How to maximize the impacts of cash transfers
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FAO promotes the use and scale up of Cash+ as a tool for emergency response, strengthening resilience and reducing rural poverty.

The Cash+ model supports the enhancement of vibrant and diversified livelihoods, providing an important safety net against shocks and stresses for poor and vulnerable rural households. As such, the model has great transformative potential.

Cash+ is a tool for quick-impact humanitarian response and recovery as well as serving as a component of long-term social protection and resilience programmes.

FAO’s work on Cash+ is based on field experience and research, which show the potential of this tool to sustainably enhance the economic and social impacts of cash transfers when combined with productive support and/or technical training.
A flexible tool for poverty reduction and resilience interventions

FAO defines Cash+ as an intervention that combines cash transfers with productive assets, inputs, and/or technical training and activities to enhance the livelihoods and productive capacities of poor and vulnerable households. While the intervention is tailored to be context-specific, Cash+ generally includes the following components:

- **Cash transfers**, which are typically unconditional, although the exact modality, amount and frequency of the transfers are determined by the context;

- **Productive assets and inputs** for agriculture, livestock, fisheries and aquaculture, forestry and productive uses of other renewable natural resources. Productive assets and inputs can include crop seeds, tools, fertilizers, livestock, fishing kits, home grown gardens and processing equipment, among others. They can be provided either in-kind or through the use of vouchers.

- **Technical training** adapted to the needs of beneficiaries. This component can include training on sustainable farming and pastoral practices, including input use, business and other ‘soft’ skills, nutrition education, agricultural value chain development, access to markets, finance, information. Training can be provided through farmer or pastoral field schools.
Research and experience under a range of circumstances and in both humanitarian and development settings show that the Cash+ approach can significantly improve agricultural production, income, asset ownership, economic empowerment, dietary diversity and food security, while reducing the need for beneficiaries to resort to negative coping mechanisms in response to shocks.

Poor rural households that depend on agriculture for their livelihoods often face limited access to resources, low agricultural productivity, and/or poorly functioning markets. Such challenges tend to lead households to engage in low risk-low return activities (i.e. staple crops instead of cash crops), while liquidity and credit constraints hinder investment and limit agricultural production. Cash-based social protection interventions designed to alleviate poverty and vulnerability can have a positive impact on the agricultural sector. At the same time, agricultural interventions can help smallholder households better manage risks and vulnerability and improve their capacity to generate income.

The cash component of Cash+ enables beneficiary households to address their immediate basic needs, including for food. This minimizes the need to resort to negative coping mechanisms that can further exacerbate their social and economic vulnerabilities. Moreover, access to cash reduces the liquidity constraints faced by poor households and, depending on the size of transfer and duration of the programme, this can allow them to invest in economic activities.

The ‘plus’ component of Cash+ – productive assistance and training – enhances the economic, productive, food security and nutrition impacts of the cash component, while helping to protect, restore and develop livelihoods.

Cash+ can be applied in various contexts, ranging from acute emergencies and protracted crises to more stable development circumstances. It can play an important role in: i) preventative measures when a shock is forecast, as per FAO’s Early Warning-Early Action approach; ii) quick-impact responses to shocks during crises that affect the livelihoods of rural populations; and iii) longer-term social protection and resilience programmes and rural poverty reduction strategies.
The cash component

Cash transfers are used in different contexts, ranging from short-term emergency responses to long-term, regular social assistance. In the short term, humanitarian cash transfers can help restore food security, protect or restore livelihoods, alleviate transient poverty and minimize the need to resort to negative coping mechanisms. In the longer term, regular cash transfers, as part of national social protection systems, allow beneficiaries and smooth their consumption, as well as removing financial barriers to accessing social services and/or enabling small-scale productive investments.

