

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

Benjamin Davis
FAO, PtoP and Transfer Project

Conferencia Nacional de Assistencia Social

Monday, October 21, 2013
Luanda, Angola

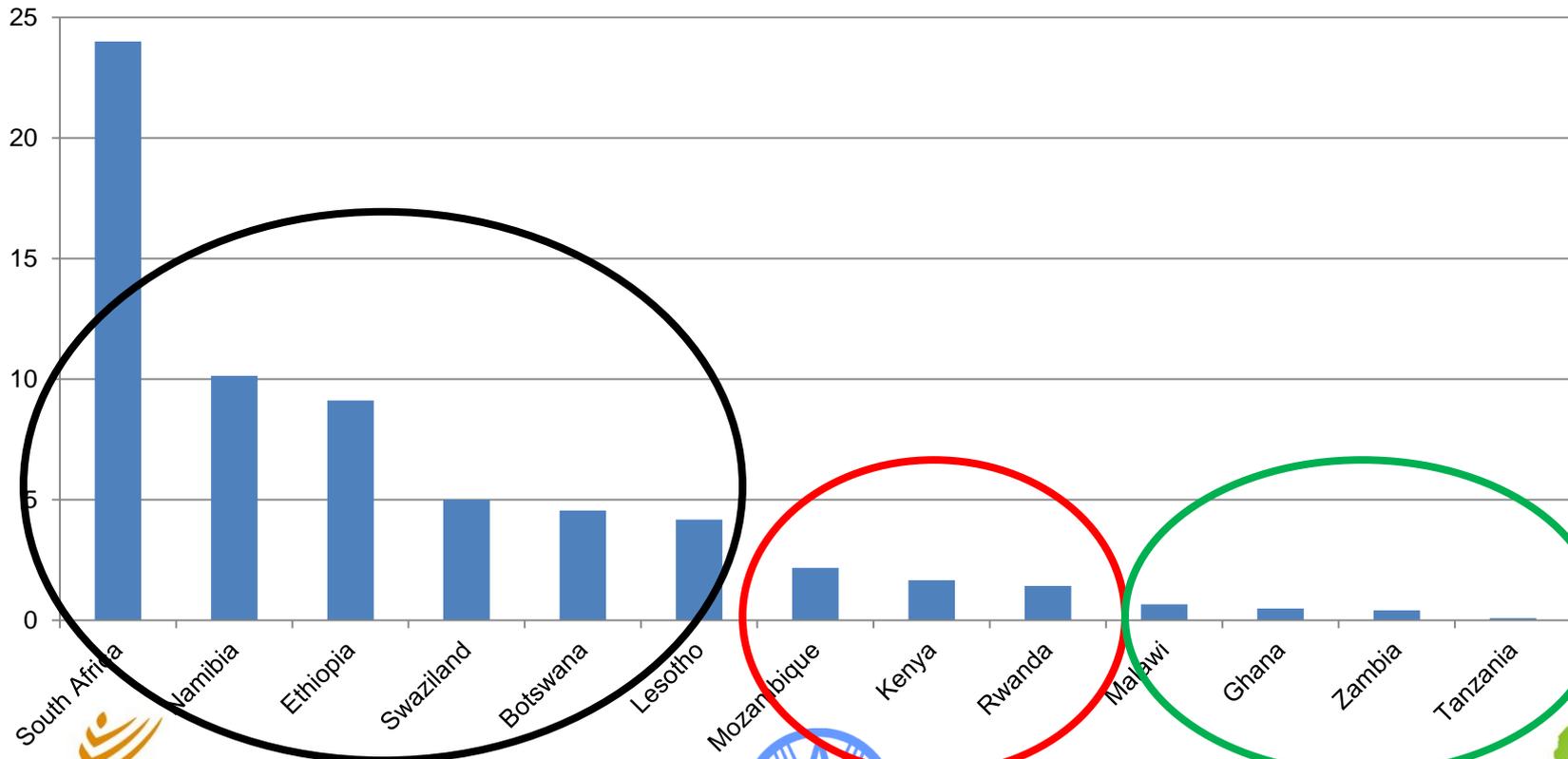


The rise of cash transfers in Sub Saharan Africa

