

Five cash transfer programs in five countries: What can we say about the potential for SCT programs to deliver economic gains to the rural poor?

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Impact evaluations across SSA countries

- **Malawi SCT**
 - Mchinji pilot, 2008-2009
 - Expansion, 2013-2014
- **Kenya**
 - CT OVC, Pilot 2007-2011
 - CT OVC, Expansion, 2012-2014
 - HSNP, Pilot 2010-2012
- **Mozambique PSA**
 - Expansion, 2008-2009
- **Zambia**
 - Monze pilot, 2007-2010
 - Child Grant, 2010-2013
- **South Africa CSG**
 - Retrospective, 2010
- **Burkina Faso**
 - Experiment, 2008-2010
- **Ethiopia**
 - PNSP, 2006-2010
 - Tigray SPP, 2012-2014
- **Ghana LEAP**
 - Pilot, 2010-2012
- **Lesotho, CGP**
 - Pilot, 2011-2013
- **Uganda, SAGE**
 - Pilot, 2012-2014
- **Zimbabwe, SCT**
 - Pilot, 2013-2015
- **Tanzania, TASAF**
 - Pilot, 2009-2012
 - Expansion, 2012-2014

What we hypothesized

Primary targets: income safety net + investment in health & education of children.

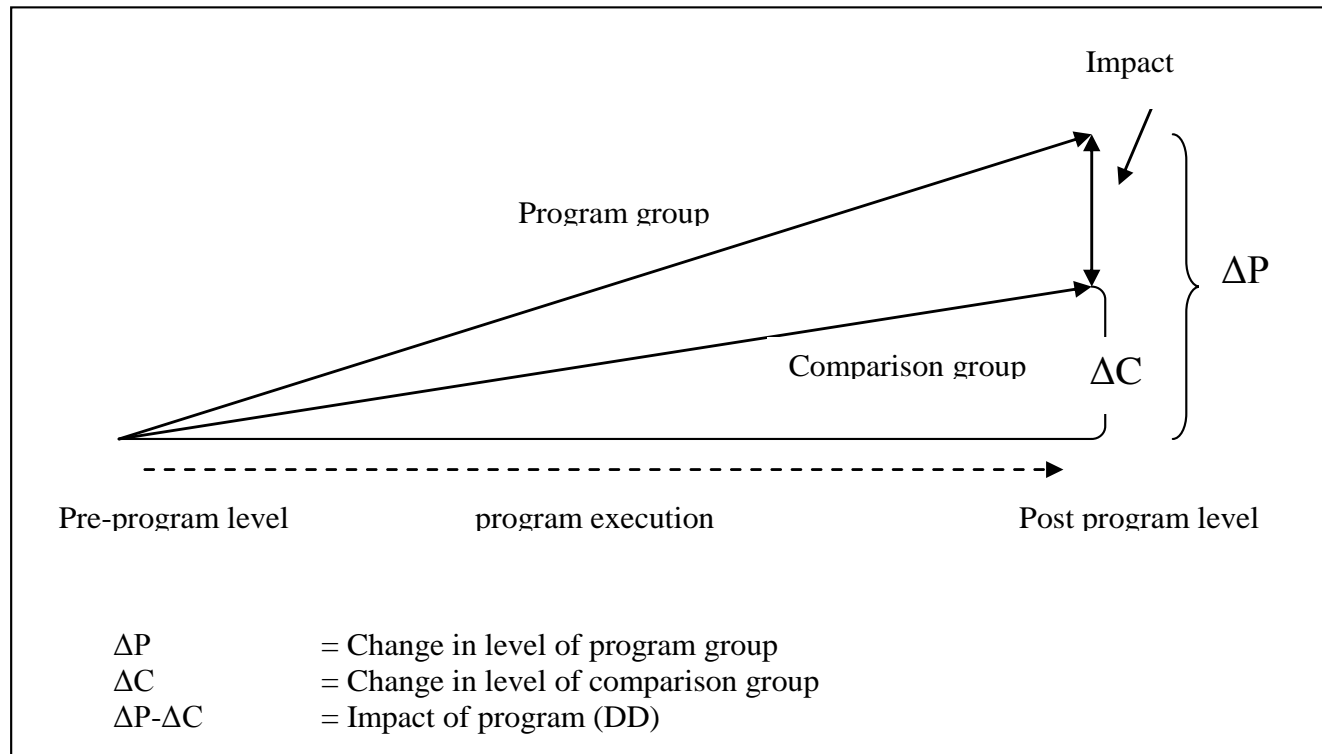
But reasons to believe the transfer might enable:

- ▶ increased investment in productive activity: on & off-farm
- ▶ investment in crop inputs and farm implements
- ▶ purchases of livestock
- ▶ increase in labor devoted to more productive and desirable employment
- ▶ reduction in less desirable forms of employment (casual piece job agricultural labor)
- ▶ participation in social networks of reciprocity and support

...so, what do we see?

