

# Cash transfers combat Africa's poverty

Programs designed to alleviate hunger and increase food supply through cash transfers to some of Zambia's poorest families achieved those goals and more, final evaluations conducted by the American Institutes for Research (AIR) revealed.



Image by 123RF

Overall, researchers found that a cash-transfer program geared toward families with at least one young child, had effects that amounted to a net benefit of 1.5 kwacha—Zambia’s currency—for each kwacha transferred. A second program for households with fewer able-bodied people to farm had effects that amounted to a net benefit of 1.68 kwacha for each kwacha transferred.

Besides eating more meals and building more reliable food reserves, families used the money to improve their housing, buy additional necessities for their children, acquire more livestock and reduce debt.

The studies, commissioned by UNICEF, are likely to be closely watched as African nations increasingly embrace cash transfers to combat the continent’s cycle of poverty. South Africa’s program is the largest, with roughly 16.1 million people—about a third of its population—receiving some kind of social grant.

Notably, the two Zambian programs were unconditional—providing small, consistent sums of money with no strings attached on how they were spent. The programs bucked general criticisms that cash transfers spark dependency. Rather, the discretionary approach empowered families, who used the grants to improve their living standards in ways that made sense given their individual circumstances.

## Unconditional

At no point during the multiyear grants did alcohol consumption increase. Nor was there any impact on fertility, according to the evaluations.

“The unconditional approach worked,” said Stanfield Michelo, director of social welfare at Zambia’s ministry of community development and social welfare. “And because it did, the region is making positive strides. Without a doubt, the changes would not have been possible without [AIR’s](#) rigorous evaluations.”

The evaluation of the Child Grant cash-transfer program (CGP) lasted four years, and the evaluation of the Multiple Category Targeting Grant (MCTG) lasted three years. Begun in 2010 in three of Zambia's poorest districts, the CGP was open to all households with at least one child under age four. Half were randomly assigned to receive cash transfers of 60 kwacha (\$12) a month, and half to a control group that did not receive funds.

The MCTG was aimed at poor households with fewer able-bodied people to farm, due largely to a “missing generation” of parents in their 30s and 40s and disproportionately high numbers of adolescents and orphans cared for by widows and grandparents. As with the CGP, half the MCTG participants received the equivalent of \$12 a month and half were in a control group that didn't.

The studies were notable not only for their duration, but also for their use of randomisation and control groups to tease out the program's true effects.

“Few evaluations of cash transfer programs can make such strong causal claims with as much certainty as these two evaluations,” said David Seidenfeld, AIR's senior director of international research and evaluation and lead study author.

“The design of the study, which extended over several years, allowed us to see that the beneficiaries do not grow complacent over time, but instead find ways to grow the value of the transfer beyond benefits related to food security and consumption.”

## **Limitations**

Although the studies revealed persistent successes, they also offered future researchers and policymakers an idea of cash transfers' limitations. The studies did not show consistent successes in education or child nutrition, possibly due to large-scale infrastructure issues—namely, the supply of social services, access to clean water, and a lack of health care and education facilities.

Among the studies' principal lessons, researchers found that the degree of positive impact depended largely on the participants' characteristics. For example, the multiple-category grants had large impacts on schooling because participating households had more school-age children.

Overall, school enrollment jumps of 8% for children ages 11–14, and 11% for children 15–17 years, were attributed to the program, and these age groups are at the greatest risk of dropping out in Zambia, according to the report.

By contrast, four years into the program, the child grants had no enrollment or attendance impacts for children in three groups: ages 4–7, 8–10 and 15–17 years.

“Another lesson is that the unconditional nature of the grants gave participants the flexibility to use the money to combat principal life challenges,” said UNICEF Zambia representative, Hamid El-Bashir Ibrahim.

“For example, the CGP significantly affected many indicators commonly associated with resiliency—the ability to manage and withstand shocks. Households with transfers significantly improved housing quality and tools, livestock procurement, and opportunities to diversify income-generating activities so they could better withstand emergencies.”

“The overall results demonstrate unequivocally that common perceptions about cash transfers—that they are handouts and cause dependency, or lead to alcohol and tobacco consumption, or increases in pregnancy—are not true in Zambia,” Seidenfeld said. “Quite the contrary. Due to the unconditional nature of the grants, households had the flexibility needed to meet their most pressing challenges head on.”

*\*The final reports on the [Child Grant cash transfer program](#) and the [Multiple Category Transfer Grant program](#) can be found on AIR’s website. The site also features a [video](#) of David Seidenfeld discussing lessons learned from the multiyear studies.*

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