

# Results from impact evaluation of cash transfer programs in sub-Saharan Africa

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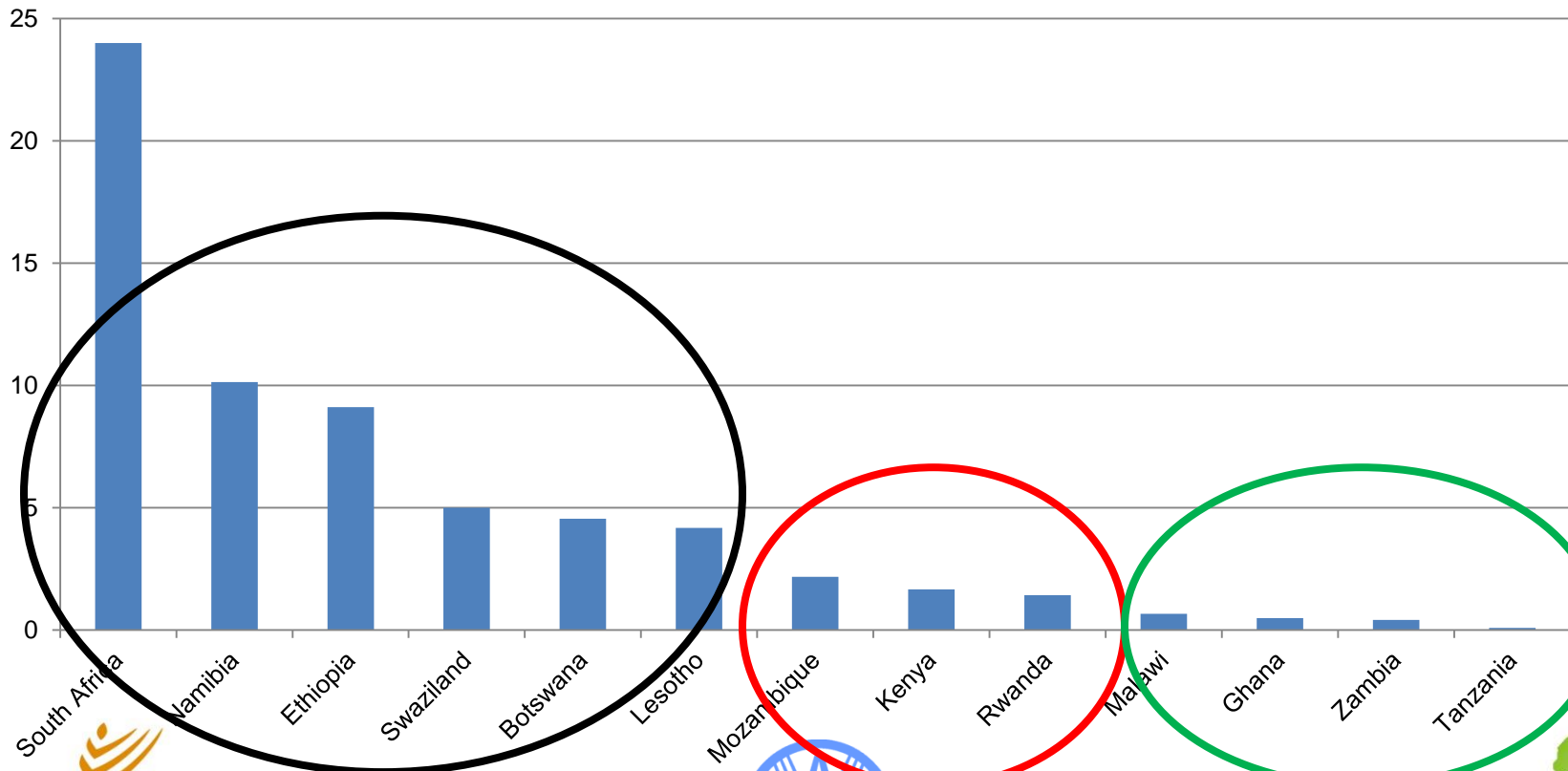


# The rise of cash transfers in Sub Saharan Africa

- Approximately half of the countries of Sub Saharan Africa have some kind of government run cash transfer program
  - And most others have multilateral/NGO run CT programs
- Some programs are national
  - Others scaling up
  - Some are pilots

# Scale up of cash transfer programs in Sub Saharan Africa

- % of population covered by cash transfer program
- Since 2010, planned or on-going expansions (eg: Lesotho, Ghana, Kenya)



# The rise of cash transfers in Sub Saharan Africa

- Variety of designs
  - Universal old age pensions; near universal child grants
    - Primarily southern African countries
  - Targeted programs to specific vulnerabilities
    - Kenya, Lesotho, Malawi, Mozambique
  - Cash for work for able-bodied
    - Ethiopia, Rwanda
  - A few conditional programs
    - Burkina Faso, Tanzania, Nigeria
  - Cash in emergency settings
    - Niger, Somalia, Mali

# Who are cash transfer beneficiaries in Sub Saharan Africa? An example from the Zambia CGP

- Over 95% of households are extremely poor; over 99% poor
- Almost 75% of expenditures spent on food
- Large families (over 5 members on average)
  - More than half children under 13
- 1/3 of children under 5 are stunted
- 1/3 of school aged children do not attend school; 22% are orphaned
- Over 80% of households produce crops
  - Most grow local staples, using traditional technology and low levels of modern inputs
- Most have low levels of assets
  - Half hectare of agricultural land, few small animals, basic agricultural tools and low levels of education
- Over half of all children worked on family farm