Analytical framework

- ▶ Randomized phase-in of beneficiaries creates treatment (T) and control groups (C)
- ▶ Impacts are established comparing changes in indicators between T and C (difference-in-differences)



What we find: productive activities

	Zambia	Malawi	Kenya	Lesotho	Ghana
Agricultural inputs	+++		- - -	++	+++
Agricultural tools	+++	+++	NS	NS	NS
Agricultural production	+++		NS	++(1)	NS
Home production of food	NS	+++	+++		NS
Livestock ownership	All types	All types	Small	++(2)	NS
Non farm enterprise (NFE)	+++	NS	+FHH	NS	NS

- 1) Maize and garden plot vegetables
- 2) Pigs

What we find: labor allocation

adults	Zambia	Kenya	Malawi	Lesotho	Ghana
Agricultural/casual wage labor	---	---	---	--	NS
Family farm	+++	+++	+++	NS	+++
Non farm business (NFE)	+++	+++		NS	NS
Non agricultural wage labor	+++	NS	NS	NS	NS
children					
Wage labor	NS	NS	---	NS	NS
Family farm	NS	--- (1)	+++	NS	NS

1) Particularly older boys

No clear picture on child labor
(but usually positive impacts
on schooling)

Shift from to own
farm

What we find: social networks and risk coping strategies

	Zambia	Kenya	Malawi	Ghana	Lesotho
Negative risk coping			---		---
Pay off debt	+++			+++	NS
Borrowing	---	NS		---	NS
Purchase on credit	NS			NS	NS
Savings	+++	+++		+++	
Give informal transfers			NS	+++	+++
Receive informal transfers			---	NS	+++

Qualitative results:

- Re-engagement with social networks, re-investing in alliances and social security
- Allow to participate, to “mingle” again
- Increase in savings, paying off debt and credit worthiness

What we find: food security

Food security asked about in different ways across countries. All, however, positive.

	Zambia	Kenya	Malawi	Ghana	Lesotho
Inadequate for @ least 1 month					NS
Months with sufficient food			+++		NS
Months some shortage					+++
Months extra shortage					- - -
Eats more than one meal a day	+++		+++		
Food security scale	+++		+++	+++	NS
Is not severely food insecure	+++				
Better off than 12 months ago	+++				
Child smaller meal					- - -
Child fewer meals than needed				- - -	- - -
Child sleep hungry				- - -	NS

What we find: nutrition

	Zambia	Kenya (1)	Malawi	Ghana	Lesotho
Meat	+++	+++	+++	---	NS
Dairy	+++	+++	+++	NS	NS
Cereals	+++	NS	+++	NS	NS
Fruits/vegetables	NS	NS	+++	NS	NS
Sugars	+++	+++	+++	NS	NS
Fats, oil, other	+++	+++	+++	+++	NS
Dietary diversity	+++	+++	+++	NS	NS