- 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

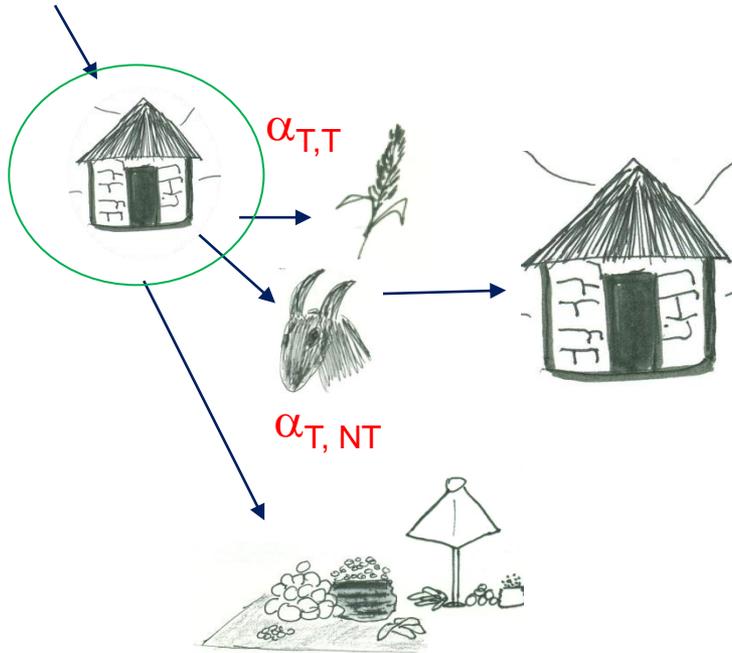
Cash transfers improve the ability of households to manage risk

- 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

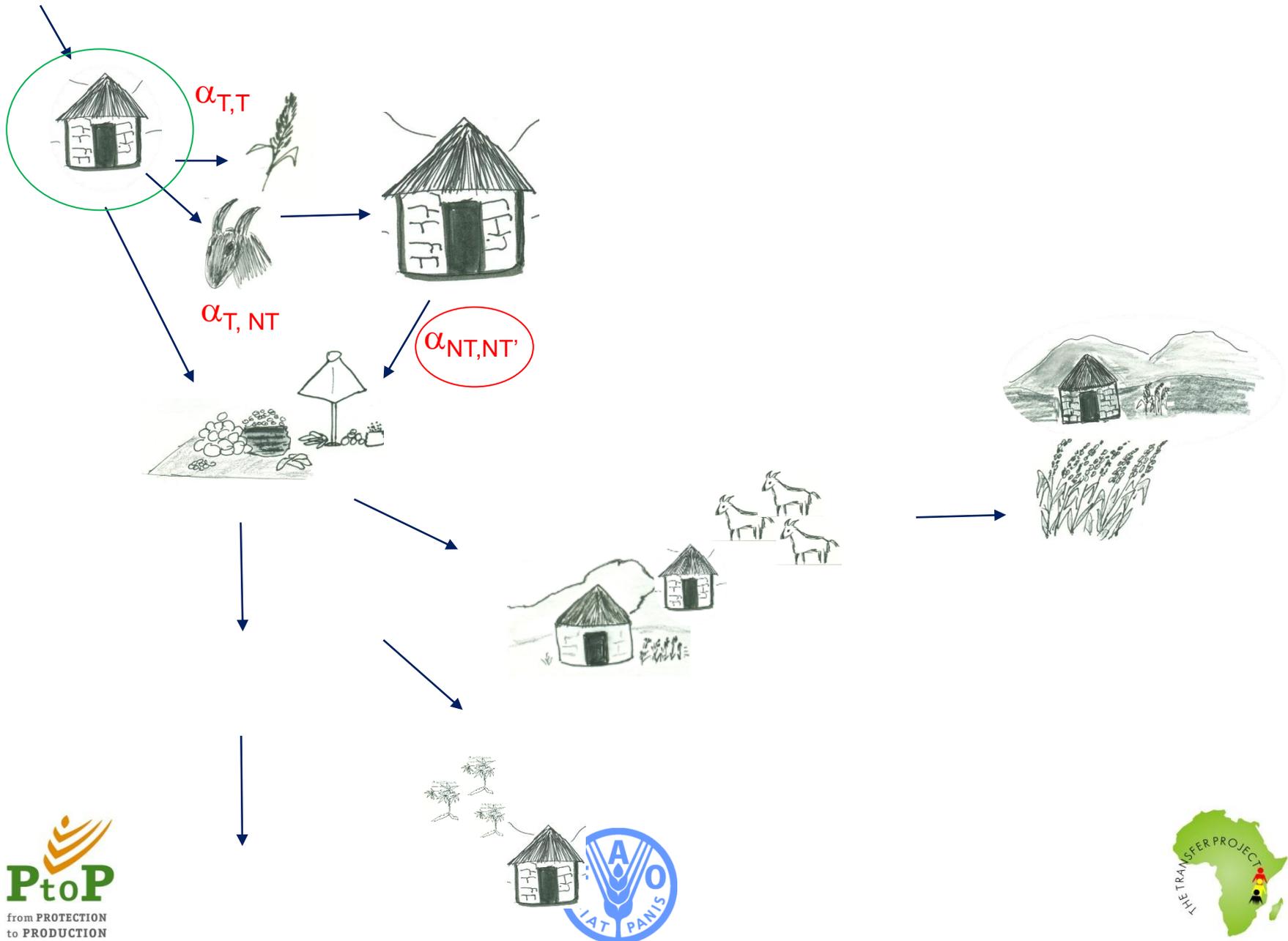
How do local economy effects work?