The most appropriate type of cash transfer depends on a number of factors, including the objectives of the intervention and its duration, market functionality, available budget, implementation capacity and seasonality. Regularity, duration, frequency and size of the cash transfers should be defined according to local context and programme objectives, and based on an assessment of needs, gender considerations, socio-economic climate and market conditions.

Cash transfers may take one or more of the following forms:

Designing Cash+ interventions
Regular social cash transfers: Regular, frequent and predictable transfers provide liquidity and certainty for poor and vulnerable households\(^1\). This allows them to smooth their consumption and opens up possibilities to invest in agriculture, reallocate labour to on-farm activities, invest in human capital development, increase participation in social networks (an important risk management strategy) and better manage risks.

Humanitarian cash transfers: One or few payments over a short period of time, humanitarian transfers are generally used in emergency interventions to respond to immediate household needs and enable beneficiaries to rapidly restart their productive activities.

Lump-sum cash transfers: Evidence shows that lump-sum transfers can generate significant productive impacts, in particular when combined with regular, smaller transfers.\(^2\) In such cases, the lump-sum cash transfers enable households to purchase productive assets, while they use the smaller, regular transfers to smooth their consumption. The balance between lump-sum and regular transfers needs to be considered in the intervention design to ensure that it does not minimize the risk management role that regular transfers can play. Moreover, the payment needs to be made in a predictable and timely manner (for example, carefully considering the agricultural and pastoral seasons).

The plus component

The ‘plus’ in Cash+ refers to productive, agricultural and economic activities.\(^3\) Vibrant and diversified livelihoods provide important protection to vulnerable households against shocks and stresses. Available evidence\(^4\) shows that cash transfer beneficiaries invest in economic and productive activities and this contributes to livelihoods improvement. Nevertheless, complementary interventions are sometimes required to maximize opportunities and impacts. In Cash+, the plus component enhances the economic and productive potential of cash transfers to amplify the programme’s impact on food security, nutrition and asset ownership.

It is critical to identify the most relevant and suitable intervention or combination of interventions that can maximize the impact of the cash component in a specific context. This can be done through needs assessments, context-specific livelihoods and market analyses, analyses of relevant local agricultural value chains and economic opportunities, etc. Defining the best timing of the plus component based on the local agricultural calendar and seasonality patterns is also key.

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\(^1\) FAO, 2013.
\(^2\) OPM, 2016.
\(^3\) Other agencies such as UNICEF, are working on the promotion of Cash+, with a focus on nutrition, education, or health. See www.unicef-irc.org/article/1664
\(^4\) See, for example, evidence from research undertaken by FAO’s From Protection to Production project: www.fao.org/economic/ptop
The plus component comprises two main types of interventions:

**Productive agricultural assistance** includes agricultural inputs such as improved crop and vegetable seeds, planting materials and fertilizers, animal feed, etc.; assets such as materials and tools, poultry, small ruminants, livestock, fishing and home gardens equipment, nutrition-sensitive crops, etc.; activities such as veterinary services, support, etc. When considering different assistance options, it is important to bear in mind the relative time and resources required for beneficiaries to derive an income from the assistance.

**Training** is related to the content of the productive assistance package, such as specialized technical training on sustainable crop and/or livestock production, water saving technologies, climate-smart agriculture, nutrition-sensitive practices, food preservation and processing practices, support on marketing and market access, training in entrepreneurial skills and financial literacy, vocational training and other topics requested by the beneficiaries. The training component provides knowledge and information to beneficiaries in order to improve their decision-making about crop selection, increase farming efficiency and natural resources management, and improve their capacity to adapt to climate change.
When the plus component includes the transfer of inputs or assets to beneficiaries, in-kind distribution may be one option, particularly when local agricultural markets do not function well. However, where suitable, cash-based transfers, such as voucher schemes (including seed and input trade fairs and electronic vouchers programmes) may be preferred, since they increase choice and flexibility for beneficiaries, trigger a greater impact on local economies and have the potential to be more cost-effective than in-kind assistance.

