

# From Protection to Production. An overview of impact evaluations on Social Cash Transfers in Sub Saharan Africa

Benjamin Davis

FAO, PtoP and the Transfer Project

Expert Discussion

GIZ Eschborn

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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 pilots beginning this year
- Most focus on rural poor

# Cash transfer program impact evaluations in Sub Saharan Africa (19 in 13)

- Malawi SCT
  - Mchinji pilot, 2008-2009
  - Expansion, 2013-2014
- Kenya
  - CT OVC, Pilot 2007-2011
  - CT OVC, Expansion, 2012-2014
  - HSNP, Pilot 2010-2012
- Mozambique PSA
  - Expansion, 2008-2009
- Zambia
  - Monze pilot, 2007-2010
  - Child Grant, 2010-2013
- South Africa CSG
  - Retrospective, 2010
- Burkina Faso
  - Experiment, 2008-2010
- Ethiopia
  - PNSP, 2006-2010
  - Tigray SPP, 2012-2014
- Ghana LEAP
  - Pilot, 2010-2012
- Lesotho, CGP
  - Pilot, 2011-2013
- Uganda, SAGE
  - Pilot, 2012-2014
- Zimbabwe, SCT
  - Pilot, 2013-2015
- Tanzania, TASAF
  - Pilot, 2009-2012
  - Expansion, 2012-2014
- Niger
  - Begins in 2012

# Regional effort on CT impact evaluation is coordinated by the **Transfer Project**

UNICEF, SCUK, UNC and FAO, in coordination with national governments and research partners

1. Regional learning, information exchange and network/community of practice
2. Technical assistance on design and implementation of impact evaluation and identification of research areas
3. Synthesis of regional lessons on program design and impacts

# Potential cross country thematic studies

1. Nutrition and food security
2. Health: use of services, morbidity, nutritional status
3. Education: enrollment, attendance, age of entry to school
4. Mitigation of HIV risk: sexual behavior and perceptions
5. Networks of reciprocal exchange
6. Psycho-social status (PSS), mental health, preferences
7. Productive activities and economic growth

# Why do livelihoods matter for social cash transfers?

- Beneficiaries in Sub Saharan Africa predominately rural, most engaged in agriculture
  - Most work for themselves
- Missing/poorly functioning markets link production and consumption activities
  - Credit, insurance, labor and input market failures
  - Constrain economic decisions in investment, production, labor allocation, risk taking
- Implications for “social” side—you cannot separate from livelihoods
  - Labor allocation (adults and children), including domestic chores and care giving
  - Intra household decision making
  - Investment in schooling and health
  - Food consumption, dietary diversity and nutrition

# Cash transfers targeted to poorest of the poor can have productive impacts

- Transfers can relax some of constraints brought on by market failure in credit and insurance
- Transfers can reduce burden on social networks and informal insurance mechanisms
- Infusion of cash can lead to multiplier effects in local village economy

# For example, agriculture is fundamental part of livelihoods of Kenya CT-OVC beneficiaries

- Large majority are agricultural producers
  - Over 80% produce crops; over 75% have livestock
- Most grow local maize and beans, using traditional technology and low levels of modern inputs
- Most have low levels of assets
  - few acres of agricultural land, few small animals, basic agricultural tools and low levels of education
- Only 16 percent used credit in 2011
- 1/4 of adults worked in casual wage labor, 1/3 in own non ag business, 1/5 private transfers
- 42% of children worked on family farm



# The From Protection to Production Project

- Focus on understanding economic impacts of cash transfer programs
  - Take advantage of ongoing impact evaluations
- Mixed method approach
  - Program impact on household economic decisions
  - Qualitative analysis of community dynamics
  - Village economy income multipliers via general equilibrium modeling
- Joint with UNICEF and government in 7 countries
  - Ghana, Kenya, Lesotho, Malawi, Ethiopia, Zambia, Zimbabwe