# Evidence on cash transfers from Sub Saharan Africa

- Improve welfare
  - Reduce poverty and increase food consumption
  - Improve food security and nutritional status
- Enable poor and vulnerable to become productive citizens
  - Increase human capital
    - Health status and use of health services
    - Educational enrolment and school attendance
  - Safer transition to adulthood
  - Improve livelihoods (productive activities)
  - Dynamic local economy
- Evidence based on ongoing impact evaluations from unconditional cash transfer programs
  - Malawi, Kenya, Ethiopia, Zambia, Ghana, South Africa and Lesotho

# Reduce poverty

- Zambia CGP
  - 5 pp reduction in poverty, 11 pp in poverty gap, 11 pp in severity of poverty gap (using severe poverty line)
- Kenya CT-OVC
  - 13 pp reduction in poverty (less than \$1 a day)
- South Africa (all)
  - Reduce the poverty gap by 45% and destitution gap by 67%

# Cash transfers increase household expenditures on food

Over 35%

	Zambia		Kenya	Ghana	Malawi
	impact	baseline			
Total	15	47	+++	NS	+++
Food	12	34	+++	NS	+++
Education	NS	NS	NS	NS	NS
Health	1	3	+++	NS	+++
Clothing	NS	NS	NS	NS	

- No increase in expenditures on alcohol or tobacco in any country



# Leading to an improved diet

	Zambia		Kenya	Ghana	Malawi
	impact	baseline			
Meat	2.4	6.8	+++	NS	+++
Dairy	.7	.9	+++	NS	+++
Cereals	4.5	11.6	NS	NS	+++
Fruits/vegetables	NS	NS	NS	NS	+++
Sugars	1.3	.8	+++	NS	+++
Fats, oil, other	1.8	1.5	+++	NS	+++
Dietary diversity	1.4	4.8	+++	NS	+++

# And improving multiple dimensions of food security

- Zambia CGP
- Kenya CT-OVC
- Ethiopia PSNP
- Malawi SCT
- South Africa CSG

- Increasing number of meals a day
- Reducing going to bed hungry, etc

## With mixed story on nutritional status

	Zambia	Kenya	Malawi	South Africa
Stunting	NS	NS	+++	+++

Multiple determinants of nutritional status

# Cash transfers also led to improvement in health status and use of health services

- Reduction in diarrhea (children under 5)
  - Zambia CGP, Kenya CT-OVC, Malawi SCT
- Increase in seeking curative care (children under 5)
  - Kenya CT-OVC
- Increase in seeking preventative care (children under 5)
  - Kenya CT-OVC
  - Ghana LEAP (for female headed households)
- Increase in access to national health insurance
  - Ghana LEAP (34 pp for children under 5)

# As well as increased school enrolment and attendance

- Increased primary and/or secondary school enrolment
  - Kenya CT-OVC
  - Zambia CGP (for mothers with lower levels of education)
  - Malawi SCT
  - Ghana LEAP
  - South Africa Old Age Pension
- Highest grade completed
  - Kenya CT-OVC
- Reduced grade repetition
  - Ghana LEAP
- Reduced absences
  - South Africa CSG

# Cash transfers can make the transition into adulthood safer for adolescents

- Kenya CT-OVC
  - Less likely to have had sexual debut (8 pp)
  - Reduced number of sexual partners in last 12 months
  - Reduced frequency of unprotected sex in last 3 months
  - Less likely to be pregnant (5 pp)
    - But mediated through increasing in schooling
  - Improvement in psycho-social status
    - Less depression
- South Africa CSG
- Malawi Zomba cash transfer experiment

# Cash transfers can lead to productive investment

- Increase in investment in agricultural inputs and tools
  - Zambia CGP, Ethiopia PSNP, Malawi SCT
- Increase in agricultural production
  - Ethiopia PSNP
  - Zambia CGP
    - And increase in sales at market (12 pp from 23% base)
- Increase in home production of food
  - Kenya CT-OVC and Malawi SCT, in cereals and animal products
- Increase in livestock ownership
  - Zambia CGP, Kenya CT-OVC and Malawi SCT
- Increase in ownership of non agricultural enterprises
  - Zambia CGP (17 pp from 22% base) and Kenya CT-OVC

# Move on farm and into family productive activities

- Reducing adult agricultural wage labor and increasing time spent on the family farm
  - Zambia, Kenya, Malawi (*ganyu* labor), Zimbabwe (*maricho* labor), Ghana (increase on own farm labor)
    - Zambia: particularly for women (17 pp to 29%; 12 days fewer to 19)
- Increase in labor dedicated to family non agricultural enterprise
  - Zambia, Kenya
- Increase in labor market participation
  - Zambia CGP
  - South Africa CSG
- Allowed elderly and physically disabled to “rest”
  - Zimbabwe

# But mixed results on child labor

- Kenya: reduction in on farm activity for children
  - Particularly for boys (12 pp from 42%)
- Malawi: reduction in wage labor, increase in on farm activity
- South Africa: reduction in child wage labor
- Zambia: no impact



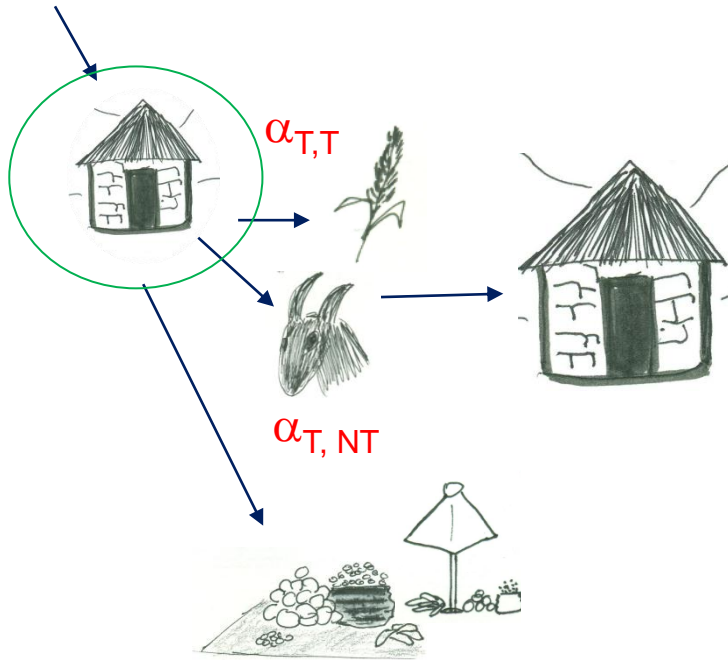
# Cash transfers improve the ability of households to manage risk