1) 2007-2009

Big impact

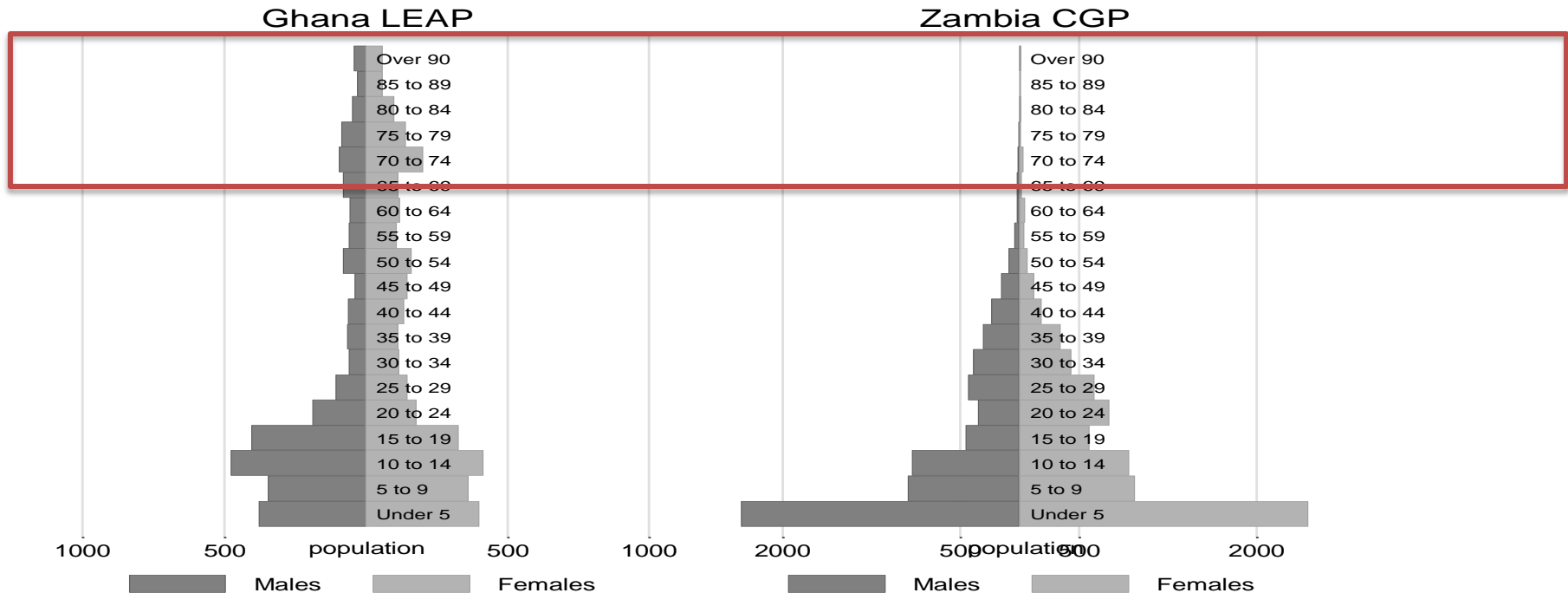
no impact

What explains difference in impact?

	Crop	Livestock	NFE	Productive labor	Social Network	Food security
Zambia	yes	yes	yes	yes		yes
Malawi	yes	yes	no	yes	small	yes
Kenya	no	small	yes	yes		
Lesotho	yes	small	no	no	yes	yes
Ghana	no	no	no	small	small	small

Targeting important

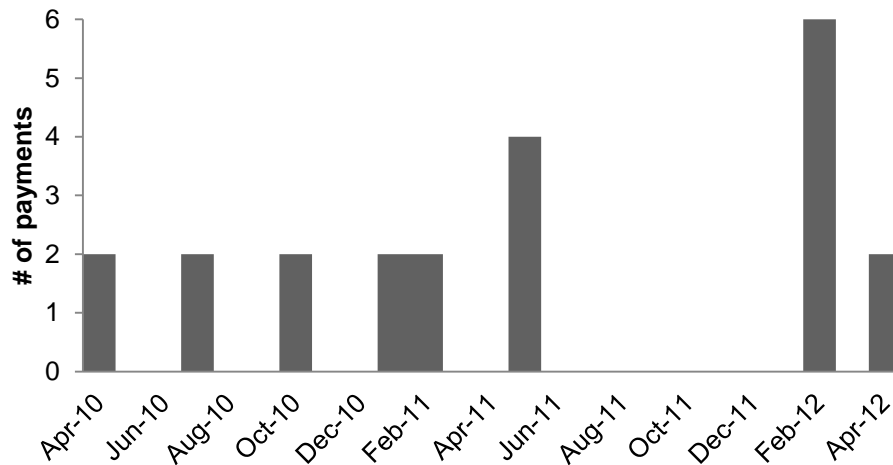
➔ Transfers impact productive outcomes more if targeted to less labor constrained hhlds



