



# The broad range of impacts of the Social Cash Transfer Pilot Programme in Ethiopia



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This brief describes the broad array of impacts arising from a cash transfer programme that was piloted in the Tigray region of Ethiopia from 2011 to 2014.

About 80 percent of Tigray's population of 4.3 million live in rural areas and depend on rain-fed subsistence agriculture for their livelihoods. Farm families in Tigray tend to have small land holdings (about 0.5 ha per household) and limited productive inputs such as labour, oxen, seeds and fertilizers. Severe drought has repeatedly struck the northern Tigray region and has had a major effect on agricultural productivity. The land in the region is highly degraded and crop pests and livestock diseases prevail. These constraints to agricultural development drive poverty to the region: according to Tigray's Bureau of Labour and Social Affairs (BOLSA), the region is home to nearly a third of the poorest people in the country. The lengthy civil war and, more recently, the border conflict with Eritrea, which centred on Tigray, have led to more investments in the region to make it prosper.

## THE PROGRAMME

In 2011, BOLSA launched the Social Cash Transfer Pilot Programme (SCTPP) in Tigray with support from UNICEF. The programme particularly aimed to improve the lives of orphans and vulnerable children, the elderly and disabled people in two districts (known as *woredas*). However, it was anticipated that regular and predictable cash payments might improve both household resources and the local economy as well as improving social connectedness in the local community. Based in rural Hintalo-Wajirat and urban Abi-

Adi, SCTPP provided monthly cash transfers of US\$8.50 to poor, labour-constrained households. Households with children received US\$1.27 for each child plus an additional US\$0.50 if the child was enrolled in school, for up to a maximum of four children. Households with a disabled child received an additional US\$2, while those with a disabled adult received US\$2.54 and those with an elderly dependent received US\$3.05. Beneficiary households were selected through a community-based targeting process, facilitated by the Community Care Coalitions (CCC),

which are community-based volunteer organizations. The programme eventually reached 3 767 households, three quarters of which were headed by women. The pilot phase of the programme finished at the end of 2014.

## THE EVALUATION

The overall evaluation of the pilot programme – led by the International Food Policy Research Institute (IFPRI) – analysed the feasibility of expanding the SCTPP to other regions of Ethiopia by determining the impact of the programme on child



health, schooling and economic productivity. The impact evaluation was based on a 24-month longitudinal study (2012-2014), covering both treatment and comparison households.

The From Protection to Production (PtoP) project focused its study on assessing the impact of the pilot programme on household behaviours with regard to agricultural production and other income-generating activities, labour supply, the accumulation of productive assets, access to credit and food security as well as other topics. The PtoP study also included qualitative fieldwork – carried out during March 2014 – which involved focus groups, in-depth interviews and household case studies. The research used participatory methods and tools, including social mapping, livelihood and institutional analysis and household income and expenditure studies to compare the experience of programme beneficiaries with a control group. The study was complemented by

the use of a Local Economy Wide Impact Evaluation model (LEWIE) to simulate the income multiplier effect of the SCTPP on beneficiary and non-beneficiary households. Separate LEWIE models were constructed for Hintalo-Wajirat and Abi-Adi. Both models examined the main economic activities of participating households, the sources of household income and spending patterns. Labour, capital, purchased inputs and markets outside of the SCTPP area were factored into the model as were interactions between beneficiary and non-beneficiary households both inside and outside the SCTPP area.

## THE FINDINGS

### Household economy.

The qualitative fieldwork found that the SCTPP helped beneficiary households in the Tigray region to meet their immediate needs and to smooth their consumption over time. As a result, beneficiaries improved their diets and personal

hygiene, their housing conditions and performance at school. Beneficiary families were able to satisfy their food needs on a more regular basis and to eat more frequently than previously. Often, they improved the quality of the foods they ate and introduced more diversity into their diets. Confidence, feelings of self-esteem and involvement in the community improved significantly. Families felt safer because they were able to obtain food and other goods when they were needed. The regular and predictable cash transfers enabled households to plan the family budget and minimized negative coping strategies like begging. The quantitative report also found the SCTPP to have increased food security; beneficiary households were less likely to suffer shortages of food and less likely to consume seed stock during the seven days prior to the survey. Adults and children eat significantly more meals a day as compared to control households, and there was a decrease in the number of months with problems satisfying