The plus component can be designed to achieve specific objectives, based on the needs of the beneficiaries. For example, it can be used to promote nutrition-sensitive agriculture through the selection of nutrient-rich and diverse crop varieties or to promote climate smart-agricultural practices to increase the resilience of households to climate change.

The importance of market analysis and the choices of beneficiaries

To maximize the sustainability of their impacts, Cash+ interventions need to support the development and inclusiveness of local agricultural value chains, by enhancing the integration of poor and vulnerable households into specific segments of the value chain.

The consideration of commercial viability is key. One of the aims of Cash+ is to increase production in order to meet a real demand from the market. Therefore, market analysis to inform production decisions (e.g. what to produce, how to produce, when to produce) is a necessary precondition for designing tailored Cash+ interventions.

The choices and preferences of beneficiaries should be taken into account in the definition of the right content, value and timing of the plus component, in combination with any analytical assessments.

The actual costs related to the various plus options should be carefully considered to ensure the cost-effectiveness, replicability and sustainability of the intervention.

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5 For more information, see FAO, 2016b.
There are several possibilities for the implementation of Cash+ programmes, according to a recent literature review of impact evaluations of the interactions between agricultural and social protection interventions. They include:

**Single stand-alone programmes (SPs)**, where a single programme includes multiple components, such as cash transfers and productive assets distribution and/or training.

**Complementary programmes (CPs)**, where a cash transfer programme and an agricultural intervention are designed and/or implemented in a coordinated manner by targeting the same households, with a view to boosting synergies between the programmes.

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6 See FAO, 2017b and FAO, 2016e.
FAO is working in both stable and fragile/protracted crisis contexts to enhance the coherence between social protection and agriculture in order to improve the resilience of the livelihoods of vulnerable populations. Cash+ can be one way to bring about this coherence at the programmatic but also at the policy level.

When Cash+ interventions take place in a development context, robust and regular interactions on policy and programme need to take place between the social protection and rural development sectors. Context allowing, efforts to strengthen policy coherence between the sectors are essential for mobilizing political commitments for Cash+ interventions, ensuring the quality of Cash+ interventions, sustaining financial capacities and guaranteeing long-term impacts. At the country level, policy coherence between agriculture and social protection for Cash+ interventions should be based on the following three pillars: i) political commitment and policy framework; ii) institutional capacities and coordination mechanisms; and iii) financial capacities.

In fragile or emergency contexts, social protection schemes and rural development programmes can provide rapid, timely and adequate support to vulnerable households in anticipation of and/or in response to shocks using Cash+ as a delivery mechanism.

7 FAO, 2016e.
8 Depending on the context, a high-level political commitment is critical for providing the leadership and momentum required to promote the coherence agenda (see Davis et al., 2016; Hickey, 2011, 2007; and Hickey et al., 2009 for review of the relationship between politics and social protection in African countries).
9 More information regarding social protection and agriculture policy coherence can be found in FAO, 2016e.
A dedicated effort to monitor and evaluate Cash+ interventions (possibly including baseline and endline data, post-distribution surveys, market monitoring before and after programme implementation, impact and process evaluations, and micro and macro simulations) is recommended in order to analyse how beneficiaries use the assistance provided by the programme and how it impacts food security, income, nutrition and/or resilience, depending on the programme objectives. The results of such analyses will allow the identification of the most effective Cash+ modalities, for potential replication and scale up in a similar context.

The monitoring should provide constant feedback on the extent to which Cash+ programmes are achieving their objectives and a reliable flow of accurate information to keep track of progress and allow adjustments as needed. Moreover, monitoring should track whether all sectors of the target population have access to the programmes (e.g. by reporting on enrolment rates in each programme, level of participation, etc.). Choosing the most rigorous evaluation methodology (including mixed-method approaches, with both quantitative and qualitative surveys)\textsuperscript{10} requires taking intended outcomes, aims of evaluation, the design of the programme and available resources into account.