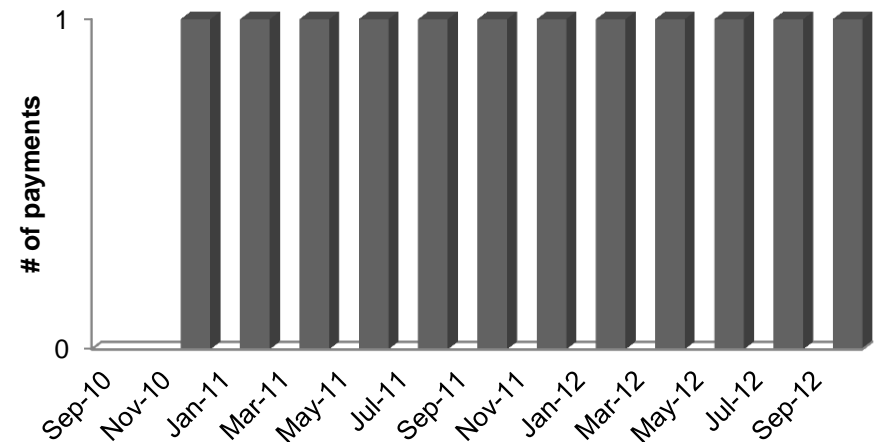
Predictability of payment important

➔ Reliable source of income enables appropriate planning, which leads to consumption smoothing and investment.

