

From Protection to Production: the impact of cash transfer programs on economic activities

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With exception of public works, perception that cash transfer programs do not have economic impacts

- Focus explicitly on food security, health and education
- Targeted towards ultra poor, bottom 10%, labor constrained, elderly, infirm, children, etc, often seen as welfare, charity, handout



Yet cash transfer programs targeted to poorest of the poor can have productive impacts

- Most beneficiaries predominately rural, most engaged in agriculture
- Missing/poorly functioning markets (credit, insurance, etc) constrain economic decisions
- Transfers can relax some of these constraints



5 (+1) ways in which cash transfer programs have productive/economic impacts



1. Improve human capital

- Nutritional status
- Health status
- Educational attainment



enhance productivity

improve employability



Typically core objectives of CT programs
Underlying rationale for CCTs



2. Facilitate change in productive activities

By relaxing credit, savings and/or liquidity constraints—and/or constructing community assets

- Investment in productive activities
 - Allocation of labor, inputs
- Accumulation of productive assets
 - Farm implements, land, livestock, vehicle, inventory
- Change in productive strategies
 - New crops, techniques
 - New line of products or services
 - New activities (off farm wage labor, migration?)



3. Better ability to deal with risk and shocks

By providing insurance via regular and predictable CTs

- Avoid detrimental risk coping strategies
 - Distress sales of productive assets, children school drop-out, risky income-generation activities
- Avoid risk averse production strategies
 - “Safety first” or “eat first”
- Increase risk taking into more profitable crops and/or activities
 - Specialization or diversification
 - Higher value crops or migration



4. Relieve pressure on informal insurance mechanisms

By regular and predictable CTs to the poorest and most vulnerable

- Reduce burden on social networks
 - Local networks of reciprocal relationships
 - In SSA, often weakened and over burdened in context of HIV/AIDS
- Rejuvenate social networks
- Allow beneficiaries to participate in social networks
- Allow non beneficiaries to redirect their resources



5. Strengthen the local economy

- Significant injection of cash into local economy
- Multiplier effects on local goods and labor markets via economic linkages



5+1. Facilitate climate change adaptation

- All five pathways related to **increasing resilience** and **reducing vulnerability** at the level of the household, community and local economy
 1. Human capital formation
 2. Change/adaptation in productive activities
 3. Better ability to deal with risk
 4. Reduced pressure on informal insurance networks
 5. Strengthened resilience of the local economy



climate change adaptation



What does the evidence say?

- Lots of evidence on human capital
 - Poverty, food security and food consumption
 - Nutrition, health and education
- Relatively few studies on risks and shocks
- Very few studies on
 - Productive activities
 - Multiplier effects
 - Social networks
 - Climate change adaptation



One challenge for the future: building the evidence base

- Why so few studies?
 - Most CTs (conditional or otherwise) focus on poverty, health, education and nutrition
 - Accompanying impact evaluations pay little attention to economic/productive activities
 - Not enough data collected to carry out detailed analysis
 - True in both LAC and SSA
- But plenty of potential, as we saw earlier



What is PtoP?

The From Protection to Production Project

- Within the Transfer Project, a focus on understanding economic impacts of cash transfer programs
 - PtoP formally works with government and development partners in 7 countries in Sub Saharan Africa
- Joint project with UNICEF-ESARO
- Primary funding from DFID (2011-2014)



PtoP feeds into better understanding of linkages between social protection and agriculture

- Contribute to policy debate
 - Understand overall contribution of CT programs to poverty reduction (cost-effectiveness)
 - Political economy: more support for CT programs
 - Articulation as part of rural development strategy
- Contribute to program design
 - Most programs not designed with productive dimension in mind
 - Evidence on how households spend, invest, or save can help strengthen design and implementation
 - Confront potential synergies and constraints (eg, child labor)
 - Link to graduation strategies, “productive insertion of beneficiaries” or welfare-to-work transitions



PtoP aims support program managers and policy-makers

- Direct technical assistance/quality assurance on impact evaluation design, data collection and analysis
- Input into policy process and ongoing program implementation
- Supporting the Transfer Project community of practice on impact evaluation



