



The impact of cash transfers on the economic advancement and decision-making capacity of rural women



Cash transfers are important for reducing poverty, but what are the concrete benefits for rural women?

Cash transfers (CTs) are important poverty reduction schemes, which are present in more than fifty countries (World Bank, 2014a). Their main purpose is to function as a safety net rather than to boost the economic empowerment of their beneficiaries – who are usually ultra-poor people; however, evidence of their economic impacts is contributing to a shift in how policy-makers perceive these programmes.

In many countries, the majority of CT beneficiaries are poor and vulnerable women. As a result, it is often claimed that CTs have an empowering effect on women based on the assumption that, as the main recipients of the transfers, women gain greater control over financial resources. Nevertheless, available evidence on empowerment outcomes is far from conclusive, particularly as to whether CTs actually improve women's bargaining power and decision-making in the household.

The availability and verification of current evidence on the impact of CTs is affected by different notions of empowerment in research, the complexities of measuring decision-making and the lack of impact evaluation data tracking the long-term impacts of CTs on diverse aspects of empowerment (World Bank, 2014b; Peterman *et al.*, 2014). That being said, there is a need to strengthen this area of research because economic empowerment indicators – both as moderators or outcomes of the programme – help us to better understand the effectiveness of CTs in poverty reduction.

WHAT IS WOMEN'S ECONOMIC EMPOWERMENT?

A woman who is economically empowered has both the ability and the power to make and act on economic decisions, thus being able to succeed and advance economically and to have the power and capacity to benefit from economic activities (Golla *et al.*, 2011)

WHAT DOES THE EVIDENCE SAY?

Economic advancement

Research findings indicate that CTs support economic advancement by helping beneficiaries build their asset base and start new small-scale businesses. Qualitative studies by PtoP in East Africa found several examples of female CT recipients who were expanding their income-generating activities, including through petty trade,

selling prepared foods and investing in large assets, such as motorcycles, to start new businesses (Barca *et al.*, 2015). The long-term sustainability of business diversification as a result of CTs has, however, not been studied.

Todd *et al.* (2010) and Gertler *et al.* (2012) found that Mexico's CT, *Prospera* (formerly *Progres-Oportunidades*) – the majority of whose beneficiaries are female – led to increased land use, livestock ownership, crop production and larger agricultural expenditures.



Cash transfers in Zambia, Kenya and Malawi have also increased women's ownership of livestock (Seidenfeld *et al.*, 2013; Asfaw *et al.*, 2014; Covarrubias, *et al.*, 2012) and their access to both formal and informal credit since the regularity of CT payments are perceived as a loan guarantee (Barca *et al.*, 2015). Impact evaluations in a number of East African countries show that women beneficiaries were able to increase their savings and to pay off debt thanks to cash transfers (Daidone *et al.*, 2015). Evidence that women have greater control over resources and credit is inconclusive, however, particularly for women who live in male-headed households where their bargaining power may be harder to assert.

Studies have also found that CTs can lead to changes in household labour allocation among men and women but they provide little information as to the positive or negative effects of these changes. In Brazil,

Bolsa Família, the country's CT programme, increased women's overall labour participation at a higher rate than men's (Veras Soares and Silva, 2010) and in Kenya, the CT-OVC programme facilitated the entry into labour of female beneficiaries living far from local markets (Asfaw *et al.*, 2014). Studies also suggest that outcomes in labour allocation will vary based on cultural contexts and the different opportunities available to men and women. For example, the Colombian programme *Familias en Acción* increased female labour participation in urban areas but only male labour participation grew in rural areas (Veras Soares and Silva, 2010). In Kenya, the CT-OVC had different gender effects, increasing female participation in both on-farm and salaried agricultural labour while increasing male participation in non-farm wage labour (Asfaw *et al.*, 2014). A more thorough assessment of whether CTs have a positive effect

on economic advancement will require a better understanding of intra-household decision-making on labour allocation as well as greater knowledge about the quality of employment opportunities available for male and female CT beneficiaries. Labour time-use studies would also shed light on the effects of CTs on the work burden of beneficiaries due to changes in their labour status and to programme *conditionalities*.

