run cash transfer programmes, conditional or unconditional, from Ethiopia, Ghana, Kenya, Lesotho, Malawi, South Africa, Zambia and Zimbabwe.

Background: National Cash Transfer Programs

During the past decade, a growing number of sub-Saharan African governments have launched cash transfer programmes as part of their social protection strategies. Many of these government-led programmes originated from a concern about vulnerable populations, often in the context of food insecurity and HIV/AIDS. This has driven the setting of objectives and targeting towards an emphasis on the ultra-poor, labour-constrained households and/or households caring for orphans and vulnerable children (OVC). The majority of the transfer programmes in SSA are unconditional, with strong community participation in targeting and case management, and have been designed to improve food security, health, nutritional and educational status, particularly in children. However, since cash is provided unconditionally and not tied to specific behaviours, households are free to invest in any way they would like including in economic and productive activities.

What does the evidence say?

Subjective wellbeing

Cash transfers make people happier and give beneficiaries hope, a precondition for families to want to invest in the future. This sentiment echoed through both the qualitative and quantitative analysis. In Ghana, the program increased happiness by 16 percentage points (pp), in Kenya recipients showed a 6 pp increase in the quality of life index, in Malawi the share of households satisfied with their life increased by 20 pp, and in Zambia the share of households who feel that they are now better off increased by 45 pp. In the qualitative work in Ghana, recipients spoke about the important effect on 'self-esteem' and 'hope' that the program had brought about.

Country	Cash Transfer Programme	Baseline	Follow-up
Ethiopia	Tigray Minimum Social Protection Package	2012	2014*
Ghana	Livelihood Empowerment Against Poverty (LEAP) Programme	2010	2012
Kenya	Cash Transfers for Orphans and Vulnerable Children (CT-OVC)	2007	2009, 2011
Lesotho	Child Grant Programme (CGP)	2011	2013
Malawi	Social Cash Transfer (SCT) – Mchinji	2007	2008
Malawi	Social Cash Transfer (SCT) – Expansion & E-Payment pilot	2013	2014*, 2015*
South Africa	Child Support Grant (CSG)	--	2010-11
Zambia	Child Grant Programme (CGP)	2010	2012, 2013*
Zambia	Social Cash Transfer (MCT)	2011	2013*, 2014*
Zimbabwe	Harmonized Social Cash Transfer (HSCT)	2013	2014*, 2015*

*Data or results not yet available for inclusion in the brief

Impacts for children: health and education

Cash transfer programs have had a strong and consistent impact across countries on school enrolment, most clearly among secondary age children (usually age 12 to 17), who face the largest financial barriers to schooling. These impacts on secondary level enrolment range from 5 to 10 pp in Ghana, Kenya, Lesotho, Malawi, South Africa and Zambia. These effect sizes compare favourably to effect sizes from conditional cash transfer programs around the world. Most programs report equal impacts for boys and girls. Only one of these programs, the Lesotho CGP, reports lower impacts for girls relative to boys (4 versus 8 pp). Evidence on other education indicators suggests that cash transfers also reduce repetition (Ghana, Kenya) and increase school attendance (Ghana, Malawi, Lesotho). In one case (Kenya), impacts are significantly greater for families that face larger out-of-pocket costs for schooling. Finally, both the Zambia and Lesotho programs led to large effects on children's access to shoes and clothing, a key factor in school attendance.

Cash transfer programs have had a consistently significant impact in reducing morbidity, with somewhat less consistency in use of health care. Programs in Zambia, Kenya, Malawi, Lesotho and South Africa all reduced morbidity in children, measured as diarrhoea (for young children) or illness, with impacts ranging 15 pp in Lesotho to 5 pp Zambia and South Africa. In both Kenya and Ghana the programs led to increased use of preventative care. In Kenya for example, there was a 12 pp increase in well-baby clinic attendance, a 15 pp increase in full immunization and a 16 pp increase in heath card ownership among pre-schoolers. Importantly, these impacts emerged only after 4 years, suggesting that health impacts may take longer to manifest themselves than those for schooling which appear almost immediately. In Ghana, the LEAP program was explicitly linked to the National Health Insurance Scheme, leading to a 20 pp increase in access to health insurance. The Zambia program led to an improvement in Infant and Young Child Feeding, as well as an improvement in early childhood development indicators. In three countries—Zambia, Kenya and Malawi—the programme led to increases in health expenditures. Finally, both the Kenya and Lesotho programs led to significant increases in access to birth certificates and/or registration.