\textsuperscript{10} These would involve either experimental (randomized, controlled trials), quasi-experimental (non-randomized, controlled trials) methods, including difference-in-difference, regression discontinuity design, instrumental variables or ordinary least squares regressions.
The definition of comparison groups (control), sampling, and survey timing, including seasonality implications and frequency requirements, need to be carefully planned. For example, in fragile contexts, follow-up surveys could be carried out at short intervals (even starting a few months after the baseline survey). In addition, two or three main indicators could be collected every couple of months from a limited number of beneficiaries, especially with regard to the plus component.

Evidence from Africa, Asia and Latin America shows the positive productive and social impacts of cash transfers across multiple outcomes. The evidence from programmes that combine cash transfers with in-kind assistance or training is still somewhat limited, although the existing research indicates that such programmes can have positive impacts that go beyond the effect of an individual intervention (see Box above).
Building on existing experience, FAO recently supported the development of Cash+ programmes in development, humanitarian and recovery contexts in several countries in sub-Saharan Africa (Burkina Faso, Lesotho, Mali, Mauritania, Niger and Somalia14) and Central Asia, and is preparing to do so in other regions as well. Evidence from these programmes shows that an integrated approach improves household incomes, assets, productivity potential, dietary diversity and food security, and reduces the need to resort to negative coping strategies.

In one district of LESOTHO, FAO’s pilot initiative, Linking Food Security to Social Protection Programme (LFSSP), provided seeds and training on homestead gardening and food preservation to households participating in the Child Grant Programme (CGP). An impact evaluation15 of the pilot revealed that combining CGP cash transfers with the delivery of vegetable seeds and the training by the LFSSP had a greater impact on household food production and food security – especially in labour-constrained households – than did each programme in isolation. Based on this result, the initiative was scaled up at national level in 2015 as part of the El Niño drought response.16 The upscaling was implemented entirely through government channels, therefore ensuring future expansion and sustainability.

14 Cash+ approaches have also been recently implemented by FAO in Chad (‘Caisses de résilience’ programmes, 2015-2016), Madagascar (emergency response to the drought in South Madagascar, 2016-2017) and Nigeria (emergency response to the impact of the crises in Northeastern Nigeria, 2016-2017). See FAO, 2017f.
15 FAO, 2015A.
16 Ibidem
In the **SAHEL** and **WEST AFRICA**, Cash+ is a key programmatic and policy tool in the framework of FAO’s approach to social protection and resilience.\(^{17}\)

In **BURKINA FASO** and **NIGER** (2013-2014), a Cash+ pilot project\(^{18}\) that combined cash transfers with productive assets (poultry and small ruminants) helped improve food security and nutrition and increased household incomes and asset ownership more quickly than input distribution or cash transfers alone. In Burkina Faso especially, the intervention led to a faster growth in household incomes and assets than resulted from solely in-kind input distribution or cash transfers of a similar value. Increases in revenue, growth in savings and asset ownership, improvements in food security (75% of households were food-secure by the end of the intervention, as compared with 35% at baseline) and in dietary diversity (82% of beneficiary households had an acceptable diet two years after the intervention) were observed.\(^{19}\) Two impact evaluations, which were undertaken one and two years after the baseline survey, confirmed the sustainability of the results, and allowed for a detailed analysis of the respective impacts of the different programmatic combinations.

In **MALI** and **MAURITANIA** (2015-2017), Cash+ pilots conducted by FAO supported vulnerable households with a combination of cash transfers and small ruminants. Other beneficiaries received only cash transfers, with a similar total value, in order to allow for comparison.

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\(^{17}\) FAO, 2017c.