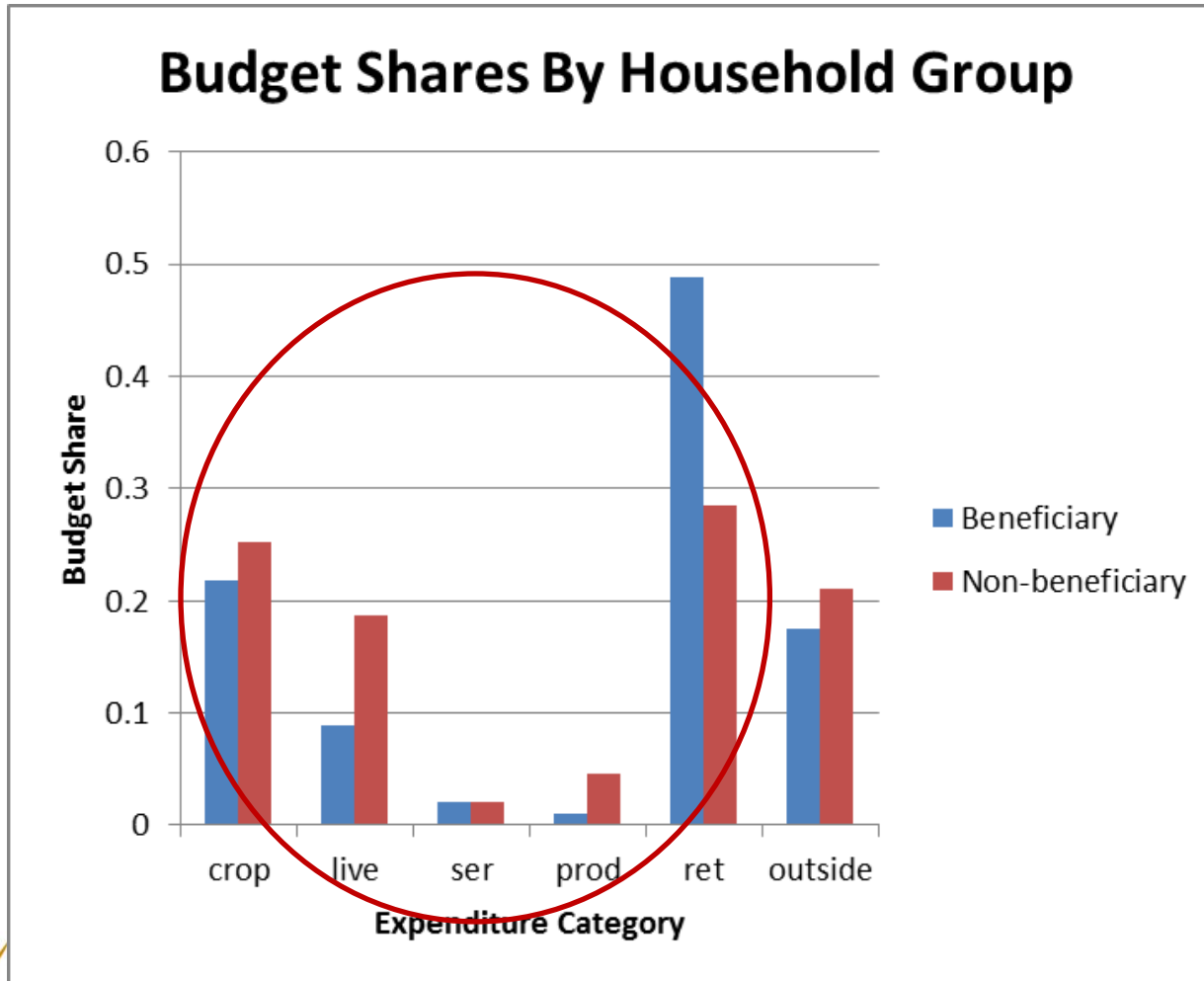
# What have we found so far?

- Kenya CT-OVC and Malawi SCT
  - Increased ownership of small livestock, agricultural tools
  - Greater share of household consumption of cereals, animal products and other foods produced via own production
  - Increased participation in nonfarm enterprise for female headed households (Kenya)
- Move on farm
  - Malawi
    - Decreased agricultural wage labor and child work off farm, and
    - Increased on farm activity by both adults and children
  - Kenya
    - Decreased agricultural wage labor
    - Reduction in on farm child labor
  - Zimbabwe (qualitative)
    - Move from casual wage labor on farm

# Improved ability to manage risk

- Increasing savings and paying off debt
  - Ghana and Kenya (qual)
- Re-engagement with social networks, community activities
  - Allow to participate, to “mingle” again
  - Ghana, Zimbabwe (qual) and Kenya (qual)