Decision-making power

Research findings indicate that transfers paid to women result in different spending decisions than those made by men. Such decisions, which are often interpreted as a sign of empowerment, include higher expenditures on food and children's schooling and uniforms (Doss, 2013; World Bank, 2014b). Nevertheless, these expenditures do not necessarily reflect a growth in women's decision-making power and control over household resources.

In fact, evidence that CTs lead to changes in household decision-making and bargaining power is mixed (van den Bold *et al.*, 2013) and clarity on the issue is difficult to achieve because of the many ways in which decision-making and bargaining power indicators can be measured (Peterman, *et al.*, 2014).

A number of studies – including impact evaluations of Mexico’s *Prospera/Oportunidades* (Adato, *et al.*, 2000; Attanasio and Lechene, 2002; Handa *et al.*, 2009), Somalia’s cash transfer (Wasilkowska, 2012) and Brazil’s *Bolsa Família* (de Braw *et al.*, 2014) – show a positive increase in some aspects of women’s decision-making power, particularly in managing the additional cash, contraception, clothing purchases, their own labour supply and health and children’s schooling. On the other hand, Handa *et al.* (2009) found no impact on women’s overall household decision-making as a result of Mexico’s *Prospera/Oportunidades* and Peterman *et al.* (2014) do not find significant changes in women’s decision-making as a result of cash and food transfers in Ecuador, Uganda and Yemen. In addition, qualitative studies in Kenya, Ghana, Lesotho, Zimbabwe, Ethiopia and Malawi (Barca *et al.*, 2015) and a quantitative study in Zambia (Seidenfeld *et al.*, 2013) found that, despite women being principal recipients of transfers, access to cash did not affect their traditional role in household decision-making, particularly where women were not the head of the household.

Impacts of CTs on decision-making often depend on custom and historical circumstance. For example, qualitative studies by PtoP found more positive impacts in Zimbabwe (FAO, 2013b) where women are believed to have significant control or influence over certain household decisions, and in Lesotho (FAO, 2014a), where women have acquired more power in decision-making in recent decades due to the migration of their male partners to South Africa in search

of employment. On the other hand, these impacts were found to be much more limited in certain areas in Ghana and in Kenya where patriarchal rules are harder to contest (Barca *et al.* 2015; FAO, 2013a and 2014b). On the whole, these studies conclude that where women already control income and profits and make independent decisions over the use of such income there is a potential for CTs to increase empowerment in the long run.

Participation in social networks and increased social status

Self-esteem enables both women and men to engage in social networks, participate in public life, both socially and economically, and acquire more decision-making power. CTs can have important impacts on these domains by changing women’s self-esteem, physical mobility, and independence in performing certain tasks. Qualitative studies by PtoP in East Africa found that CTs enabled women and men to join or re-enter social and economic groups as a result of being able to pay membership fees, while being able to buy clothes and look clean also increased the self-confidence they needed to participate in these groups (Barca *et al.*, 2015). However, these impacts can be short-lived if the CT programmes are not sustained.

There is also some indication that CTs contribute to changing perceptions about women’s economic roles. In Latin America, female CT recipients reported receiving greater respect from men and higher status in the household (Veras Soares and Silva, 2010; Vargas Valente, 2010; Molyneux and Thompson, 2011). Men’s perceptions about the ability of women to manage cash and to contribute to household income improved as a result of CTs in Kenya, Zimbabwe and Indonesia (Concern and Oxfam, 2011).

Some CTs are also changing intra-household gender roles and labour allocation. In Peru, for example, there is evidence that male beneficiaries of the Juntos program are starting to take on domestic tasks, look after children, and share household decisions with women as a result of the sensitization features of the programme (Holmes and Jones, 2013).

Finally, some CTs promote the access of women to justice, particularly when gender conflicts arise as a result of women controlling cash and becoming more economically independent. This is important because gender-based violence may originate or exacerbate when cash transfers make women the official transfer recipients. There are examples in Latin America where CTs have created both awareness and links to judicial services through sensitization meetings, offering complementary services to protect women from domestic and sexual violence, and using programme meetings to address issues of domestic violence (Holmes and Jones, 2013).

WHAT IS THE VERDICT?