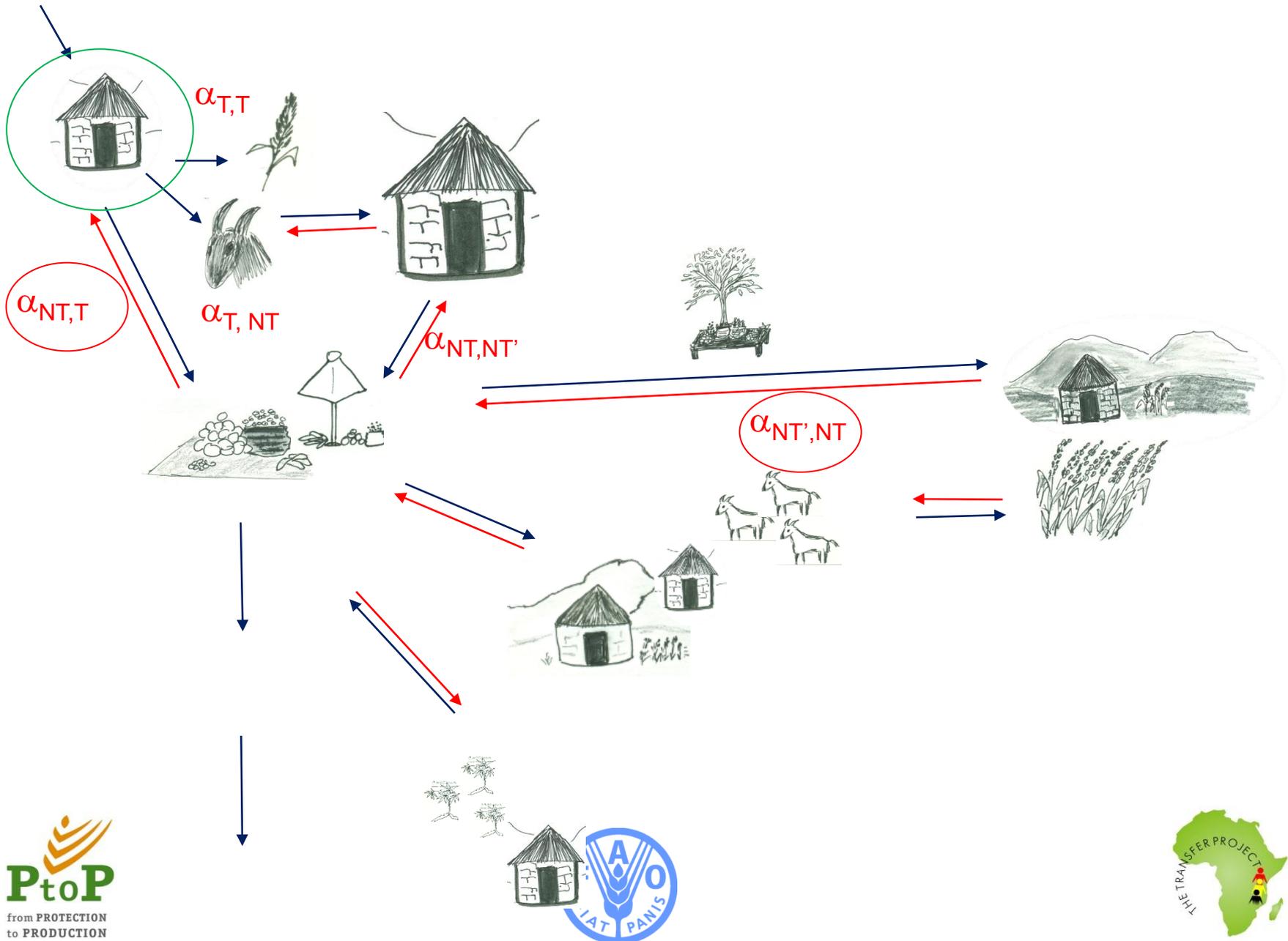
Transfer



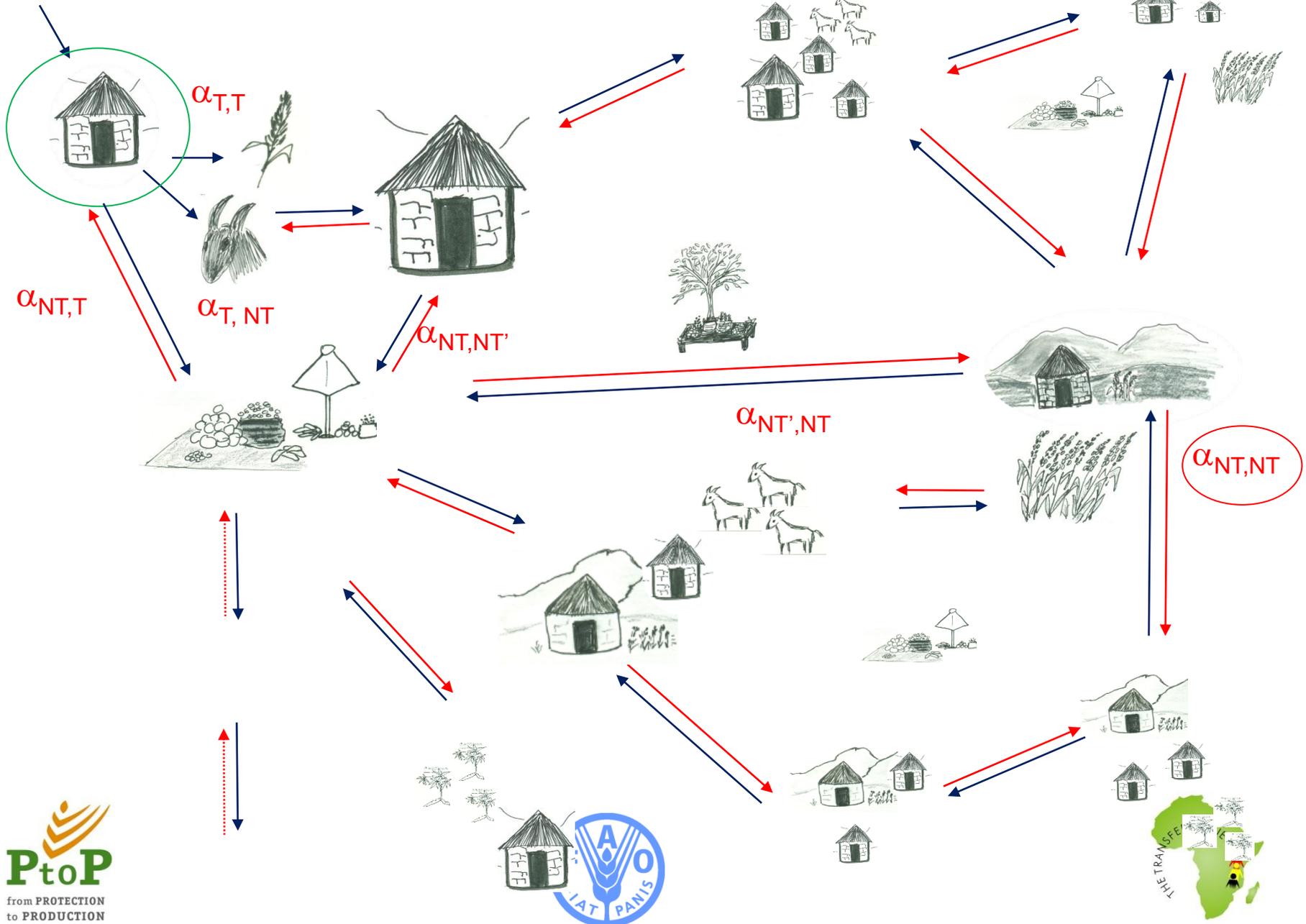
Transfer



