**MYTHS**

- Cash will be wasted on alcohol and tobacco
  - Reality: Alcohol and tobacco represent 1-2% of food expenditures across 6 countries, no evidence of increased expenditure on alcohol and tobacco.

- Transfers are just a ‘hand-out’ and do not contribute to development
  - Reality: In Zambia, evidence shows cash transfers increased farmland by 36% and farmers engaged more in markets.

- Cash causes dependency, laziness
  - Reality: In several countries, including Malawi and Zambia, research finds reduction in casual wage labour, shift to on-farm and more productive activities.

- Transfers lead to price inflation and disrupt local economy
  - Reality: In Ethiopia, for every dollar transferred by the programme, about $1.50 was generated for the local economy.

- Child-focused grants increase fertility rate
  - Reality: In Zambia, cash transfers showed no impact on fertility.

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**REALITY**

- In Lesotho, alcohol expenditure actually decreased.
- Majority of programmes show significant increase in secondary school enrolment and in spending on school uniforms and shoes.

- As more agricultural inputs were used, overall production increased by 36% and farmers engaged more in markets.

- In several countries, including Malawi and Zambia, research finds reduction in casual wage labour, shift to on-farm and more productive activities.

- There is little evidence transfers lead to reduction in work effort.

- In fact, cash transfers lead to positive multiplier effects in local economies and significantly boost growth and development in rural areas.

- In Ethiopia, for every dollar transferred by the programme, about $1.50 was generated for the local economy.

**Why not?**

- Beneficiaries are a small share of community, typically 15-20%.
- They come from poorest households, with low purchasing power and thus don’t buy enough to affect market prices.
- Local economies can meet the increased demand.

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**Facts**

- Across 6 countries, no evidence of increased expenditure on alcohol and tobacco.
- In Ethiopia, for every dollar transferred by the programme, about $1.50 was generated for the local economy.
- In Zambia, evidence shows cash transfers increased farmland by 36% and the use of seeds, fertilizer, and hired labor.
- In several countries, including Malawi and Zambia, research finds reduction in casual wage labour, shift to on-farm and more productive activities.

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**Myth vs. Reality**

<table>
<thead>
<tr>
<th>Myth</th>
<th>Reality</th>
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<tbody>
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**Sources**

- [fao.org/social-protection](http://fao.org/social-protection)
- [unicef-irc.org/research/273](http://unicef-irc.org/research/273)

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