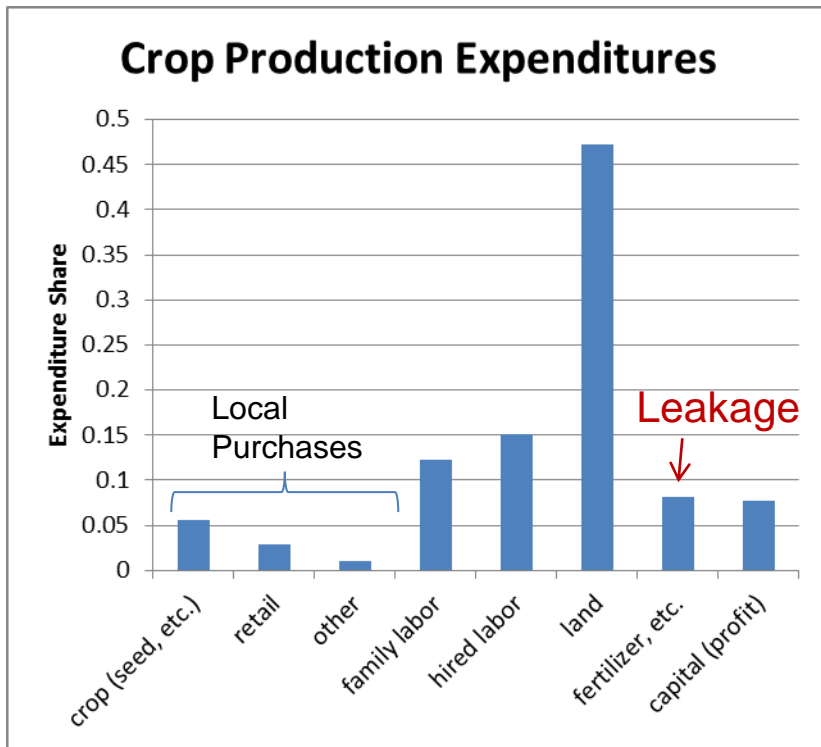
# Beneficiaries spend most of transfer in local economy



