

UNDERSTANDING THE EFFECTS OF CASH TRANSFERS ON VULNERABLE CHILDREN IN SUB-SAHARAN AFRICA

HES Research Dialogues: Evidence Brief I

Laura Gauer Bermudez

In sub-Saharan Africa, cash transfers have recently been taken up as a primary component of government social protection policies. Defined as direct monetary payments to individuals or households, cash transfers have become an increasingly popular means of providing predictable sums of money to eligible beneficiaries to meet both immediate consumption needs and build resilience in the face of economic shocks that would otherwise be severely detrimental to low-income families. Seen as more cost-effective, efficient, and beneficial to local economies, cash transfers are widely replacing traditional in-kind aid distributions.

Cash transfers are one of the more frequently studied development interventions, with research showing a widespread record of positive outcomes. Cash transfers are typically provided in one of two types of schemes. Conditional cash transfers (CCTs) provide payments to eligible beneficiaries, conditional upon social or health goods such as school

attendance by beneficiary children or health clinic visits. Unconditional cash transfers (UCTs) provide payments without behavioral mandates. While CCTs seek to overtly incentivize and promote health and education initiatives, there is an accompanying administrative burden, necessary to ensure compliance with the program's conditionality. Alternatively, UCTs relieve some of this burden by removing mandates, yet also are unable to overtly direct benefits.

This brief reviews the evidence from five recent publications to highlight emerging scholarship on cash transfers and their effects on vulnerable children in sub-Saharan Africa. The themes derived from the literature include improved outcomes in educational enrollment, psychosocial functioning and health. Informed by the findings from the literature and complemented by recent guidance on economic strengthening for vulnerable children, suggestions are then offered for program and policy design, ranging from contextual considerations to risk assessments to institutional support. Giving due attention to these elements of program and policy design will help ensure cash transfers initiatives meet immediate consumption needs while maximizing the potential for protective social outcomes and longer-term poverty reduction.

Social Effects of Cash Transfers

EDUCATION (AKRESH ET AL., 2013)

Enrollment and participation in school are commonly desired outcomes of cash transfer programs. Recent evidence from Burkina Faso suggests differential outcomes in school enrollment based on the nature of the cash transfer scheme.ⁱ Carried out in the Nahouri province of southern Burkina Faso, a sample of 2,629 households were randomized at the village level to either UCT, CCT, or control arms. After two years, the school attendance of children ages 7 to 15 was assessed. While UCTs resulted in increased enrollment among children traditionally favored for education – namely boys, older children, and children with higher abilities – CCTs, which provided subsidies conditional upon the enrollment of all eligible children in the household, were more effective in increasing enrollment among traditionally marginalized children, including girls, younger children, and those with lower abilities.

While the wider evidence suggests broadly positive effects of cash transfers on school enrollment and attendance, the findings from Burkina Faso are notable in that they highlight the unique experience of the marginalized child, showing a propensity for these children to remain marginalized absent an external intervention. This study offers insight on the benefits of conditionality when such mandates seek to ensure that social protection programs reach the most vulnerable.

PSYCHOSOCIAL FUNCTIONING (KILBURN ET AL., 2015)

In sub-Saharan Africa, where youth are increasingly becoming the largest demographic group, the relationship between income insecurity and mental health is understudied. Deficiencies in mental health and psychosocial functioning can affect decision-making behavior, putting individuals at risk of health threats including substance abuse, HIV and violence. Financial burdens associated with the death or illness of parents may increase these risks for vulnerable children.

In Kenya, researchers examined the effect of Kenya's Cash Transfer Program for Orphans and Vulnerable Children (OVC) on mental health outcomes for young people.ⁱⁱ In 2007, baseline data was collected from youth ages 15-24 slated to receive monthly UCTs, who were followed-up with in an endline survey after the four-year implementation period in 2011. The results found a reduction in depressive symptomology by 24% among young people living in households that had received the UCT. Notably, the treatment effect was most pronounced for males, aged 20-24 and among the orphan sub-group (both males and females).