- Reduce negative risk coping strategies
  - Malawi, Ethiopia, Kenya
- Pay off debt and increase savings
  - Zambia, Ghana and Kenya
- Increase in credit worthiness
  - Ghana and Lesotho
    - Though often reluctant to increase debt
- Re-engagement with social networks, community activities
  - Allow households to participate, to “mingle” again
  - Ghana, Zimbabwe and Kenya

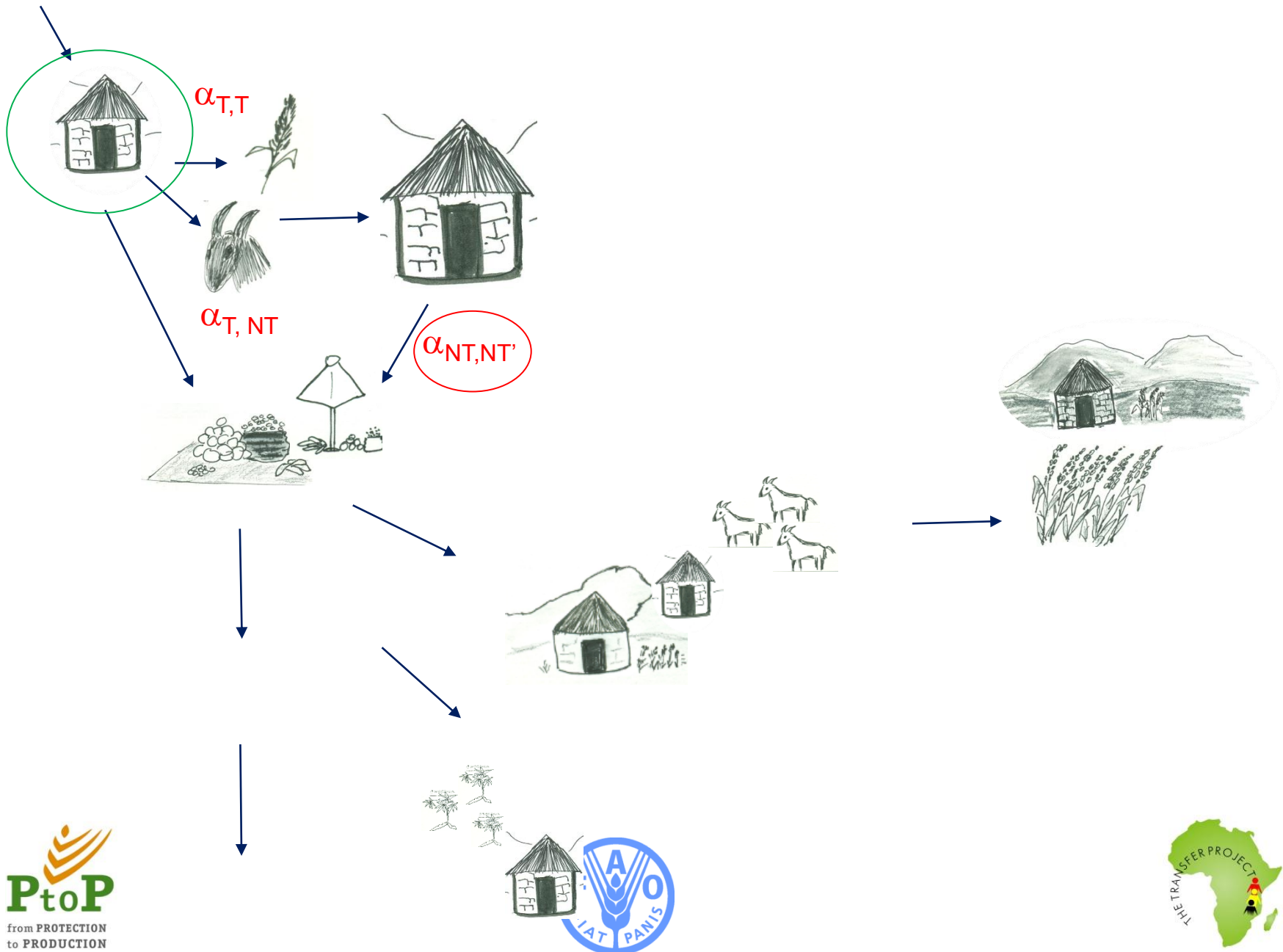
# How do local economy effects work?