Photo: S. Abdoulayi

Food and nutrition security

Cash transfers had a clear and consistent impact on improving food security and nutrition security across all countries, both based on objective and self-reported measures. Food security was measured in different ways across Zambia, Malawi, Ghana and Lesotho—share of households eating more than one meal a day, the number of months with extreme food insecurity, a variety of food security indices, the share of children going hungry or with few meals—but in each country household food security status improved. For example, in Zambia there was an 8 pp increase in households having more than 1 meal per day while in Lesotho, the programme led to an 11 pp reduction in the proportion of children who had to eat fewer meals because of food shortage.

Participation in a cash transfer program led to an increase in food expenditure between 10 to 30 percent in Zambia, Kenya and Malawi, a part of which was spent on significantly larger amounts of animal-based foods, particularly meat and dairy, contributing to increased dietary diversity among beneficiaries. No impact on food expenditure, nor dietary diversity, was found in Ghana or Lesotho, a result potentially related to the unpredictability in delivery of cash to beneficiaries.

The impact of cash transfer programs on child anthropometric measures has been less clear. The programs in Zambia and South Africa did show evidence of significantly reduced stunting among better-educated mothers while in Malawi the program significantly reduced under-nutrition. And there are consistent impacts on intermediate nutrition indicators - dietary diversity, meal frequency, food consumption as well as participation in health and nutrition activities which are expected to contribute to nutrition outcomes in the longer-term. The lack of consistent impacts on anthropometric outcomes is likely due to the complex multiple underlying determinants of nutritional status, the short-time frame of most evaluations, and the relatively small number of young children among largely OVC or labour constrained populations.

Adolescent wellbeing and safe transition to adulthood

Evidence is emerging that cash transfers also contribute to facilitating a safe transition for adolescents and youths to adulthood. The safe transition has a number of dimensions, including reducing risky sexual behaviour which has long term implications, adolescent mental health and perceptions of the future. The programme in Kenya led to an 8 pp reduction in sexual debut, a 6 pp reduction in pregnancy and a 5 pp reduction in the probability of showing depressive symptoms among young people. The CSG in South Africa led to a 16 pp reduction in sexual debut, and those receiving the grant at earlier ages had reduced likelihood of alcohol and drug use in teenage years. This emerging evidence from Kenya and South Africa (and forthcoming in other countries) thus shows that social cash transfers can play a critical role in addressing the social and economic drivers of the HIV epidemic: inequality, education, food insecurity and poverty.

Livelihoods

Cash transfer programmes had a variety of impacts on household livelihood strategies, especially agricultural activities. In Zambia, receipt of the CGP led to an increase in the area of worked land as well as an increase in the use of agricultural inputs. The increase in input use led to an increase in the value of overall production, which was primarily sold rather than consumed on farm. In Lesotho, the programme increased crop input use and expenditures. As in Zambia, the increase in input use led to an increase in production, as well as to an increase in the frequency of garden plot harvest. The cash transfer programme led to an increase in agricultural input use in Ghana, and to a decrease in Kenya, though in neither case did the transfers lead to an increase in agricultural production.

In almost all programmes in which it was measured, cash transfers led to an increase in the ownership of livestock. This ranged from impacts on all types of animals, large and small, in Zambia and Malawi, to small animals in Kenya, Lesotho and Tanzania. No impact was found in Ghana. Similarly, the programmes in Zambia and Malawi led to an increase in the purchase of agricultural tools, with no impact in Kenya, Lesotho and Ghana. Finally, the Zambia CGP led to a 16 pp increase in households with non-agricultural business enterprises. The Kenya CT-OVC led to a similar increase among female-headed households, and a decrease among male headed households. No other programme had an impact on non-agricultural business enterprise formation.