With depression the most prominent affliction contributing to the global burden of mental illness,ⁱⁱⁱ interventions that serve to decrease the incidence or severity of symptoms are of great benefit. The study in Kenya provides evidence that targeted UCTs can improve mental health outcomes for young people in low resource settings.

HEALTH (GOODMAN ET AL., 2014 & SIEDENFELD ET AL., 2014)

Cash transfers offer an immediate reprieve to economic insecurity, allowing beneficiaries to meet the consumption needs of their household while creating space for recipients to develop a more future-oriented outlook, affecting health behaviors.

In an examination of 693 households participating in a hybrid community-based economic strengthening intervention in rural Kenya, a package of CCTs, empowerment, and income generating activities proved to have a protective effect for child-headed households.^{iv} Households were phased into the treatment over the course of three years (between 2010 and 2012). Due to the study design, the singular treatment effect of the CCT could not be isolated from the broader economic strengthening package; however, this hybrid intervention did contribute to increases in food security, food independence, water purification, and insecticide treated net usage among households that were exposed to the program for a longer duration of time. Further, female adolescents demonstrated reductions in sexual risk exposure through increased condom use and decreased number of sexual partners. This finding was not documented among male beneficiaries.

In an investigation of the effects of Zambia's Child Grant Programme (CGP) on nutrition, researchers carried out a randomized trial with 2,515 households.^v The largest social protection program delivered by the Government of Zambia, the CGP is tailored specifically to very poor households with children under 5 years of age. Findings from

the study indicated increases in household consumption, dietary diversity, and food security among the treatment group. These indicators were considered to exist along the causal pathway between cash transfers and improved nutrition outcomes. The frequency in stunting among children was also reduced for households in the treatment group with the effects most pronounced among families where mothers had access to clean water or had higher levels of education.

The health effects of cash transfers are broad and varied and suggest a great deal of potential in achieving positive health outcomes through an intervention that is not explicitly health focused. Yet, the benefits of cash transfer interventions can be enhanced when beneficiaries are able to fully avail themselves of public goods and services, suggesting a need to dually promote enhancements to existing infrastructure and cash transfers as a mechanism for social protection.

Program Design Considerations

The findings above provide useful insights for practitioners seeking to initiate cash-transfer programs – namely, contextual considerations; targeting and accessibility; and risk assessments and safeguarding.

CONTEXT MATTERS

While cash transfers are somewhat universal in approach, with decisions on conditionality the defining feature, those carried out within integrated development delivery models should be adapted to fit local context and tailored to the precise

needs of the beneficiaries. The studies examining the general health and mental health effects of cash transfers on vulnerable children in Kenya highlighted differential outcomes between boys and girls. Prior understanding of social norms can inform practitioners on how best to harmonize non-economic interventions with cash transfers so as to yield positive returns among both sexes. Local consultation with community members, including individuals from the population the intervention is targeting, are critical both during the design process and throughout the implementation period. Such dialogue can increase the likelihood that desired results will be achieved and foster longer-term sustainability.

TARGETING AND ACCESSIBILITY

In efforts to reach the most vulnerable, cash transfer programs typically use some form of benefit targeting, either through means testing or categorical inclusion, often based on a social classification. While assessing household income or asset ownership can ensure an intervention reaches those with greatest need, it can also be time-consuming and expensive to manage data collection. While relieving administrative burden, universal approaches may be perceived as less precise and less likely to reach those with greatest vulnerability.

Researchers from the study on cash transfers in Burkina Faso noted that despite intentions to benefit an entire household, family dynamics can leave the most marginalized excluded from the benefits of cash transfers. This finding underscores the need to extend dialogue beyond household targeting to include a discussion on how to

ensure the benefits of cash transfers are equitably experienced within the household, whether through conditional mandates or simultaneous interventions that seek to have a transformative effect on existing social norms.

