Cash transfers

MDI/IGC/IPA workshop on programmes for poverty alleviation and inclusive growth: international and Myanmar experience

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ODI
Cash transfers: outline

• Cash transfers: what do we mean?
• A review of the evidence
• Implications for policy design and implementation
Cash transfers: what do we mean?

• Cash component
• Contributory and non-contributory
• Targeted and universal
• Conditional and unconditional
• Also vary by:
  ✓ transfer level
  ✓ payment frequency
  ✓ duration
  ✓ modality of delivery
  ✓ links to services
Cash transfers: what do we mean?

• Examples

✓ Conditional Cash Transfers (CCTs)
✓ Universal Cash Transfers (UCTs)
✓ Social pensions
✓ Enterprise grants
Cash transfers: what do we mean?

- Cash transfers, social protection and the ‘social safety net’

*Social safety net spending across regions, by instrument*

Source: World Bank, 2018
Cash transfers: a review of the evidence

• Systematic review of the evidence of the impact of non-contributory cash transfers covering low- and middle-income countries, 2000-2015
Cash transfers: a review of the evidence

Source: Bastagli et al (2016)
Cash transfers: a review of the evidence

- Outcomes and indicators under review

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<th>Savings, investment and production</th>
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<th>Empowerment</th>
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<td>Adult labour force participation</td>
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<td>Migration</td>
<td>Multiple sexual partners</td>
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Cash transfers: a review of the evidence

• Brief note on methods:

✓ Searches

✓ Screening:
  ▪ Inclusion criteria 1 (type of intervention, Publication language and date, Geographic and population coverage, Type of study, Outcomes of interest; CT design and implementation features of interest)
  ▪ Inclusion criteria 2 (assessment of risk of bias and methodological rigour; only studies with no or low concerns in terms of risk of bias and methodological rigour included in final long list)

✓ Evidence extraction

✓ Synthesis: used a vote-counting and narrative approach
Cash transfers: a review of the evidence

• Monetary poverty

✓ Strong evidence that cash transfers are associated with reductions in monetary poverty.

✓ Three quarters of studies for this outcome area report a statistically significant result.

✓ Vast majority of studies report increases in total expenditure (25/26), increases in food expenditure (23/25) and reductions in poverty indicators (6/7).
Cash transfers: a review of the evidence

- **Education**

  ✓ Strong evidence that cash transfers lead to an increase in school attendance, less evidence available on impacts on learning outcomes.
  ✓ Out of 20 studies on school attendance, 13 report statistically significant impact and they point to increases in attendance/decreases in absence (12/13).
  ✓ Fewer studies with significant findings on test scores and evidence more mixed.
Cash transfers: a review of the evidence

• **Health and nutrition**

✓ Strong evidence that cash transfers improve the use of health services and increasing dietary diversity, but less on child anthropometric measures.
✓ Evidence for this outcome area consistently shows improvement.
✓ Greater share of significant results for health service use (9/15) and dietary diversity (7/12) than for anthropometric measures (e.g. 1/8 for child underweight).
Cash transfers: a review of the evidence

**Savings, investment and production**

- Cash transfers can play a role in fostering beneficiaries’ economic autonomy and self-sufficiency.
- Robust evidence that cash transfers increase beneficiaries’ savings (5/5), investment in livestock (12/12) and, to a lesser extent, agricultural assets (3/4) … although not for all programmes or for all types of livestock, assets and inputs.
- Impacts on borrowing and involvement in business/enterprise were less clear-cut, showing increases and decreases.
Cash transfers: a review of the evidence

• **Employment – adult labour**

✓ The evidence does not support the concern that cash transfers lead to a reduction in work participation and n hrs worked.
✓ For more than half of the indicators measured in this outcome area, employment outcomes were not affected by receipt of the transfer (e.g. 9/14 studies for adults’ work participation).
✓ Most of the studies reporting a significant effect on adults of working age found an increase in work participation/ intensity.
✓ Reductions in work mostly involved the elderly, carers or reductions in casual work.
Cash transfers: a review of the evidence

• *Employment – child labour*

✓ There is strong evidence that cash transfers are associated with a decrease in child labour.
✓ All studies with statistically significant findings show that cash transfers reduce the prevalence of child labour/hours worked by children.
✓ A greater proportion of significant (negative) effects are found for hours worked (5/5 studies) than for prevalence (8/19).
✓ Most of this evidence is drawn from Latin America.
Cash transfers: a review of the evidence

• **Empowerment**

  ✓ Cash transfers increase women’s decision-making power and choices, reduce physical abuse but do not always reduce emotional abuse.
  ✓ Some evidence that CTs delay marriage (5/6 studies with statistically significant results show delayed marriage in the treatment group, mostly girls and women ages 13-26 years).
  ✓ Overall, evidence finds female cash transfer beneficiaries reducing engagement in risky sexual behaviours, delaying marriage and pregnancy and increasing contraceptive use.
  ✓ Reduction in likelihood of having multiple sexual partners indicates that cash transfers may reduce the incidence of relationships that are transactional.
Cash transfers: a review of the evidence

• **Core cash transfer design features**

  ✓ The design of core transfer features – esp. the size of the transfer and the duration of its receipt – central to achieving impact.
  ✓ For most outcomes, higher **transfer levels** are associated with achieving greater intended effects (e.g. on cognitive and verbal test scores; on probability of child having health check-up).
  ✓ **Timing and frequency** of transfers also matters (e.g. tying to school year cycle)
  ✓ Strong evidence showing improvements in outcomes arising from the longer **duration** of receipt of cash transfers (e.g. years of education; child anthropometric measures)
Cash transfers: a review of the evidence

• **Conditionality**

  ✓ There is some evidence that making transfers conditional on certain actions can improve outcomes relating to those conditions (e.g. in health service use).

  ✓ Including an element of conditionality can, but does not necessarily, lead to greater impacts in these areas.

  ✓ ‘Labelling’ transfers associated with intended outcomes: clear communication about the importance of using services and related support is associated with greater service uptake.

  ✓ Issue of costs (incl. administrative, social) of conditionality.
Complimentary interventions and supply side services

✓ Complementary interventions and supply-side services can strengthen the impacts of cash transfers.
✓ For example, in health, receipt of nutritional supplement in addition to the cash transfer can be more effective in reducing child malnutrition than cash alone.
✓ Supply-side barriers such as low-quality schooling and inadequate health services were among the most widely cited reasons for low/no impact of CTs on the health and education indicators reviewed.
Cash transfers: a review of the evidence

• **In sum:**
  ✓ The vast majority of studies with statistically significant findings show that cash transfers contribute to outcomes policy-makers intend to achieve.
  ✓ The review also uncovers studies finding no statistically significant effect on indicators reviewed and unintended effects.
  ✓ Clear and significant impacts are especially well documented for intended first and second order outcomes in ST/MT.
  ✓ Cash transfers can impact on first-order indicators that are generally not the immediate focus of a programme, e.g. savings and productive investments.
  ✓ Evidence on third-order outcomes less strong.
Cash transfers: policy design and implementation implications

- **Policy design and implementation:**

  **Core design features**
  - Transfer level
  - Target group and targeting mechanism
  - Conditionality
  - Duration of payment
  - Complementary and supply-side services

  **Wider system**
  - Cash transfers and wider social protection and social policy
  - Financing
Cash transfers

Thank you.
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