

The Impact of Social Cash Transfer Programmes on Community Dynamics in Sub-Saharan Africa

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Social cash transfers are on the rise in sub-Saharan Africa. The African Union's 2008 Social Policy Framework Plan of Action prompted a number of member countries to prioritise social protection strategies, including cash transfers. Such strategies—often partly supported by development partners—address hunger and food insecurity, school enrolment and attendance, the well-being of children, and poverty reduction.

Cash transfer programmes provide a regular cash allowance to beneficiary households that are usually targeted through a mix of surveys and community-based processes. These programmes are typically administered by the local offices of ministries for social affairs, children and/or community development.

This One-Pager describes key findings of a four-year research project, *From Protection to Production* (PtoP), which analysed the impact of social cash transfer programmes in sub-Saharan Africa. The qualitative studies specifically explored impacts on household economic decision-making, the local economy and social networks. They also examined how the design and implementation of the programmes affected decisions and economic impacts at household and community levels. Qualitative studies were carried out in six countries: Ghana Livelihood Empowerment Against Poverty (LEAP); Kenya Cash Transfer to Orphans and Vulnerable Children (CT-OVC); Malawi Social Cash Transfer (SCT); Lesotho Child Grant Programme (CGP); Zimbabwe Harmonized Social Cash Transfer Programme (HSCTP); and Ethiopia Social Cash Transfer Pilot Programme (SCTPP).

Impacts on the household economy: Cash transfers encouraged income-generating activities in all six countries. Even a small amount of cash improved livelihood choices, and, if payments were predictable and regular, the impact could be even greater. Land-holding beneficiaries were able to reduce their time as casual labourers—considered a 'last resort'—and spend more time on their own farms. The transfers allowed beneficiaries to hire labourers, increasing productivity and, in some instances, enabling them to diversify their crops. Cash transfers helped satisfy the immediate needs of the poorest recipients, generating feelings of hope and a sense of security about the future; they alleviated worry and stress and allowed the households time to 'rest'.

Importantly, the cash transfer programmes enabled beneficiaries to end or reduce their reliance on negative coping strategies, such as begging, sex work, distressed sales of assets, reducing the number of meals, and *ganyu* labour (Casual and temporary rural work). Late or missed payments, however, led some beneficiaries to revert to previous behaviour.

Cash transfers were most effective at improving agricultural productivity where the primary constraint was working capital rather than land. Investment in small livestock (both to enhance assets and as a source of food) was also prevalent among beneficiaries with more resources.

Cash transfer programmes promoted school enrolment and attendance, with indications that they could also improve performance. More children stayed in school, which led to reductions in child labour. The transfers were mostly spent on food, increasing consumption, diversity and quality of diet. Beneficiaries also used the transfers to purchase clothes and personal hygiene items and to make home repairs, renewing their confidence and self-esteem. This led many people to re-establish social ties and participate more frequently in community events.

Cash transfers did not significantly transform structural gender norms, particularly the balance in strategic household decision-making, nor was this an explicit objective of the programmes. However, programmes targeting orphans and vulnerable children,

which tended to include many female-headed households, increased women's access to and control over resources in circumstances where they already had a say in household spending decisions.

Local economic impacts: Cash transfers had positive—if minor—effects on the local markets in all countries. The transfers did not create new markets, although there was a marginal boost to local businesses (particularly around payment days), since beneficiaries generally made purchases in or near their communities. Despite surges in demand, the cash transfers did not cause price increases. Cash transfers led to the diversification of goods offered in local markets and of shifts in purchasing patterns, such as more bulk purchases of goods.

All beneficiaries valued their new creditworthiness, which could help them smooth consumption throughout the month. They were more confident about borrowing money or purchasing food and household items on credit from local vendors. Nevertheless, some were still reticent to use credit due to fear of falling into debt, particularly when cash transfer payments were irregular. As a result, some lenders linked their loans directly to the timing and amount of payments.

Social networks: Regular cash transfers improved the access of beneficiaries to economic collaboration with others in the absence of basic needs-spending priorities. They were able to join or re-enter the circles of their extended families and communities, decreasing the social distance between poor and wealthier households and local institutions. Beneficiaries often joined contribution-based social structures, including funeral networks, faith-based groups, community-based savings groups and informal financial networks. The cash transfers reduced their need for financial assistance and sometimes even allowed them to extend financial contributions to others.

Operational impacts and recommendations: While the targeting of beneficiaries was generally effective, communication about the process was often weak, resulting in confusion and sometimes resentment. Irregular and unpredictable payments reduced the positive impact on beneficiaries in most programmes, threatening their achievements and prompting negative risk-coping mechanisms.

Cash transfer local implementation committees, at the front line and critical to the success of the programmes, were often poorly informed, minimally trained and under-resourced. Committees were generally weak in programme 'messaging' and unable to support grievance mechanisms or ensure effective monitoring. The enabling environment surrounding cash transfer programmes was fragmented, lacking direct links to health, education, agricultural and social service programmes in the area.

The research led to a number of recommendations to ensure wider and stronger impact:

- Strengthening community and district level committees could optimise the impacts of social cash transfer programmes and address beneficiary well-being and livelihoods.
- Improve communication with all stakeholders to promote greater awareness of the programmes, and strengthen monitoring and grievance mechanisms.
- Ensure regular and predictable payments.
- Promote stronger links between social and development programmes and services.

Reference:

Barca, V., S. Brook, J. Holland, M. Otulana and P. Pozarny (2014). *Qualitative research and analyses of the economic impact of cash transfer programmes in sub-Saharan Africa: Synthesis report*. Rome: Food and Agriculture Organization.

For more information, please visit: <www.fao.org/economic/ptop/programmes> or write to: benjamin.davis@fao.org.