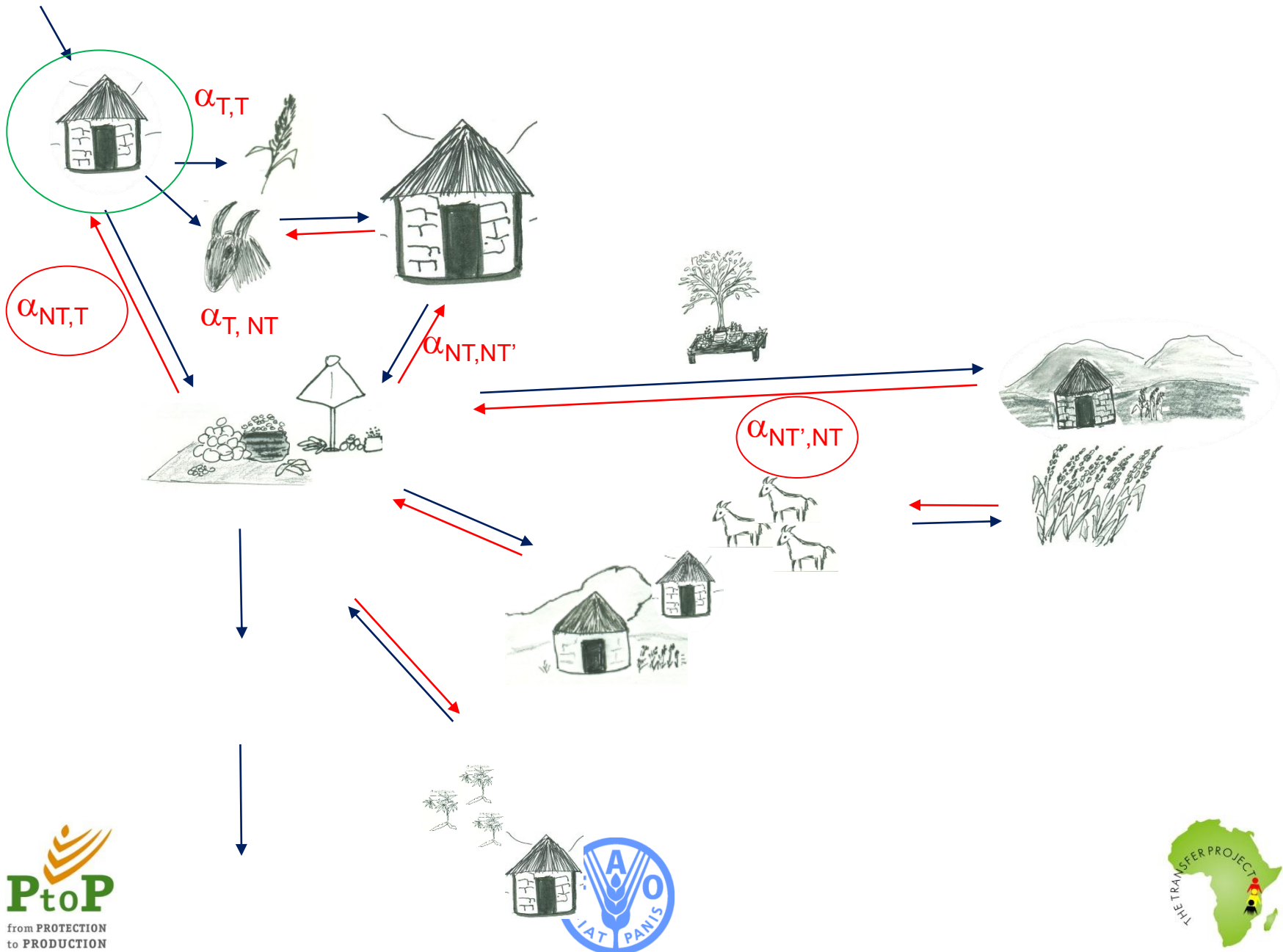
# Transfer



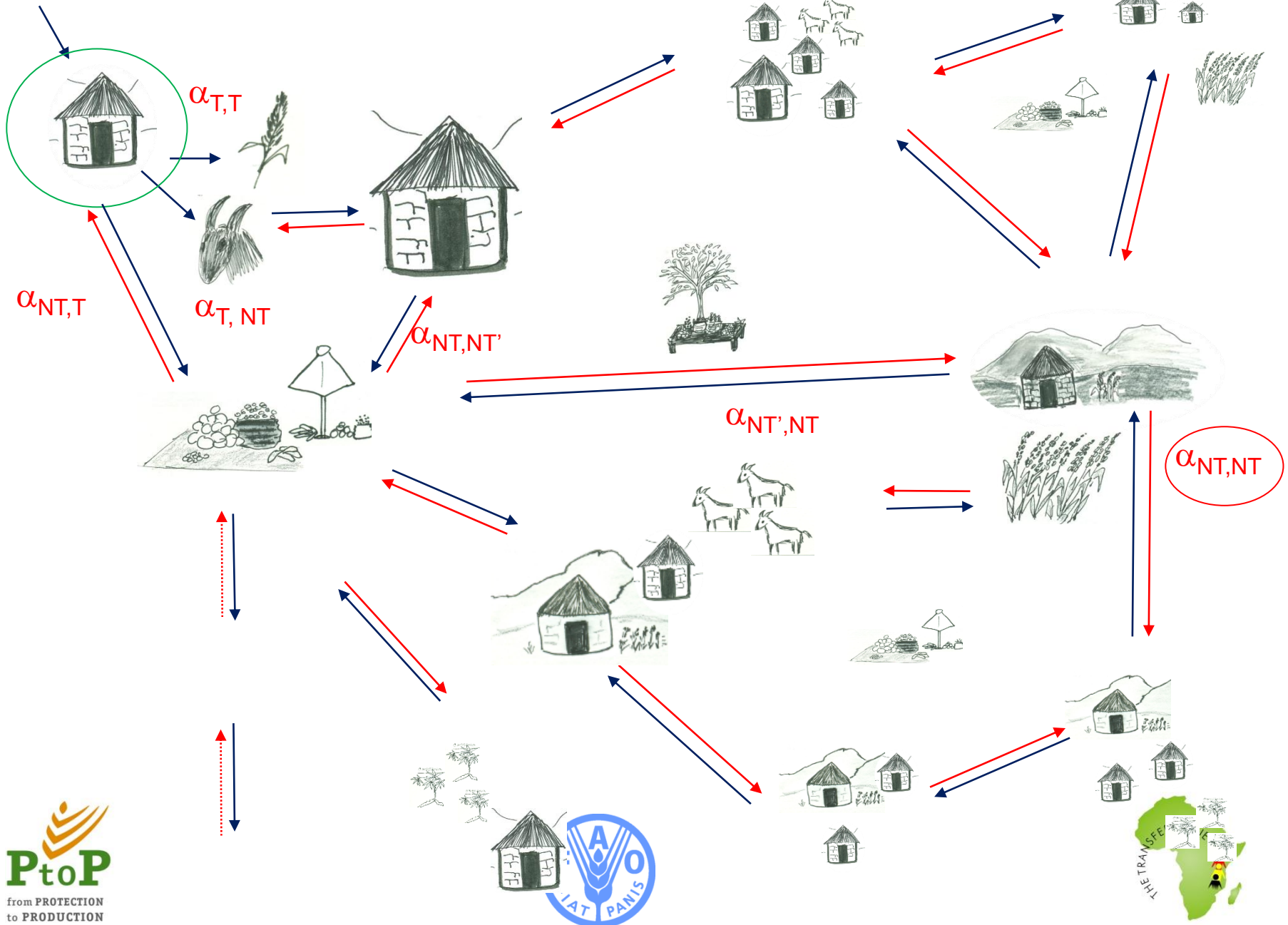
# Transfer



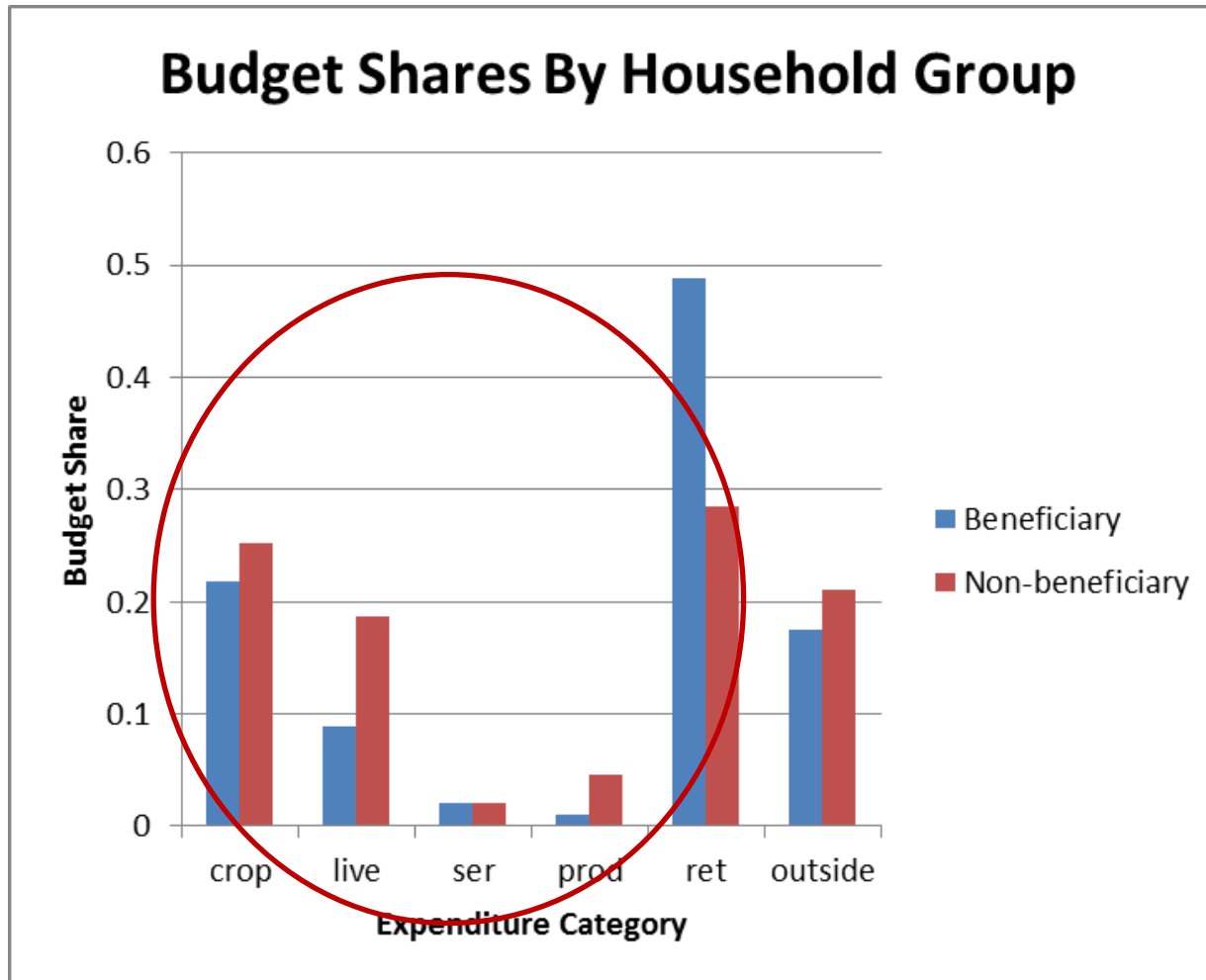
# Transfer



# Transfer



# Ghana: LEAP households spend about 80% of income inside the local economy



# Cash transfers can have large income multiplier effects

## Ghana LEAP Program

		Multiplier
Total Income		
	Nominal	2.50
	(CI)	(2.38 - 2.65)