Along with the increase in agricultural activities as a result of the programmes, households have increased time spent working on their own farms– the programmes in Zambia and Malawi, and to a lesser extent in Kenya, led to a shift from agricultural wage labour to on-farm activities for adults. In both Kenya and Lesotho this shift varied by age and gender. The shifts from agricultural last resort wage labour (casual labour) to on farm activities were consistently reported in fieldwork in Kenya, Ghana, Lesotho, Malawi and Zimbabwe. The cash transfers had mixed results on child labour, with a reduction in child on-farm labour in Kenya and Lesotho, a switch from off-farm wage labour to on-farm activities in Malawi, and no negative impacts in Zambia or Ghana.

Improving coping mechanisms and social participation

Cash transfers in almost all countries have allowed beneficiary households to increase participation in social networks, reduce negative coping strategies, and to better manage risk. Fieldwork in Kenya, Ghana, Lesotho, Zimbabwe, Ethiopia and Malawi found that the programmes increased social capital and allowed beneficiaries to “re-enter” existing social networks and/or to strengthen informal social protection systems and risk-sharing arrangements, results corroborated by econometric analysis in Ghana and Lesotho. Receipt of the transfer allowed beneficiaries themselves to support other households or community institutions, such as the church.

A reduction in negative coping strategies such as begging was seen in Malawi, Ethiopia and Lesotho, while in almost all countries beneficiary households are less likely to take their children out of school. Moreover, the cash transfer programmes allowed households to be seen as more financially trustworthy, to reduce debt levels and increase credit worthiness.

Photo: S. Handa

Multiplier effects in the local economy

As beneficiaries spend transfers, their impacts are transmitted to others inside and outside the local economy, often to households not eligible for the cash transfer. These income multipliers are measured via a village economy model in six countries, and ranged from 2.52 in Hintalo-Wajirat in Ethiopia to 1.34 in Nyanza, Kenya. That is, for every Birr transferred by the programme in Hintalo-Wajirat, up to 2.52 Birr in income can be generated for the local economy. These multiplier effects could be limited by credit, capital and other market constraints, which limit the local supply response to meet the increase in demand brought about by the cash transfer programme. However, the key insight of this analysis is that non-beneficiaries and the local economy also benefit from cash transfer programmes via trade and productive linkages, and these benefits become larger when businesses can respond to demand brought about by the programme.

What explains the differences in results across countries? *Predictability, transfer size, demographic profile and market dynamics.*

A number of factors are behind the differences in results across countries. First, regular and predictable transfers facilitate planning, consumption smoothing and investment. Households that receive lumpy and unpredictable transfers, such as was the case in Ghana, are likely to spend the money differently. Second, the amount of the transfer matters. The size of the transfer as a share of per capita consumption of beneficiary households ranged from 7 percent in Ghana to almost 30 percent in Zambia; as a result the impacts on consumption are much stronger in Zambia. Third, the demographic profile of beneficiary households also matters. Most of the cash transfer programmes included in this brief by design have a large proportion of missing generation, labour constrained households, with older children. The CGP in Zambia was the exception, with a target population of young families with small children. Finally, differential access to assets besides labour, the nature of local markets, the effectiveness of local committees in implementing a given programme, the availability and quality of public services, and the nature of programme messaging, all play a role in influencing the impacts of the programme. For example, strong messaging about caring for children in the Lesotho programme coincided with large impacts on children's clothing and shoes despite small overall consumption impacts.

Conditioning cash payments on school enrolment or health clinic visits has not been implemented in the SSA context on a wide scale for a variety of reasons, including supply-side constraints which effectively discriminate against the most isolated and socially excluded, capacity issues with monitoring conditions, and because programs have objectives that go well beyond single sector objectives. This flexible approach which allows households to invest the money where they see fit is consistent with the larger range of impacts (consumption, social and productive) that characterize the SSA experience and which contrasts sharply with the Latin American evidence where most evidence is limited to the sectors conditioned by the programmes. Nevertheless, there remain opportunities to leverage cash transfers to enhance impacts on schooling, health and other objectives, without constraining households through conditions, for example by providing complementary services or peer-support networks that are linked to schooling and health, and that support families to invest in human capital.

Photo: S. Abdoulayi

REFERENCES

The list of sources for this policy brief can be found on the Transfer Project website at: **www.cpc.unc.edu/projects/transfer/publications/other**.

Other resources can be found on the PtoP website at: **www.fao.org/economic/ptop/publications/reports**.