RISK ASSESSMENT AND SAFEGUARDING

The studies selected for this brief targeted households with vulnerable children. As economic interventions are becoming core components of strategies to benefit vulnerable children and their families, it is important to consider and mitigate potential risks. Common risks of cash transfers include but are not limited to theft, spousal abuse when distributions are made to women, and safety concerns for staff tasked with transport or distribution of benefits. Social norms, gender dynamics, power relations, religion, culture, and kinship structures should be assessed to understand how cash transfers may put certain groups at risk.^{vi}

These risks can be mitigated when intentional efforts are employed to pair cash transfer interventions with those that seek to promote the rejection of harmful social norms such as intimate partner violence. Furthermore, in settings where the infrastructure can support its use, mobile money or e-transfers can minimize the risk of theft and alleviate safety concerns for staff members. Participatory risk assessments allow community members to identify potential risks. Continued dialogue throughout the implementation process enables practitioners to understand if risk mitigation strategies are effective and if not,

what course corrections need be made to increase their effectiveness.

Policy Considerations

INSTITUTIONAL FRAMEWORKS

As evidenced by the article on Zambia's CGP, cash transfers resulted in reductions in stunting prevalence among children whose household received a transfer, but only when that household also had access to clean water. These findings demonstrate the ability of existing infrastructure and community resources to either help or hinder the effects of a cash transfer.

Policy makers may need to emphasize dual investments in both cash transfers and the infrastructure necessary to support desired outcomes from social protection efforts. This may include investments in education, healthcare systems, or clean water.

Without supporting infrastructure, the protective effects of cash transfers can be undermined, with service quality at risk of decline as structures struggle to keep pace with demand. While cash transfers often seek to increase the consumption of public services, dual efforts must be made to enhance the quality of local schools or support infrastructure to promote health care utilization.

BRIDGING THE GAP – TRANSFERS TO SAVINGS

There is an opportunity for governments to promote savings initiatives by leveraging the enthusiasm for cash transfers. Where feasible, cash transfer programs that distribute benefits electronically to formal

savings accounts can spur formal financial inclusion, increasing exposure to banking institutions for the very poor. Methods for bridging the gap between transfers and savings should be examined to understand how best to transition vulnerable households from benefits aimed at addressing immediate consumption needs to those that promote longer-term economic security.

Summary

The emerging research outlined in this brief continues to reinforce the benefits of cash transfers as a mechanism for achieving broad ranging social protection benefits including but not limited to positive outcomes in education, psychosocial functioning, and health. Cost-effective and simple, cash transfers offer governments an evidence-based intervention that yields a myriad of desirable results. Yet, questions remain as to the relative advantages and disadvantages of conditional versus unconditional designs, with differing contexts and population groups demonstrating divergent outcomes. Nevertheless, cash transfers are an unquestionable asset to governmental social protection strategies, with the future of cash transfer research likely steering away from effectiveness towards implementation to understand how best to tailor programs to ensure reach and equitable benefits among the most vulnerable, both at a community and intra-household level.

ABOUT THE AUTHOR

Laura Gauer Bermudez (MSW, MIPP) is a doctoral candidate at Columbia University's School of Social Work where she studies the impacts of economic asset development on health and well-being outcomes for adolescents in low- and middle-income countries, with a focus on adolescent girls. She has nearly 15 years of experience working in over 20 countries, carrying out field research and liaising with local teams to implement a variety of multi-sectoral programs, the majority of which aimed to comprehensively improve outcomes for children and adolescents

About the HES Research Dialogues

In 2014, FHI 360's ASPIRES Project and the SEEP Network recognized that, while HES was a growing area of practice and research, gaps in HES research and evidence remained. To respond to this evidence gap, SEEP facilitated an HES Research Dialogues initiative, bringing together HES researchers and practitioners to define a collaborative learning agenda. Through a series of collaborative activities, the initiative aimed to identify key research questions within HES, as well as draw on existing experience related to appropriate research methods and tools.

This document is complemented by a series of research methods and evidence briefs developed out of the HES Research Dialogues initiative. Access them on FHI 360's ASPIRES Project web page on Microlinks at: <http://bit.ly/1rwRue3>

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