Every 1 Cedi transferred can  
generate 2.50 Cedis of income



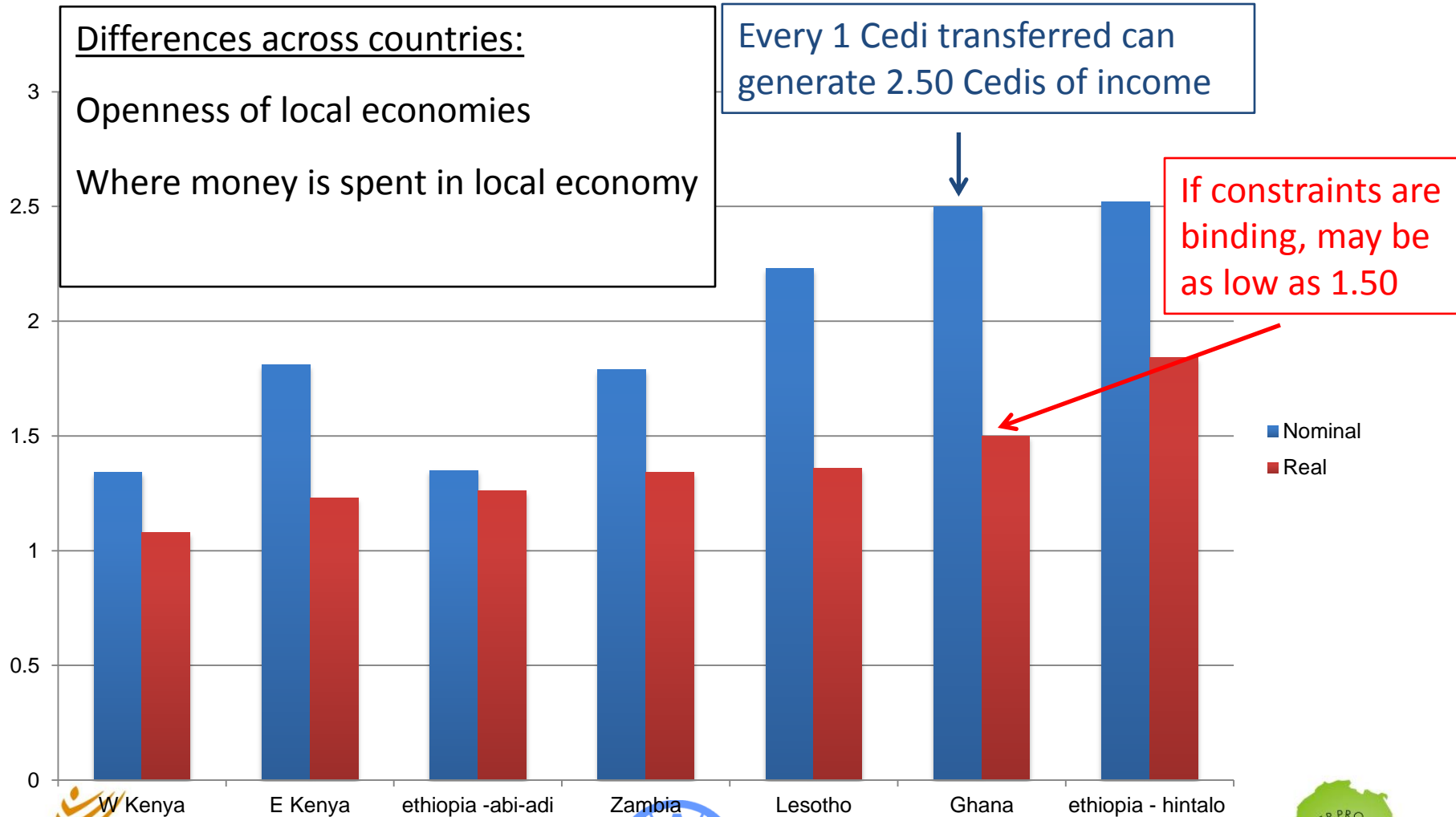
# If supply response is constrained, income multiplier can be as low as 1.50