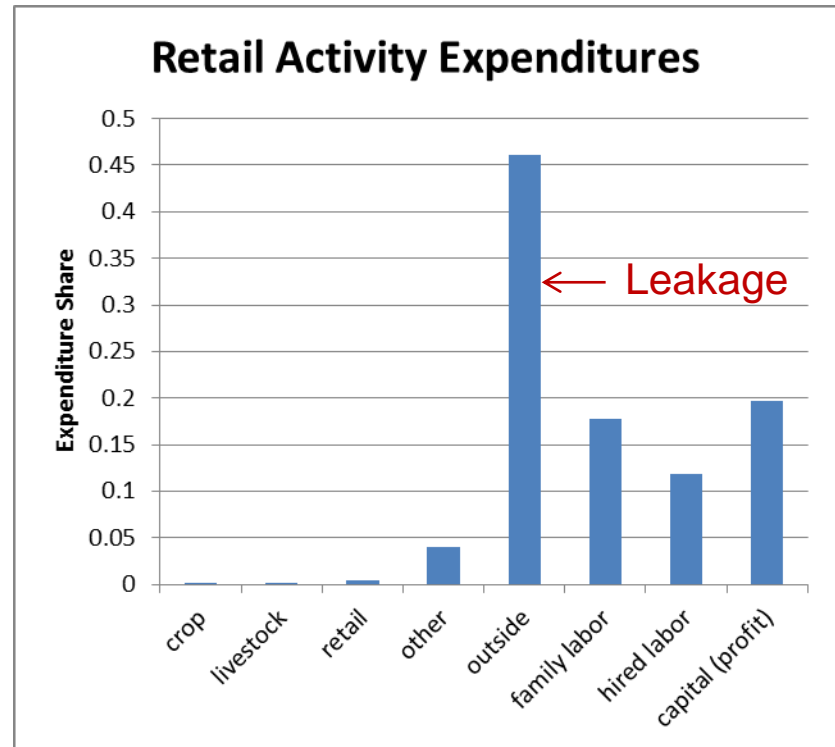
LEAP program  
in Ghana

Households spend about 80% of their income inside the local economy

# Production activities buy inputs from each other, pay wages, and make profits

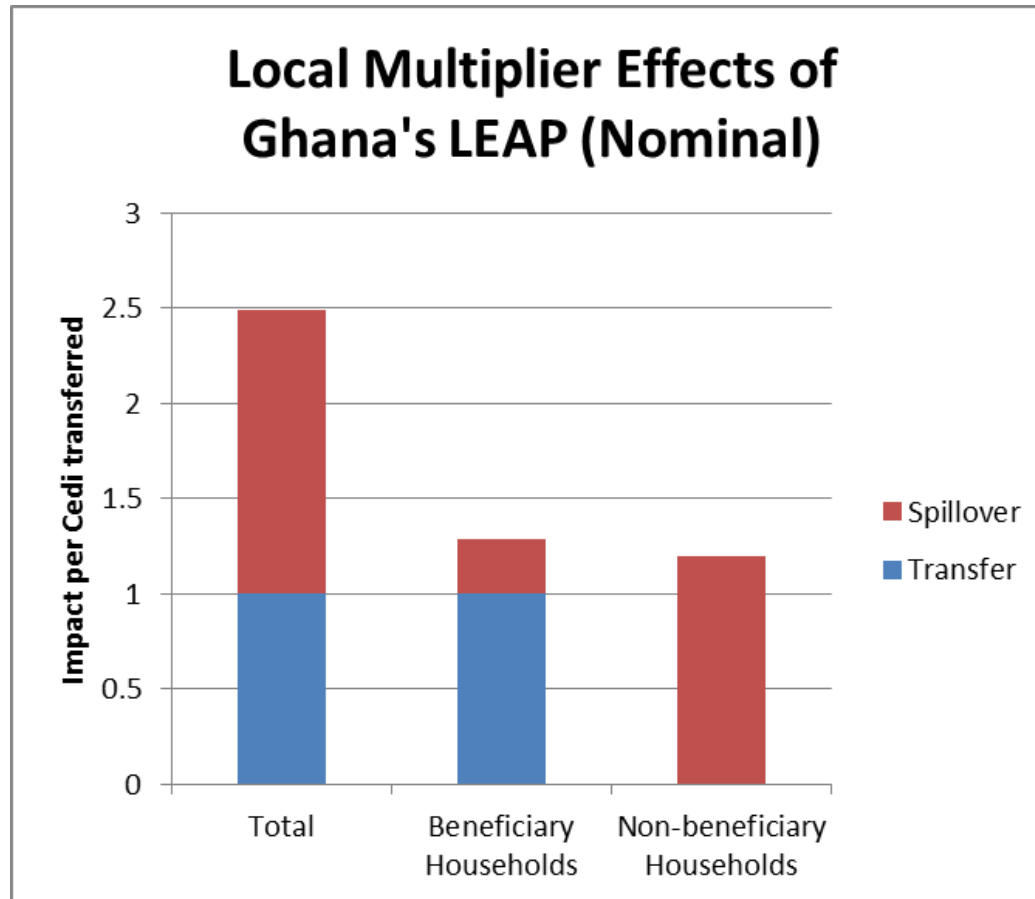


Payments to factors



Payments to factors

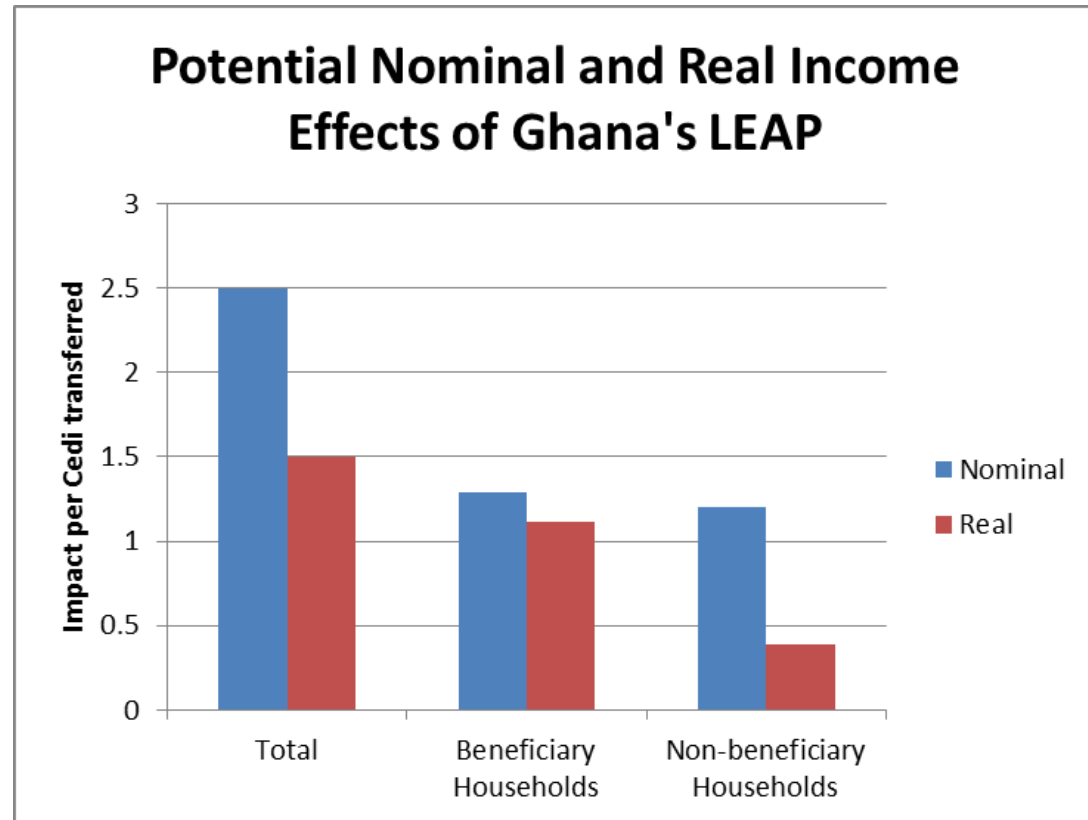
# LEAP can create significant spillovers (income multipliers from simulation)



- For each Cedi transferred local income increases by 2.5 Cedi