Ghana LEAP

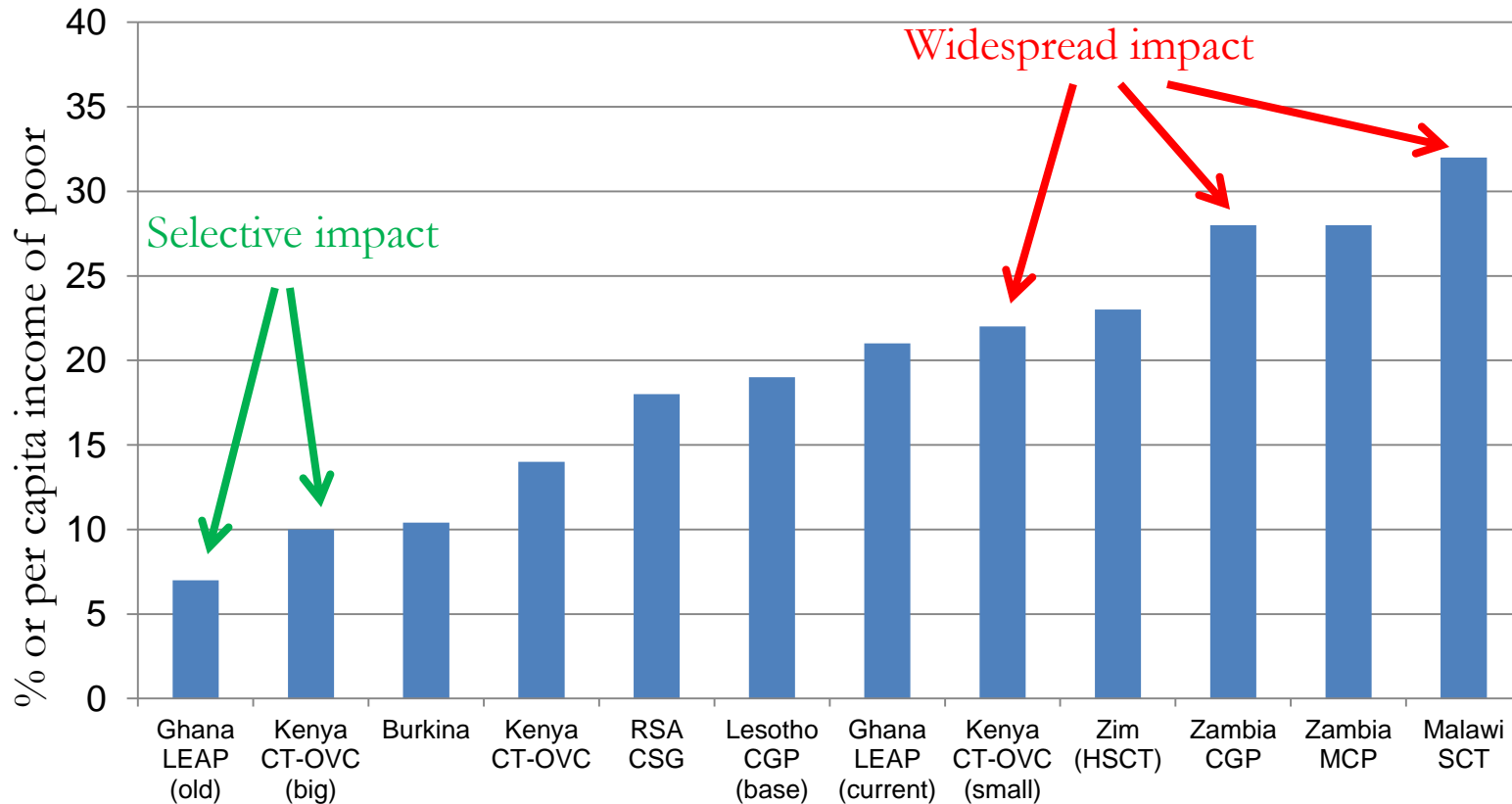


Zambia CGP



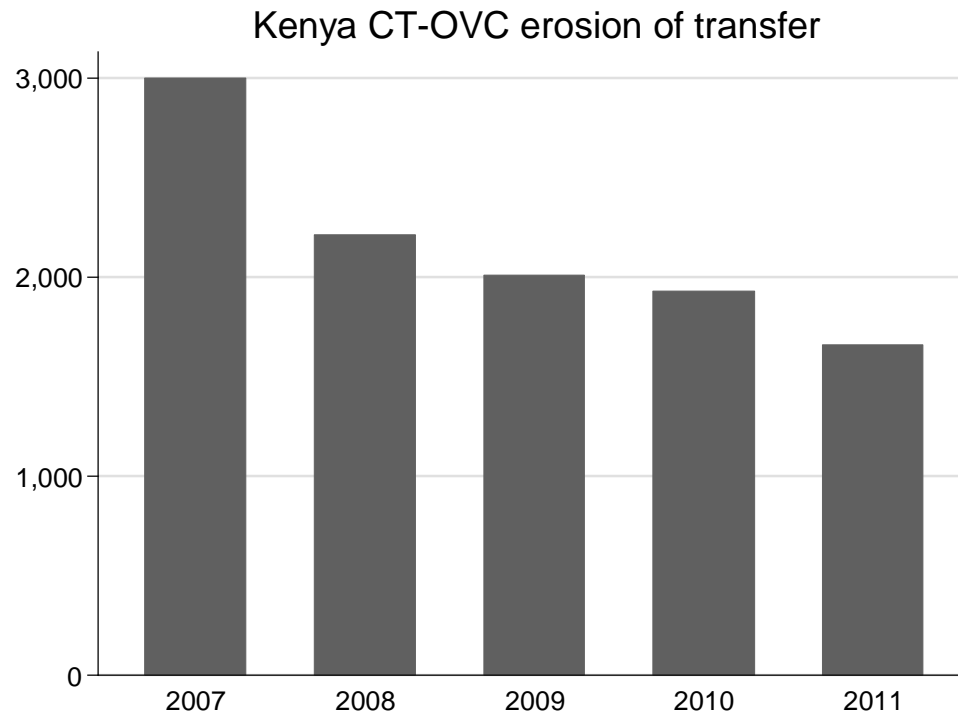
Value of transfer important

➔ Little impact for transfers <20-30% of per capita consumption



...and account for inflation

➔ None indexed with inflation, though value of transfer adjusted in some countries.



...evidence cash transfers need not be conditional

	Zambia	Kenya (1)	Malawi	Ghana	Lesotho
Total	+++	+++	+++	NS	NS
Food	+++	+++	+++	NS	NS
Education	NS	NS	NS	NS	+++
Health	+++	+++	+++	NS	NS
Clothing	+++		+++ (2)	NS	+++
Alcohol/tobacco	NS	NS	NS	NS	- - -