food news. Young children aged 6 to 12 from beneficiary households worked fewer hours a day, both on productive activities and on several family chores, as a result of the SCTPP. Land use for production increased while adults worked fewer days per month on non-farm enterprises. Some beneficiaries were able to increase borrowing, while decreasing the amount of money borrowed. Beneficiaries significantly increased the total value of their crop production and selected crop productivity as compared to control households. They are more likely to own certain farm tools and to use fertilizer; some families branched out into new crops and chickens. Female household heads gained access to resources that enabled them to hire in labour rather than sharecropping out their plots.

**Local economy:** The SCTPP transfer provided a minor boost to local businesses, both on payment days and subsequently, thanks to the willingness of shopkeepers to let

beneficiaries buy on credit. The LEWIE model found that each Birr distributed in Hintalo Wajirat generated an extra 1.52 Birr in local markets, for a total income multiplier of 2.52. Similarly, each Birr distributed in Abi Adi generated an additional .35 Birr, for a total income multiplier of 1.35. These benefits to non-beneficiaries and the local economy as a whole, while relatively small, were an important aspect of the pilot programme in terms of gaining local support for its activities. The monthly cash injections did not lead to local inflation. However, simulations from the LEWIE model found that if credit, capital or other market constraints were to limit local supply response, the increase in demand due to the cash transfer programme could lead to higher prices and a lower income multiplier.

**Social networks:** According to the qualitative field work, the SCTPP allowed beneficiaries

to make regular donations to community institutions, such as the church and the CCC, and to support other needy families. This newfound ability to give back reduced their feelings of social isolation and contributed to their self-esteem, as is also reflected in the quantitative survey with increases in subjective well-being. It also enabled some beneficiaries to join informal savings groups for the first time, providing them with greater opportunities for socio-economic engagement. Nevertheless, the cash transfers were insufficient to allow beneficiaries to join the most important local social network, burial societies ('Iddir'), because of high subscription fees. The programme did not create major feelings of jealousy among non-beneficiaries: overall, SCTPP was considered to have successfully targeted the poorest and most labour-constrained households in the communities it served.

## RECOMMENDATIONS

### The CCCs need institutional and capacity strengthening.

Given the important role of the CCCs in the SCTPP, a continuation or expansion of the pilot programme calls for more systematic planning of CCC activities for community care and support and an agreed upon set of operational principles.

### Institutional and capacity strengthening is needed at the district level.

The role and responsibilities of social workers for implementing the SCTPP at the district or *woreda* level should be better defined and supported.

### Stronger links are needed between the SCTPP and other livelihood initiatives.

While CCCs currently limit household participation to one programme in order to avoid conflict, beneficiaries would benefit from access to livelihood services offered by other providers. For households able to engage in income-generating activities, this could serve as an exit strategy.

### Measures are needed to ensure a high supply response in the local economy.

Such measures are important for increasing the positive spill over effects of the SCTPP programme. These complementary measures should be targeted not only at SCTPP recipient households, but also at the non-beneficiary households that provide goods and services in the local economy.



## REFERENCES

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**Oxford Policy Management (OPM)** 2014. Qualitative research and analyses of the economic impacts of cash transfer programmes in sub-Saharan Africa: Ethiopia country case study report. PtoP report. Oxford, UK.

## FOR MORE INFORMATION AND RESOURCES

**Please visit:** [www.fao.org/economic/ptop/programmes/ethiopia](http://www.fao.org/economic/ptop/programmes/ethiopia) **or write to:** [Social-Protection@fao.org](mailto:Social-Protection@fao.org)

The **From PROTECTION to PRODUCTION (PtoP)** programme, jointly implemented by FAO and UNICEF, is contributing to the generation of solid evidence on the impact of cash transfer programmes in Sub-Saharan Africa. PtoP seeks to understand the potential effects of such programmes on food security, nutrition, as well as their contribution to rural livelihoods and economic growth at household and community levels in Ethiopia, Ghana, Kenya, Malawi, Lesotho, Zambia and Zimbabwe.