## Ghana LEAP Program

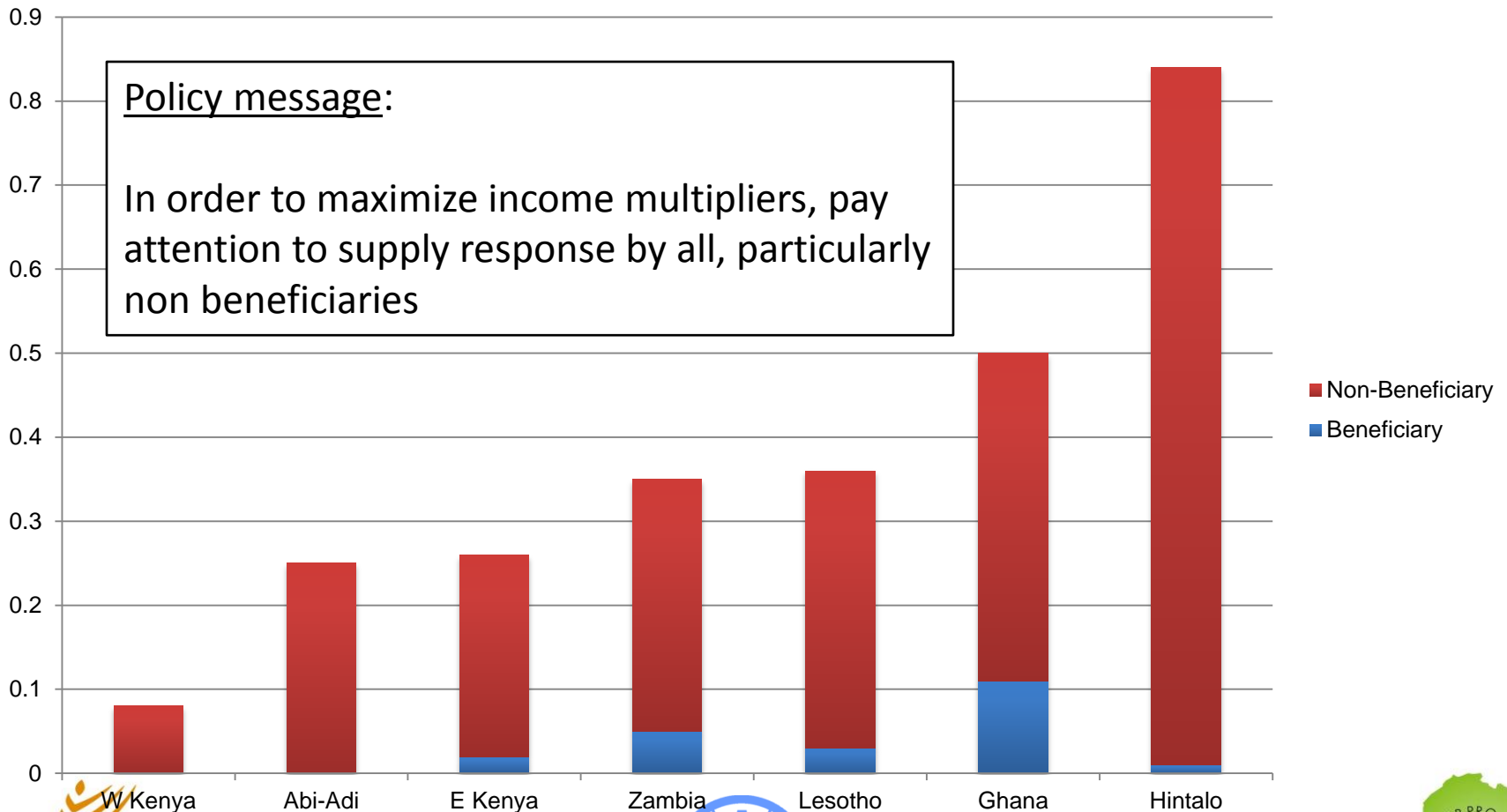
		Multiplier
Total Income		
	Nominal	2.50
	(CI)	(2.38 - 2.65)
	Real	1.50
	(CI)	(1.40 - 1.59)

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

# Income multiplier varies by context



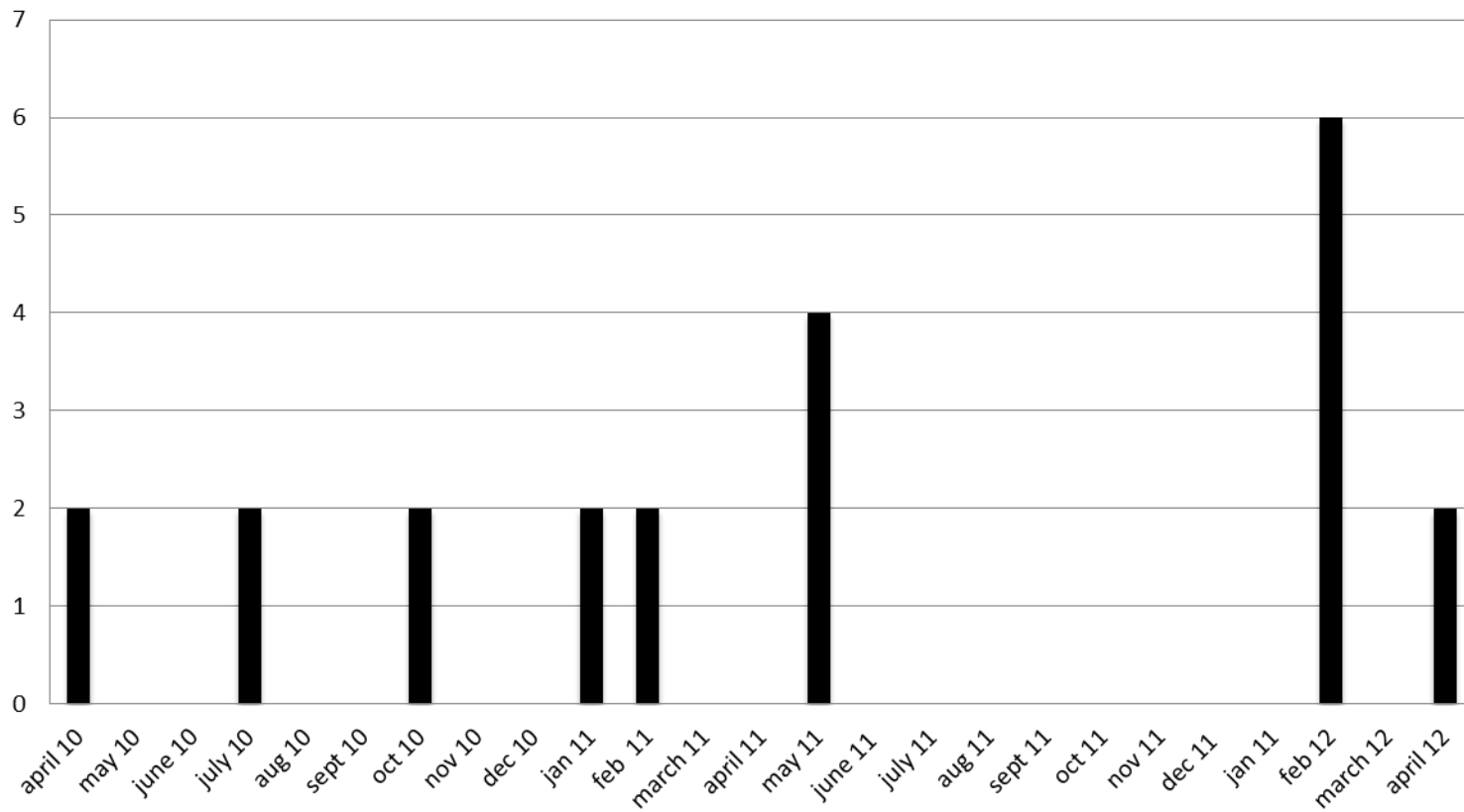
# Non beneficiary households gain most the income multiplier