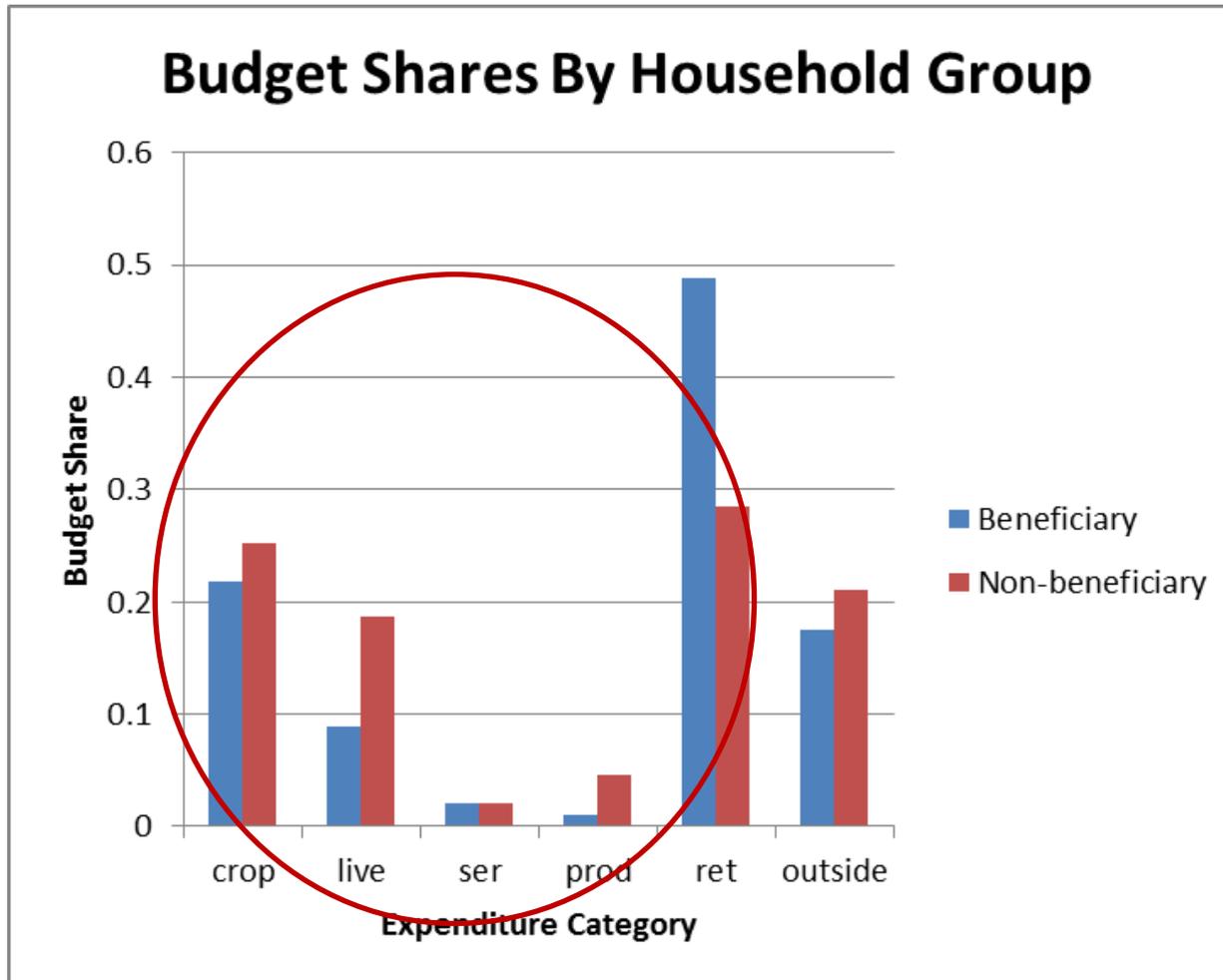
Transfer



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

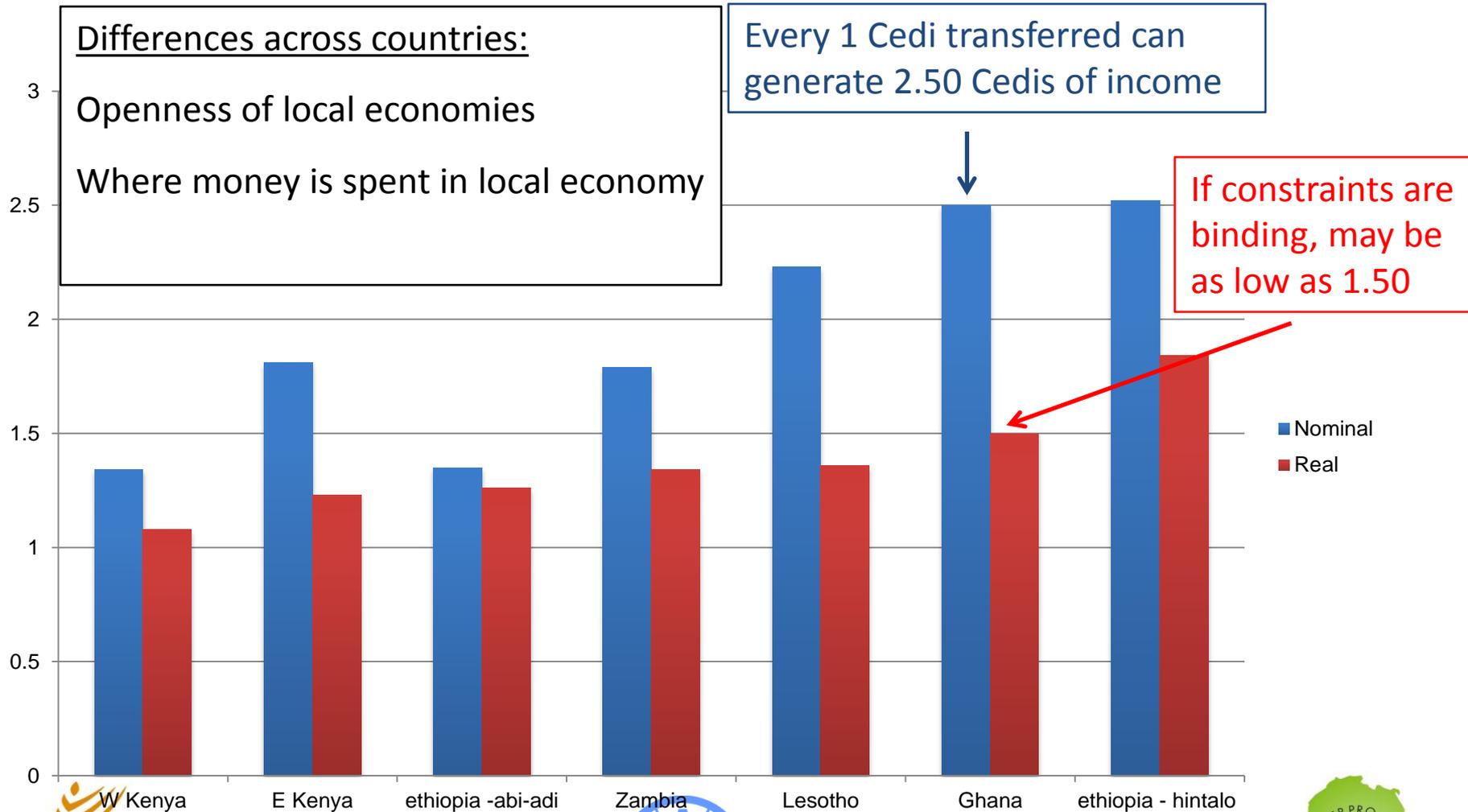