- Nearly all the spillover goes to non-beneficiary households

# Higher Prices May Erode Real Benefits

Capital, liquidity, and labor constraints can limit the supply response



- Gain to non-beneficiary households drops

Real income multiplier of 1.5 still large

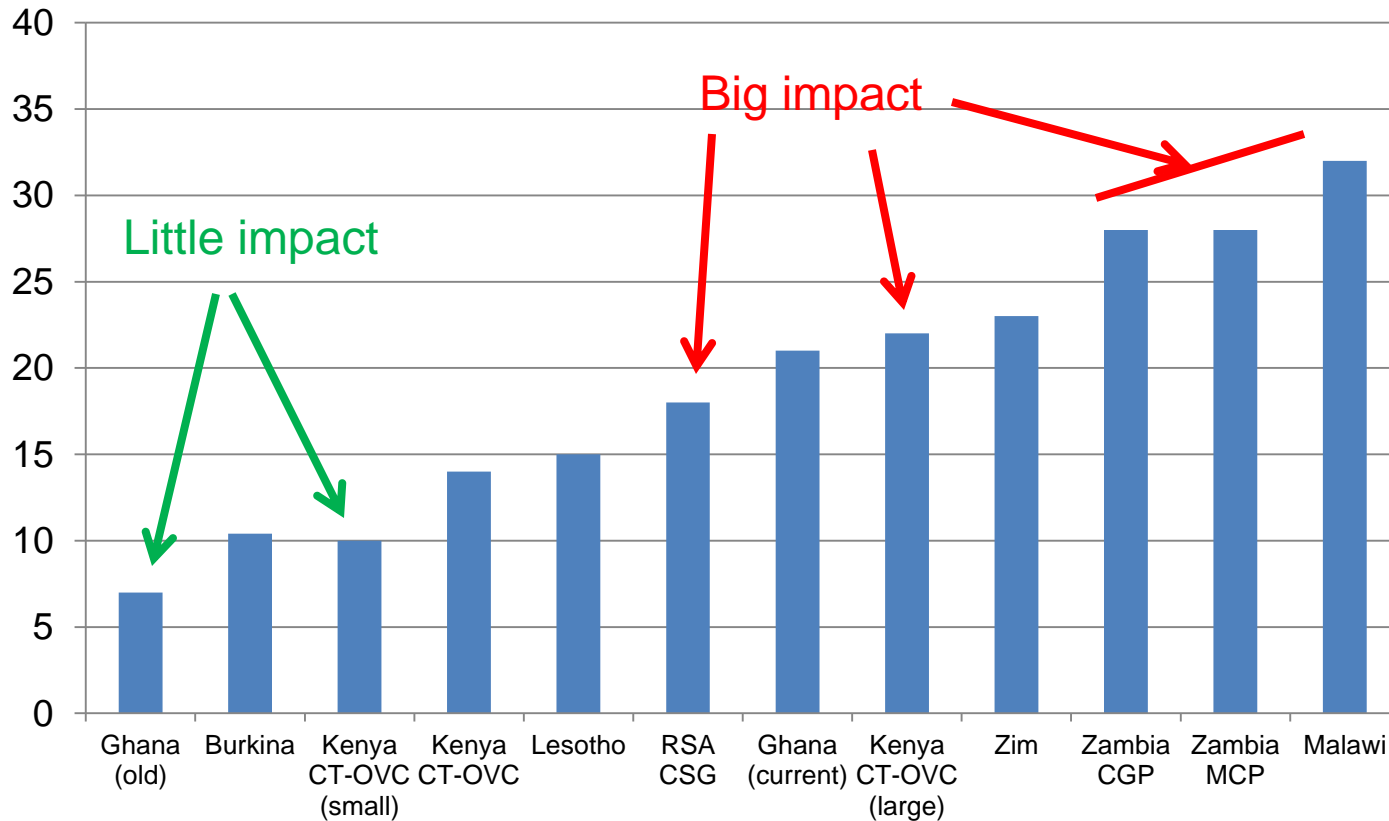
Policy message: if you want to maximize income multiplier, pay attention to supply response by all, particularly non beneficiaries