\(^{18}\) FAO, 2016f. See also the video: www.youtube.com/watch?v=5Is13DdRLw4, www.youtube.com/watch?v=uhz7_q8xgBU

\(^{19}\) www.youtube.com/watch?v=uhz7_q8xgBU
Beneficiaries of both packages were also provided with education on nutrition and essential family practices. An analysis of the intervention in both countries demonstrated the positive impacts of Cash+. In Mali, food security improved by about 23 percent among beneficiary households; dietary diversity increased by 25 percent among children (aged 6-59 months) and the proportion of beneficiaries with an above-average income increased by 20 percent (from 41 percent before the intervention to 61 percent afterwards). In Mauritania, the proportion of beneficiaries with an acceptable food consumption score (FCS>42) increased from 66 to 93 percent and global acute malnutrition decreased from 6 percent to 2 percent among children in beneficiary households aged 6-59 months.20

Cash+ was an important part of FAO’s response21 to the declaration of famine risk in SOMALIA in 2017. Farming and agropastoral households with little to no food or seed stocks in reserve received monthly unconditional cash transfers for three months, i.e. the full duration of the main planting season, as well as agricultural inputs (cereal, pulse and vegetable seeds and hermetic bags to store the harvest). The cash transfers helped beneficiaries meet their immediate food needs, while the agricultural inputs resulted in harvests (August/September) that boosted household food security.22 Similarly, marginalized rural families in riverine areas received cash transfers combined with fishing kits to help bridge the food gap; solar powered fridges were also distributed for use by the community.
A study of FAO’s work in distributing fishing kits in 2016 found that beneficiaries were able to catch more fish, which resulted in an increase in fish consumption at the household level (85 percent reported consuming fish on a daily basis) and an increase in fish sold at the local market.23

FAO is currently supporting the Governments of ARMENIA and the KYRGYZ REPUBLIC complement their regular social transfer programmes with productive interventions and strengthening local social services. In the Kyrgyz project in particular, social workers are being trained and local structures are being supported to follow up with beneficiary households on a regular basis (psychosocial support); connect vulnerable households with services (e.g. social and extension services); and deliver life skills training. The design of the Cash+ packages was based on a quantitative and qualitative assessment of beneficiaries’ profiles, needs, and opportunities. The pilot programmes seek to build upon local structures and strengthen the capacities of the government to provide an integrated package of support that will progressively lift households out of poverty.

20 FAO, 2016c.
21 FAO, 2017e.
22 FAO, 2017d.
23 CEFA, 2016.
References


FAO. 2017e. The role of social protection in protracted crises: enhancing the resilience of the most vulnerable. Rome. (also available at www.fao.org/3/a-i6636e.pdf).


References


Resources

FAO resilience: www.fao.org/resilience
FAO social protection: www.fao.org/social-protection
FAO from Protection to Production: www.fao.org/economic/ptop
FAO Cash+ interventions are an effective way to maximize people’s resources, enhance productive capacity and mitigate future threats and crises.

Cash for today, livelihoods for tomorrow.
Today, member states face an increasing myriad of demands and challenges in agricultural development. To support them, FAO has identified five key priorities on which it is best placed to intervene. These priorities or Strategic Objectives represent the main areas of our work to achieve a world without hunger, malnutrition and poverty and do so in a sustainable manner – contributing to the implementation of the 2030 Agenda for Sustainable Development.

To help accomplish our Strategic Objectives, FAO works through five Strategic Programmes, incorporating gender, governance, nutrition and climate change impacts in all aspects of our work.

- **HELP ELIMINATE HUNGER, FOOD INSECURITY AND MALNUTRITION**
- **MAKE AGRICULTURE, FORESTRY AND FISHERIES MORE PRODUCTIVE AND SUSTAINABLE**
- **REDUCE RURAL POVERTY**
- **ENABLE INCLUSIVE AND EFFICIENT AGRICULTURAL AND FOOD SYSTEMS**
- **INCREASE THE RESILIENCE OF LIVELIHOODS TO THREATS AND CRISES**

FAO’s approach to Cash+ specifically contributes to reducing rural poverty and increasing the resilience of livelihoods to threats and crises.