If supply response is constrained, income multiplier can be as low as 1.50

Ghana LEAP Program

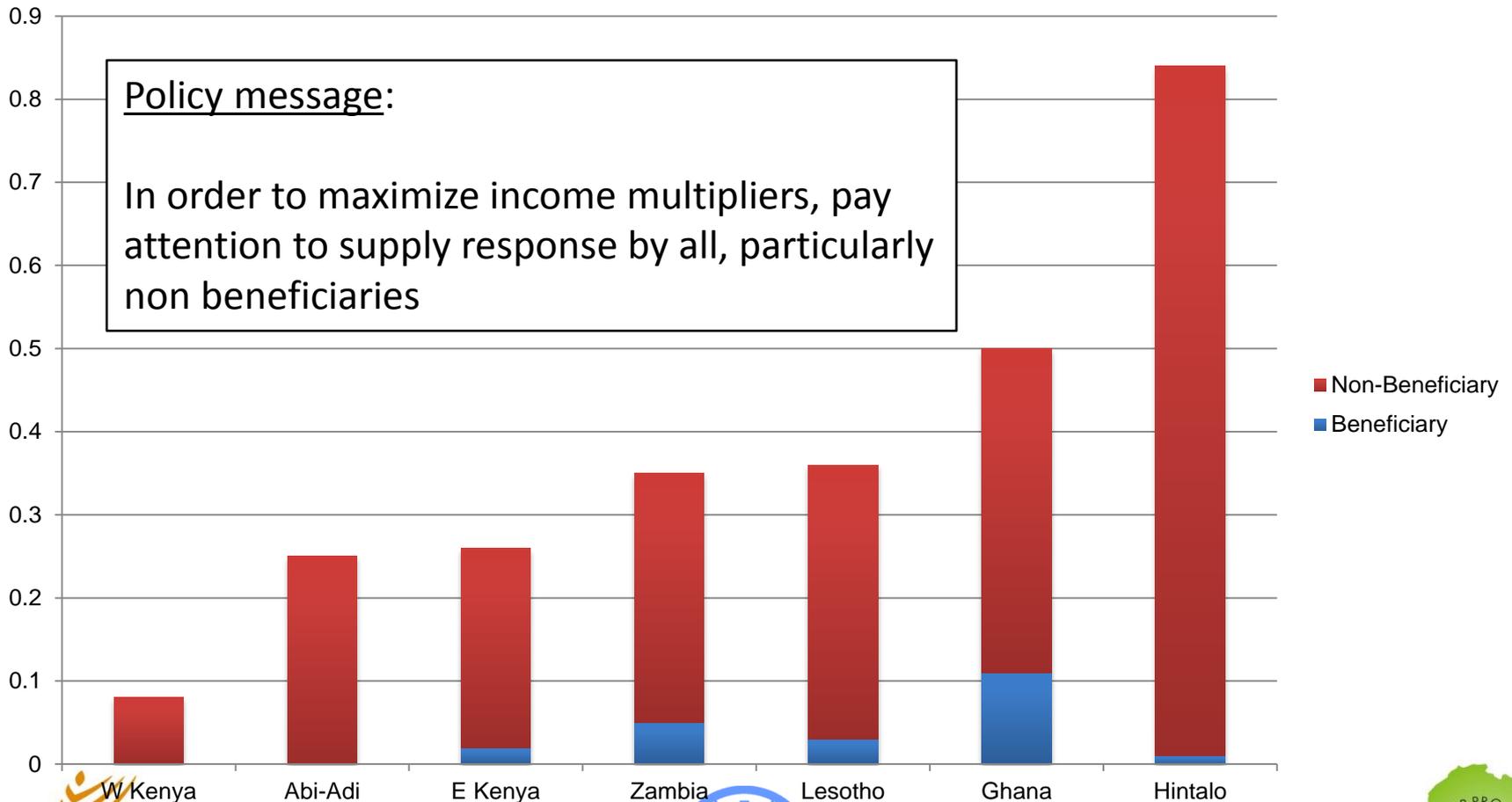
		Multiplier
Total Income		
	Nominal	2.50
	(CI)	(2.38 - 2.65)
	Real	1.50
	(CI)	(1.40 - 1.59)