unique

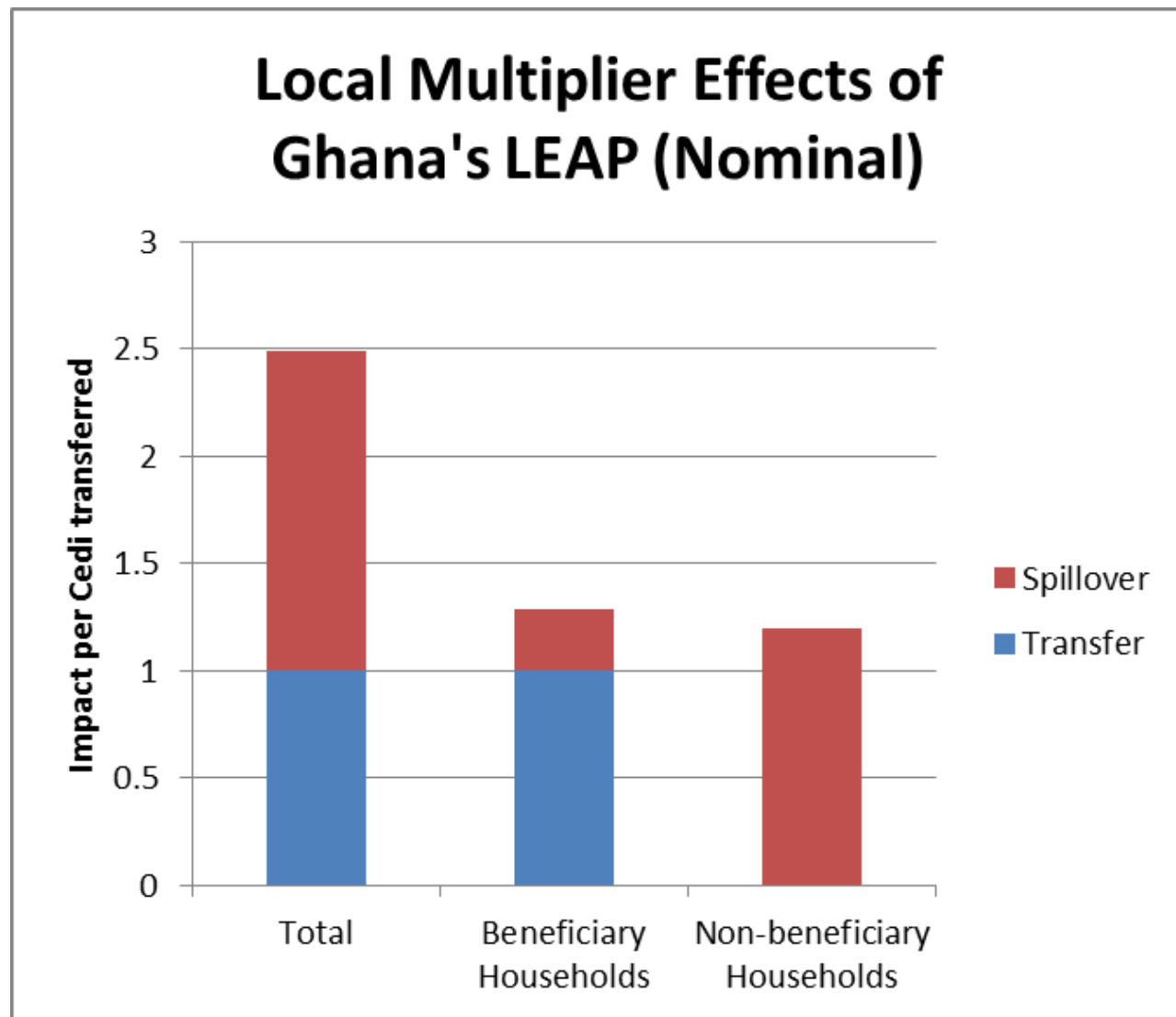
1) 2007-2009

2) Changes of clothing, not consumption per se

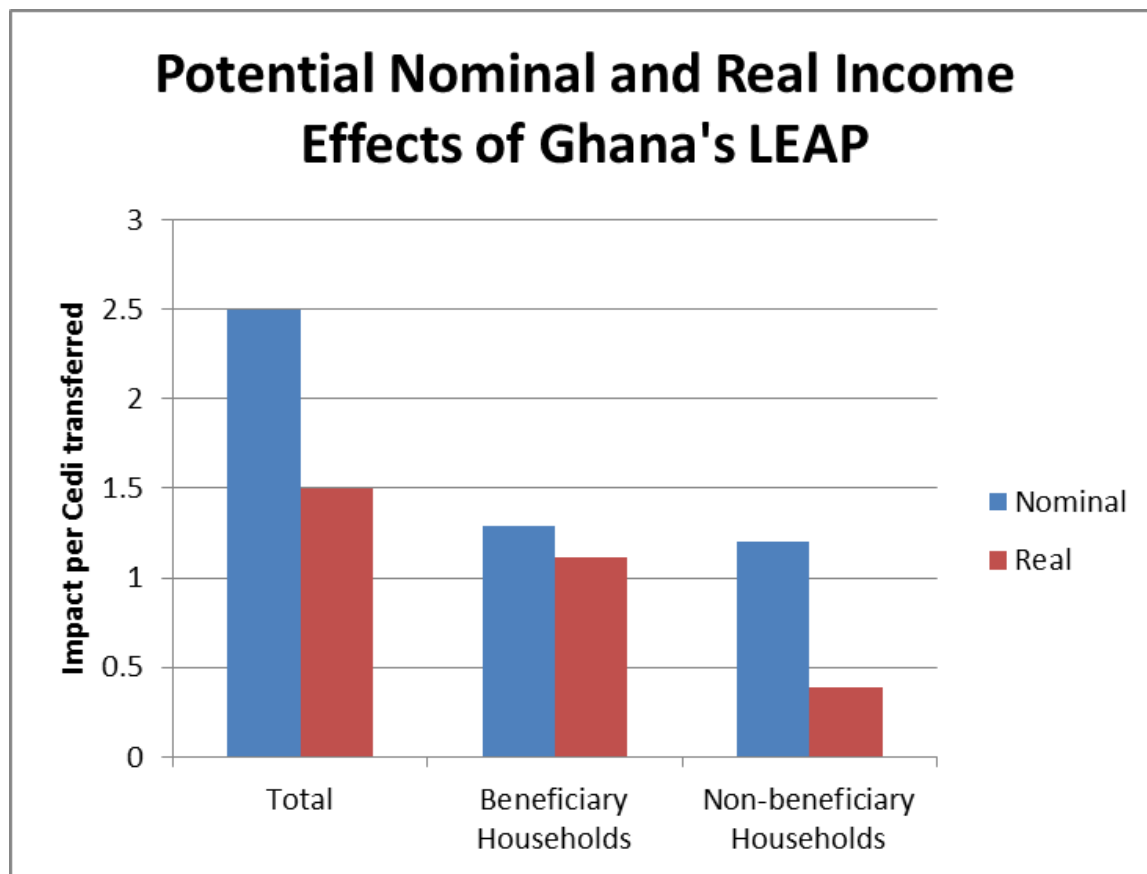
Local economy and supply response important

For each Cedi
transferred local
income increases by
2.5 Cedi
(90% CI: 2.38-2.65)

