

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

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Workshop on the Protection to Production project

September 20, 2012

Rome



# 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>