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

Income multiplier varies by context



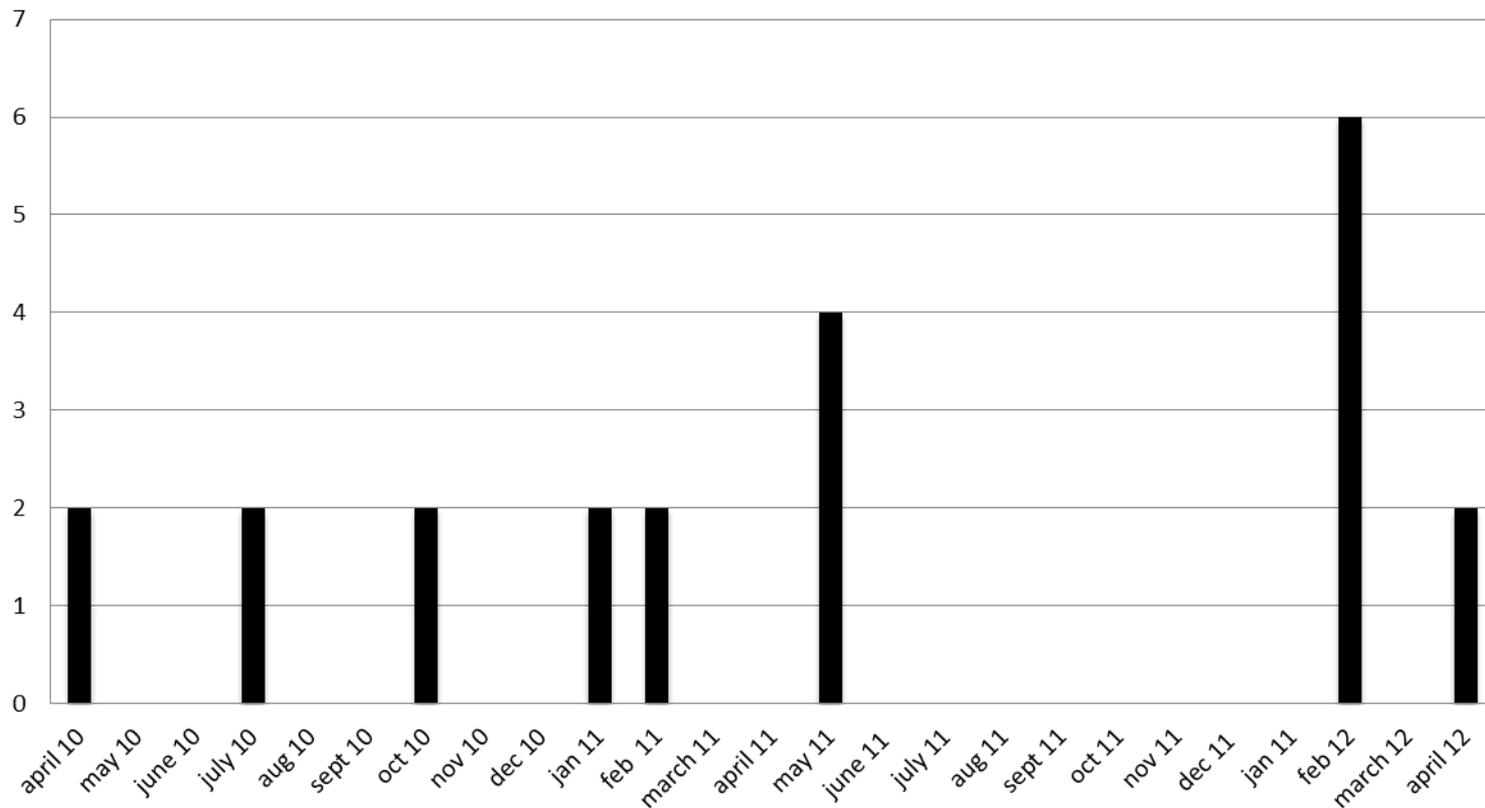
Non beneficiary households gain most the income multiplier