While research on the impact of CTs on women’s empowerment is inconclusive, some lessons and trends have emerged, particularly regarding the need for CTs to have a more gender-sensitive design and to link with other social protection interventions. At the moment, we can conclude that CTs offer great potential for the economic and social empowerment of women as well as men. Access to cash can enable women’s autonomy in some economic decisions, promote their social and financial inclusion, increase their ability to start small businesses and improve their labour status. However, we can also conclude that CTs may not be enough to change the position of women in the household or to advance their economic opportunities.

Empowerment outcomes are influenced by programme objectives (i.e. whether these are explicitly to empower women) and programme design (i.e. when females are transfer recipients or where the programme includes spouse sensitization on gender issues) as well as the extent of women's decision-making power before the programme begins. Women's educational level is a critical factor of empowerment, as well as the degree to which a woman's educational level matches or exceeds that of her spouse (Hidrobo and Fernald, 2012; de Braw *et al.*, 2014). Developing women's skills and enabling their access to resources and decent employment continue to be areas where greater attention is needed. In addition, CTs need to be continued over a sufficient period of time to allow for sustainable impacts in economic empowerment.

WHAT CAN BE DONE TO INCREASE EMPOWERMENT IMPACTS?

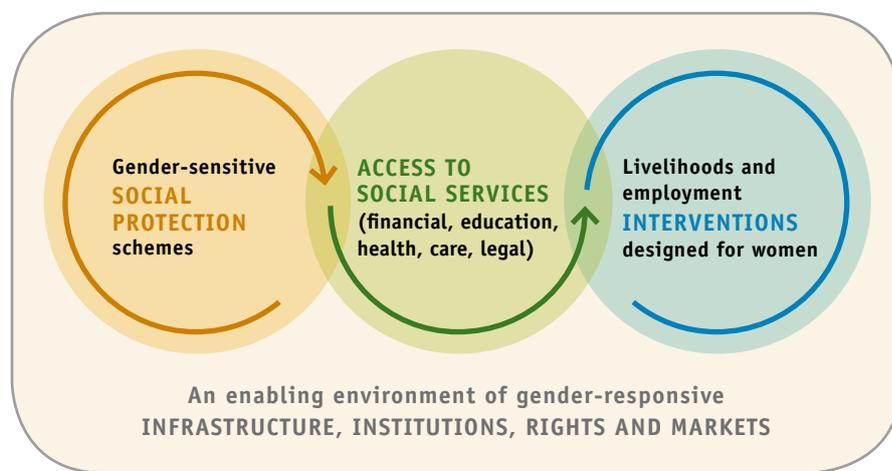
According to a recent report, social safety net programmes have been shifting towards building better-integrated social protection systems. Country efforts are increasingly weaving together the bundle of social safety nets (CTs included) with programmes related to social insurance and labour markets (World Bank, 2014a). In this context, the role of women as

productive individuals has to be recognized, in addition to their role as mothers and caretakers (Holmes and Jones, 2013). Beneficiaries of CTs therefore need to access the additional social services and livelihood interventions that will complement and reinforce their pathway out of poverty. For example, CTs can promote women's financial inclusion through their payment system (i.e. by automatically opening individual bank accounts for female beneficiaries) and by linking beneficiaries with financial literacy programmes. CTs can also link beneficiaries to social services that increase their employability and agricultural productivity, including

skills development programmes and extension services.

The enabling environment will continue to play a fundamental role in women's empowerment and poverty reduction. Targeted policy and legal measures are needed to ensure that economic growth generates employment opportunities for both men and women and allows them to start businesses and access the resources they need to increase agricultural productivity. An approach to integrated social protection systems that promote gender equality and rural women's economic empowerment can be seen below.

Integrated social protection systems that promote gender equality and rural women's economic empowerment



Source: De la O Campos, 2015

FOR MORE INFORMATION

Please visit: www.fao.org/social-protection/en **or write to:** social-protection@fao.org

FAO, together with its partners, is generating evidence on the impacts of social protection on poverty reduction, food security, nutrition and resilience and is using this to provide related policy, programming and capacity development support to governments and other actors. Countries include Kyrgyzstan, Lebanon, Lesotho, Malawi, Rwanda, Senegal, Zambia, Zimbabwe.