# Explaining some of the differences across countries

- Importance of subsistence agriculture; diversity of the local economy
- Access to assets and labor
- Where money is spent in local economy; structure of the economy
- Size of transfer



# Size of transfer indeed important in terms of food consumption



# Towards including the productive dimension in cash transfer programs

- Contribute to program design
  - Implications for “social” side: you cannot separate from livelihoods
    - Labor allocation (adults and children), including domestic chores and care giving
    - Intra household decision making
    - Investment in schooling and health
    - Food consumption, dietary diversity and nutrition
  - CTs will not themselves necessarily lead to large productivity gains, but can contribute
    - Through health and education
    - Providing liquidity and reducing risk
    - Combined with complementary programs
  - Link to graduation strategies

# Towards including the productive dimension in cash transfer programs

- Contribute to policy debate
  - Understand overall contribution of CT programs to poverty reduction in short and long term
  - Political economy: more support for CT programs
  - Articulation as part of rural/agricultural development strategy
    - Bring together sectoral ministries (Ethiopia)
    - Social protection and cash transfers will not reduce poverty by itself
    - Centrality of improving small holder productivity
    - In most of Sub Saharan Africa, for foreseeable future, exit from poverty not through formal wage labor, as in LAC

# Extensions

- Child labor
  - Understanding Child Work (UNICEF, ILO and World Bank)
  - Kenya, Malawi, Lesotho and Zambia
- Climate change adaptation
  - Economics and Policy Innovations in Climate-Smart Agriculture (EPIC) project at FAO
  - Malawi

# Entry points for the future

- Transfer Project unfunded
  - Indirectly supported by FAO, EU, UNC and time of other participants
  - What have we done so far?
    - Continual technical assistance
    - Annual research workshop
  - What's missing
    - Capacity building with government
    - National use of data
    - Communications
    - Research community of practice
- Cross country thematic studies
  - Nutrition and food security
  - Mitigation of HIV risk

# The role of FAO

- Interface between social protection, food and nutrition security, agriculture and livelihoods
- Our work focuses on supporting government and partners in
  - Maximizing synergies between social protection and agricultural policies
  - Articulating coordinated strategy for rural development
- This involves
  - Developing capacities, policy and programming advice, facilitating policy dialogue, generating actionable knowledge, and developing analytical and policy tools

# Our websites

From Protection to Production Project

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

The Transfer Project

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