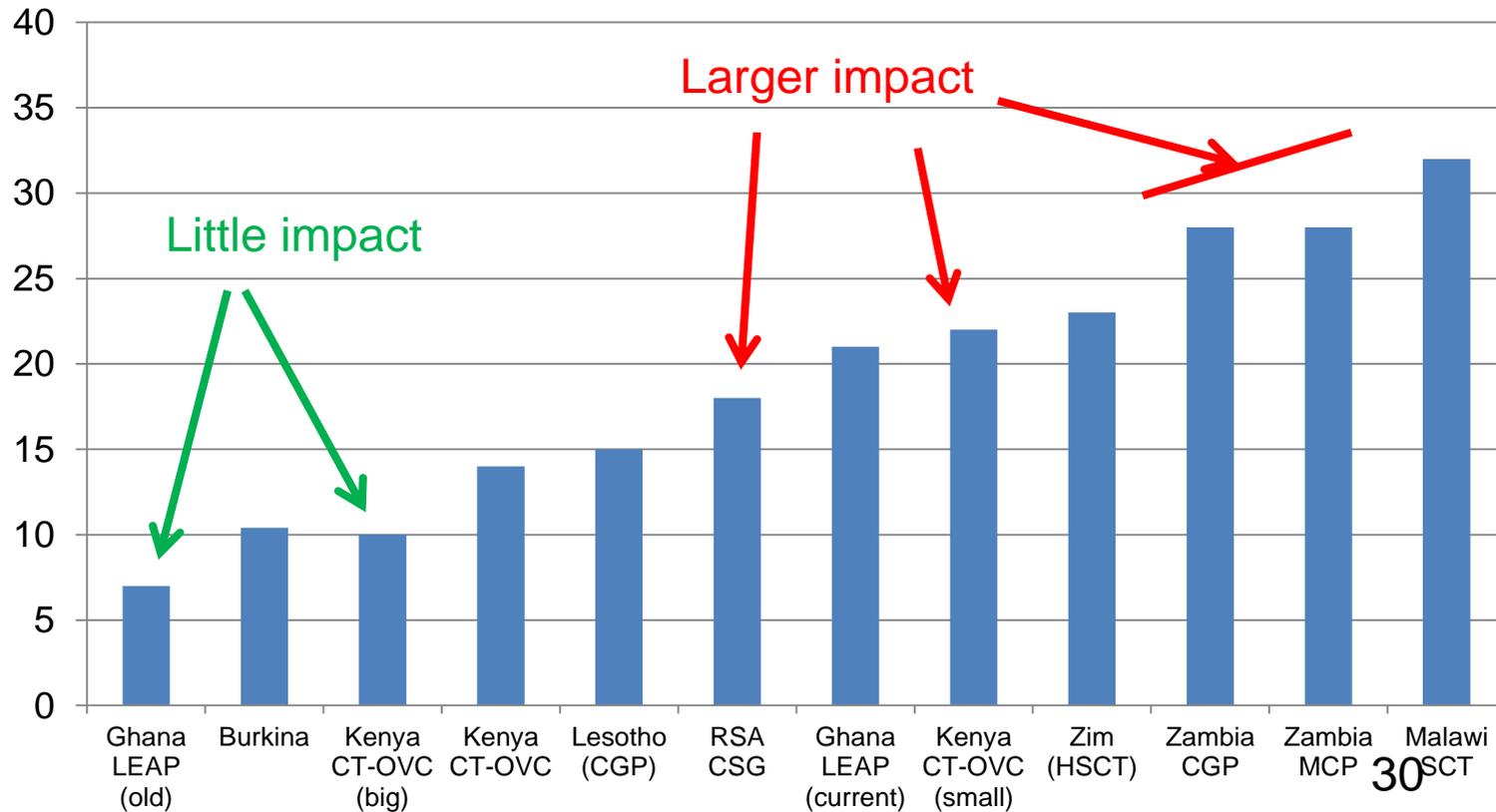
Design and implementation are important for achieving objectives

- 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



30



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>