Nearly all the spillover
goes to non-
beneficiary
households



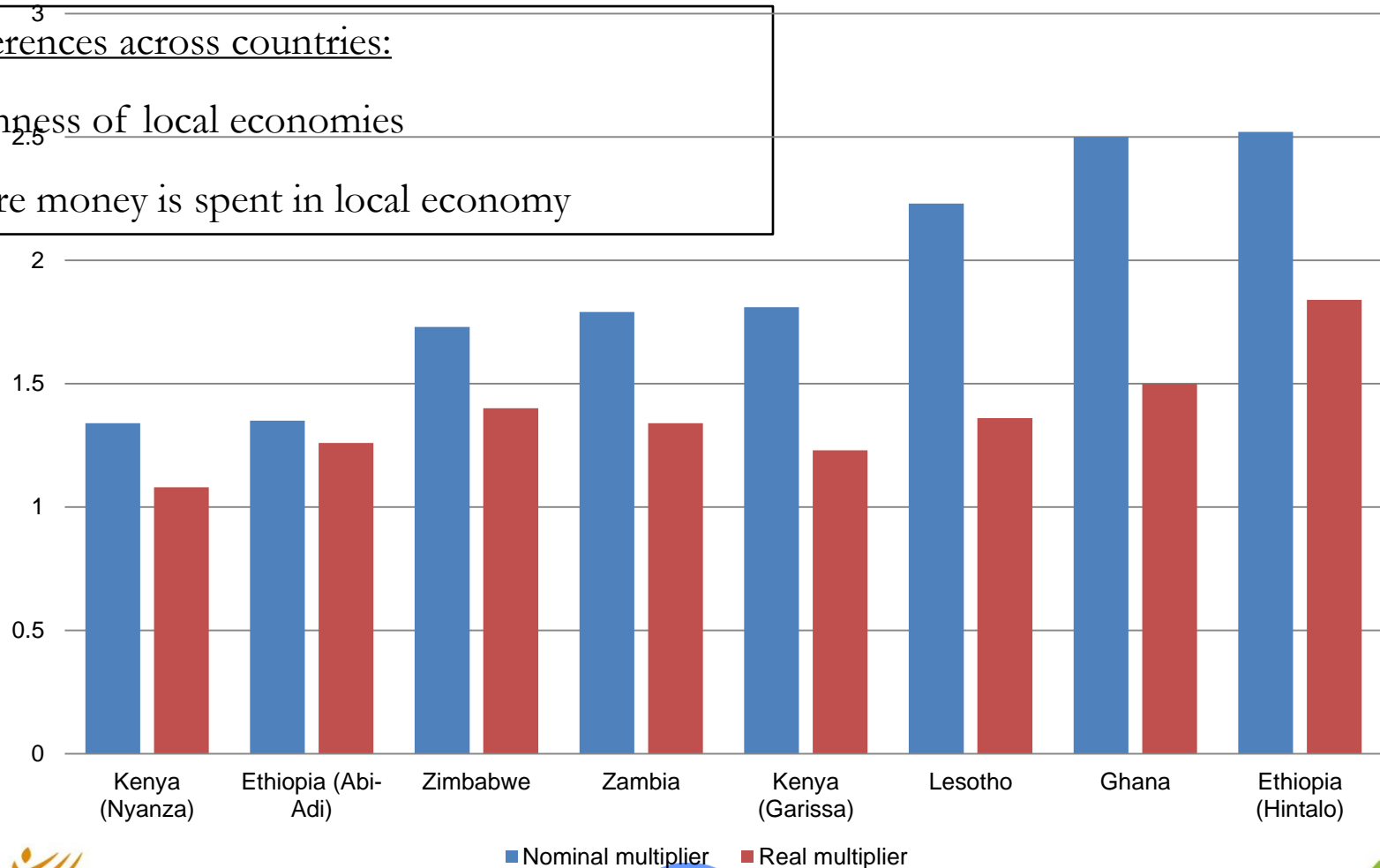
Production constraints can limit supply response, which may lead to higher prices and a lower multiplier



If supply response is constrained, real income multiplier can be as low as 1.50

Size of income multiplier varies by context

Differences across countries:
Openness of local economies
Where money is spent in local economy



Differences across countries: in summary

Relative impacts between programmes dependent on:

- ▶ Demographic profile of beneficiary households
 - Available labor: OVC? Households with young children?
- ▶ Relevance of messaging and soft conditions on social spending
- ▶ Access to productive assets
- ▶ Value of the transfer relative to the total expenditure
- ▶ Relative importance of subsistence agriculture, diversity of the local economy, nature of market constraints : e.g. openness of local economies, where money is spent in local economy
- ▶ Coordination with other interventions

Making cash transfers more productive: operational and policy

1. Ensure transfers meet threshold & sustain them over time
2. Ensure payment predictability
3. Link transfers to supply side interventions
4. Target households with higher potential to sustainably achieve self-reliance (e.g. less labour constrained households)
5. Consider messaging: unconditional cash transfers successful in achieving desired outcomes; sharpen focus towards productive objectives?

Cash transfers needs to be part of a rural development strategy

- ▶ Potential conflicts with social objectives but on other hand, social ministries increasingly recognize the need to focus on livelihoods as well
- ▶ Cash transfer programmes cannot replace sector economic development strategy, nor do they constitute a motor of growth in and of themselves
- ▶ Almost three quarters of economically active rural population are smallholders, most producing own food
- ▶ Small holder agriculture as key for rural poverty reduction and food security in Sub Saharan Africa
 - Relies on increased productivity, profitability and sustainability of small holder farming
- ▶ Social protection and agriculture need to be articulated as part of strategy of rural development
 - Link to graduation strategies

Our websites

From Protection to Production Project

<http://www.fao.org/economic/PtoP/en/>

The Transfer Project

<http://www.cpc.unc.edu/projects/transfer>