Mixed method approach

- Household and individual level impacts via econometric methods
 - **FAO**
- Local economy effects via SAM/CGE (LEWIE) modeling
 - **UC Davis**
- Perceptions on household economy and decision making, social networks and local community dynamics via qualitative methods
 - **OPM**



Our activities

- Preparation of methodological guidelines
- Finance, design, pilot and supervise implementation of
 - business enterprise survey,
 - additional modules in household surveys, and
 - qualitative field work (plus implementation)
- Prepare and distribute analytical outputs
 - Integrating mixed method approach in national studies
 - Cross country studies
- Facilitate analysis into national, regional and global policy processes



Partnerships

Guiding principle:

piggy-back on/add value to existing impact evaluations

- Under the umbrella of the “Transfer Project”
- Strong partnership with Government and UNICEF country offices currently implementing impact evaluations
 - Plus DFID and World Bank country teams
- Collaboration with independent external evaluators (international firms and national research institutions)
- EU/FAO Improved Global Governance for Hunger Reduction
- FMM on governance and targeting
- World Bank on local economy effects
- IPC-IG (UNDP) on global studies/policy briefs
- 3ie on diffusion and country level funding



The seven programs

- Kenya Cash Transfer Program for Orphans and Vulnerable Children (CT-OVC)
- Lesotho Child Grants Program (CGP)
- Ghana Livelihood Empowerment Against Poverty program (LEAP)
- Ethiopia Tigray Social Cash Transfer Program (SCTP)
- Malawi Social Cash Transfer program (SCT)
- Zambia Child Grant Program (CGP)
- Zimbabwe Harmonized Social Cash Transfer program (HSCT)



Update on country activities

- Kenya CT-OVC
 - 3 rounds of household survey (2007, 2009, 2011)
 - 1 round of business enterprise survey (2011)
 - 1 round of qualitative field work (2012)
 - Draft reports prepared and circulated
 - Partner: UNC and Research Solutions
- Lesotho CGP
 - 2 rounds of household survey (2011, 2013)
 - 1 round of business enterprise survey (2011)
 - 1 round of qualitative field work planned (2013)
 - Baseline report prepared
 - Draft local economy study prepared and circulated
 - Partner: OPM and Sechaba Consultants
- Ghana LEAP
 - 2 rounds of household survey (2010, 2012)
 - 1 round of business enterprise survey (2012)
 - 1 round of qualitative field work (2012)
 - Partner: UNC and ISSER



Update on country activities

- Ethiopia Tigray SCTP
 - 2 rounds of household surveys (2012, 2014)
 - 1 round of business enterprise survey (2012)
 - Still negotiating qualitative field work
 - Partner: IFPRI, IDS and Mekelle University
- Malawi SCT expansion
 - 2 rounds of household surveys (2013, 2014)
 - 1 round of business enterprise survey (2013)
 - Still negotiating qualitative field work
 - Partner: UNC and CSR
- Zambia CGP
 - 3 rounds of household surveys (2010, 2012, 2013)
 - 1 round of business enterprise survey (2012)
 - Partner: AIR, UNC and Palm Associates
- Zimbabwe HSCT
 - 3 rounds of household surveys (2013, 2014, 2015)
 - 1 round of business enterprise survey (2013)
 - 1 round of qualitative field work planned (2012)
 - Partner: AIR, UNC and Ruzivo Trust



Latest on country timelines

	household level analysis	local economy analysis	qualitative analysis
Kenya CT-OVC	Jul-12	Jul-12	Oct-12
Lesotho CGP	Feb-14	Jul-12	Feb-13
Malawi SCT	Sep-14	Sep-13	Aug-13
Ghana LEAP	Dec-12	Dec-12	Jul-12
Ethiopia SCTP	Dec-12	Mar-13	?
Zambia CGP	Mar-13	Apr-13	NA
Zimbabwe HSCT	Jul-14	Jul-13	Feb-13
Cross country	Dec-14	Oct-13	Oct-13



What do we want to get out of this **workshop**?

- Improved integration of different components of the project
 - As we carry out our field work and analysis
 - Inputs into policy process
- Presentation and discussion of initial results
- Discussion of experiences/best practices as we move across countries
- Discussion and resolution of challenges and constraints we are facing
- Some critical perspective on our approach and our work



Our websites

From Protection to Production Project

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

The Transfer Project

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

