Food and Agriculture Organization of the United Nations


# Cash transfers and women's economic inclusion

## Evidence from **Zambia**

Policy brief

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## Key messages

- Women receiving regular cash transfers through the Zambia Child Grant Programme (CGP) are 17 percent more likely to invest in a non-farm enterprise than non-beneficiaries, leading to higher monthly profits and more productive assets.
- Beneficiaries of the programme are also more likely to save and have significantly better expectations about their future economic well-being.
- No impacts are found on the economic agency and decision-making of women receiving the transfer, relative to the comparison group, suggesting persistent structural barriers to women's economic inclusion that transfers do not address.

## Background

Identifying policies to support the economic inclusion of rural women is critical for achieving the principle of "leaving no one behind," which is at the heart of the 2030 Agenda for Sustainable Development. Economic inclusion is understood as a transformative process that enhances the ability of individuals to participate in, contribute to and benefit from growth processes. It builds on the recognition that the factors that trap people and places in poverty are multidimensional and, therefore, require flexible and multi-sectoral solutions.

Rural women face substantial constraints and barriers to economic inclusion. These barriers cut across multiple dimensions of peoples' economic lives and can be grouped in four broad pillars: productive capacity, financial inclusion, economic decision-making, and psychological expectations about the future. These pillars of economic inclusion acknowledge that while material constraints directly limit people's participation in economic life, social and cultural factors related to individuals' agency and power over economic decisions and resources, and ability to plan for the future are also important dimensions of a sustainable process of economic inclusion.

This brief summarizes evidence on the impacts of cash transfers on the four pillars of economic inclusion based on experimental data collected as part of the Child Grant Programme in Zambia. This programme provided cash transfers of USD11 per month to mothers or primary caregivers of children under 5 years old in three districts from 2010 to 2012.

## Cash transfer beneficiaries have improved productive capacity, greater financial inclusion, and positive future expectations

The CGP was successful at fostering rural women's productive capacity by increasing new business investments and increasing the profitability and asset value in already existing enterprises. As shown in Figure 1, beneficiaries were 17 percent more likely to have a non-farm enterprise (NFE) after two years than comparable non-beneficiaries. These new enterprises were concentrated in industries that are female-dominated in the study site, namely petty trading, beer brewing, and fish trading. In addition, beneficiaries registered greater profits from their NFE than non-beneficiaries and accumulated more productive assets within these enterprises. Together these results suggest that the cash transfer provided a springboard to a sustained cycle of economic growth and investment for beneficiaries.

The CGP is found to positively affected women's financial inclusion by increasing savings rates and the amount of saved by beneficiaries. Results show a 24.8 percent increase in women saving among beneficiaries compared to the non-beneficiaries at follow-up, which represents a 158 percent increase relative to the baseline situation. Beneficiaries also increased the amount they saved by 258 percent relative to the baseline. This finding highlights the impact of the CGP on women's capacity to save, and is indicative of broader improvements in their economic autonomy and capacity to maneuverer within the economic sphere

Finally, the CGP is found to improve beneficiaries' expectations about their economic future and well-being. After 2424 months, beneficiaries were 8.7 percent less likely than women in the control group to expect no improvements in their lives in the future. This represents a 26 percent decrease from the baseline levels. Moreover, beneficiaries are 9.9 percent more likely to expect life improvements in one year (19 percent increase from baseline levels), 6.8 percent in three years (12.5 percent increase from the baseline) and by 9.4 percent in five years (15 percent increase from the baseline) compared to the non-beneficiaries at follow-up. This is an important result, because individuals with positive expectation about the future are more likely to engage in economic activities with longer time horizons. Indeed, results show that improvements in expectation and time preferences of beneficiaries are important drivers of their choices to invest in non-farm businesses and to save.

## Cash transfers do not influence women's power over economic decision-making

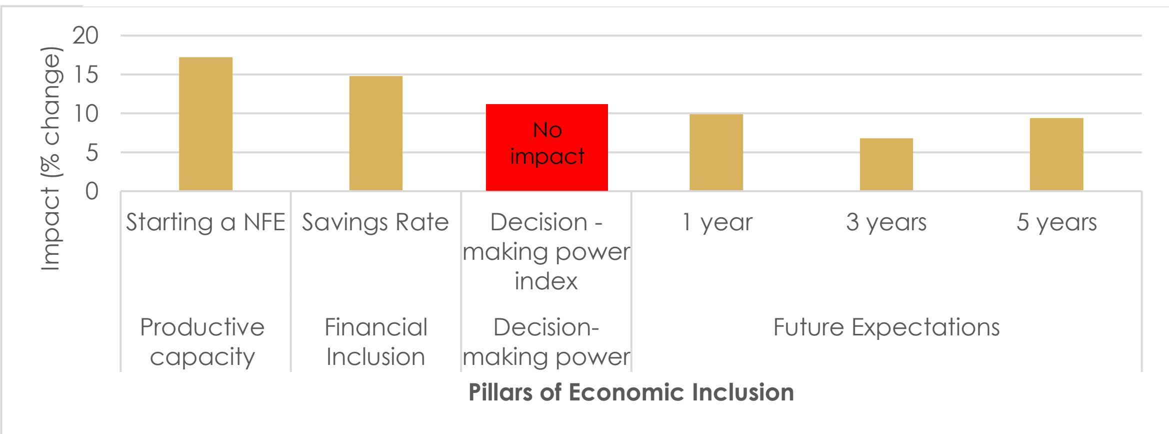
Despite being successful in influencing material dimensions of economic inclusion—productive capacity and financial inclusion— and future expectation, the CGP did not have any meaningful impact on women's power over economic-decision making, measured along multiple dimensions. In particular, CGP beneficiaries were not different from non-beneficiaries in terms of their decision-making power over their own earnings, the earning of their spouse major purchases, daily purchases, or a composite index of these factors. This suggests that gendered norms related to economic decision making are strongly shaped by patriarchal structures within households and societies, and cash transfers are insufficient to alter these structures.

## Policy options for supporting rural women's economic inclusion

The provision of cash transfers to rural women can play an important role in fostering greater economic inclusion. To leverage this potential, the following factors should be considered:

- **Targeting and predictability matter**: The positive results on productive capacity, financial inclusion, and future expectations found in Zambia are influenced, in part, by the targeting and predictability of the programme. The CGP targeted all women with children under 5 years of age. The beneficiaries are therefore in their prime age and do not necessarily face physical limitations to economic participation. The transfers were also very predictable and did not face serious disruptions.
- **Complementary interventions are important**: The positive impacts of the CGP on various dimensions of economic inclusion are important. However, the lack of impact on women's social power suggests the limitation of cash alone. Complementary interventions designed to strengthen women's decision-making power, such as mentorship programmes or legal reforms that recognize women's control over property and other productive assets, are critical for fostering transformative change in women's economic inclusion.

**Figure 1: Impacts of cash transfers on four pillars of economic inclusion**



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