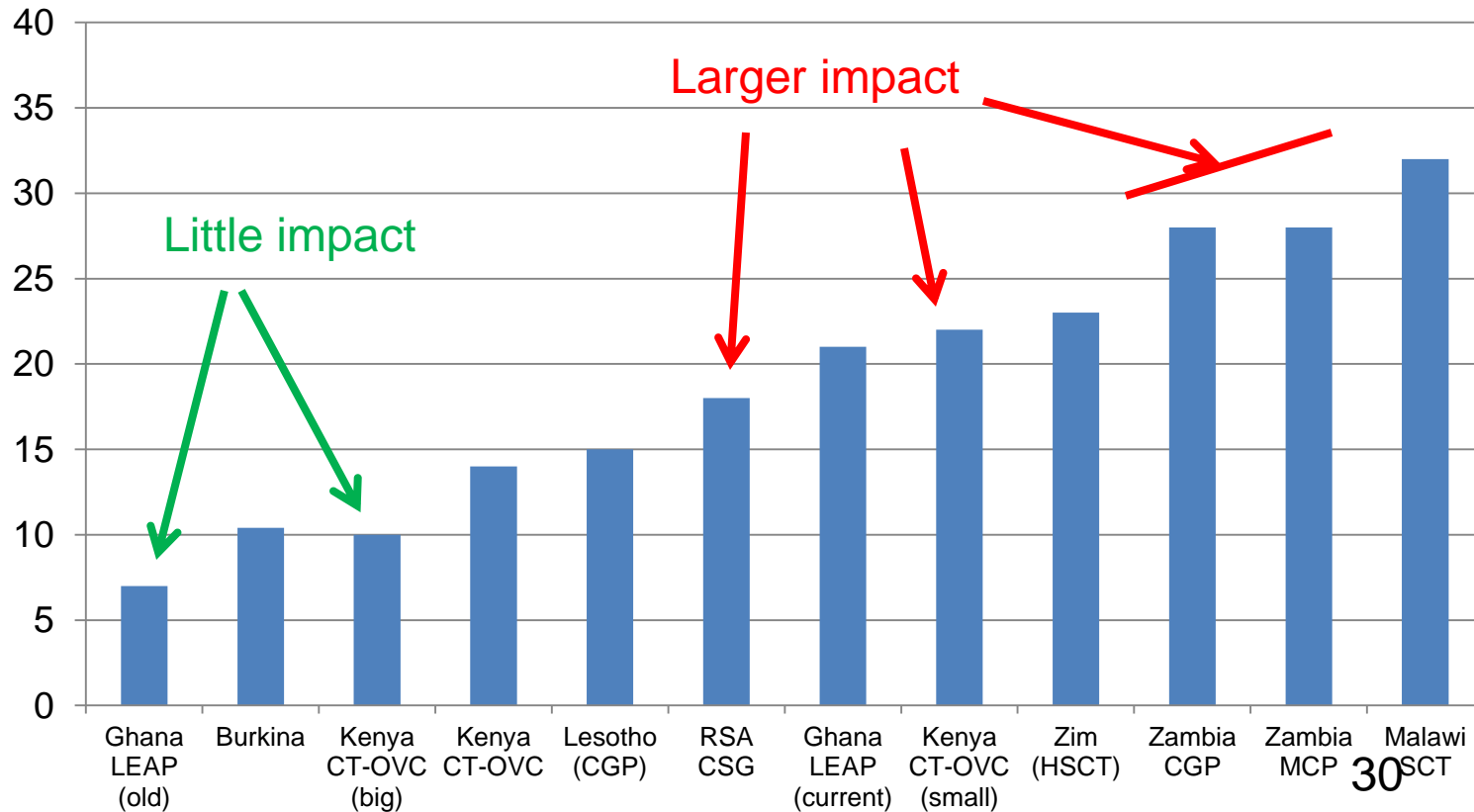
# Design and implementation are important for achieving objectives

- Demographic profile of beneficiary households
  - Available labor: OVC? Households with young children?
- Relevance of messaging and soft conditions on social spending

# Regular and predictable transfers allow people to plan: the lumpy LEAP



# Reaching objectives requires transfer equal to 20-30% of per capita income of poor households



# Cash transfers need to be linked to supply of services

- Cash transfers can help address demand-side barriers to accessing services (economic and financial barriers)
- But to maximize impacts need to develop linkages with other sectors (education, health, nutrition, etc)
  - Ensure supply of quality services to meet demand
  - Complementary services to address outcomes with multiple determinants (eg: behavioral practices around nutrition)

# Cash transfers needs to be part of a rural development strategy

- 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



# In conclusion: The evidence shows.....

- Cash transfer programs are not charity
  - They enable the poor and vulnerable to become productive citizens
- Cash transfers can have a big impact even without conditions
  - Though messaging is important
- A small amount of money can go a long way
  - Cash transfers equal to 20 to 30 percent of per capita average income of poor households can have big impacts

# Our websites

From Protection to Production Project

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

The Transfer Project

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

