CASH TRANSFERS: THEME AND VARIATIONS
“My job involves working with a cash transfer program.

Your Answers:

A. “Yes – and the program is already operating”
B. “Yes – but the program hasn’t started yet”
C. “No – but we are considering it”
D. “No”
OUTLINE

- What, Why, and When?
- Varieties of Cash Transfers
- "Cash Plus:" Enhanced Design Options
- Implementation Matters!
- Impacts
Cash transfer programs provide (predictable and regular) income support to the poor and certain vulnerable groups.
COMMON OBJECTIVES OF CASH TRANSFERS

- **Increase the incomes of the poor:**
  - Ideally in a “predictable manner”
  - To help alleviate poverty
  - Also used for redistribution objectives, to compensate for inequality in labor markets

- **Smooth consumption:** Help people cope with the consequences of shocks

- **Facilitate other government reforms,** e.g.,
  - Consolidate other social programs
  - Compensatory measures for other reforms (such as energy subsidies)
WHY GIVE CASH?

1. Cost Effective (supply-side factors). Can be cheaper vehicle to deliver benefits than in-kind benefits (e.g., food)

2. Consumer choice (demand-side factors). Because cash doesn’t distort consumer preferences or presume to know what the individual families need.
“If we give poor people cash, they will just spend it on stuff like alcohol, tobacco, or luxury items.”

Your Answers:

A. “I agree”
B. “I disagree”
C. “I sort of agree.... And I sort of disagree”
“The common perception in my country is that if we give poor people cash, they will just spend it on stuff like alcohol, tobacco, or luxury items.”

Your Answers:
- A. “Mostly true in my country”
- B. “It’s mixed”
- C. “Not very true in my country”
HOW DO BENEFICIARIES SPEND THEIR CASH?

Most of Pantawid cash grants finance basic needs:

• Food (almost half of grants)
• Spending in Human Capital (25% education, 7% health)
• Virtually none of them finances recreation or alcohol.

Data source: FIES 2012

For similar global results see Evans and Popova 2017, Handa 2017
WHEN & WHEN NOT TO USE CASH AS PART OF THE SAFETY NET

<table>
<thead>
<tr>
<th>When is Cash Appropriate?</th>
<th>When is Cash Inappropriate?</th>
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</thead>
<tbody>
<tr>
<td>Situations of Chronic Poverty</td>
<td>When supply of essential goods disrupted (wars, natural disasters)</td>
</tr>
<tr>
<td>Situations of Shocks</td>
<td>Shallow financial markets (hard to move cash)</td>
</tr>
<tr>
<td>Emergencies with adequate food supply</td>
<td>When safety net is funded with in-kind contributions (food aid)</td>
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<tr>
<td>Transitory shocks</td>
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<tr>
<td>When delivery of benefits feasible:</td>
<td></td>
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<tr>
<td>Access to financial facilities (permanent or mobile)</td>
<td></td>
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<tr>
<td>Food and other necessities are available</td>
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</tbody>
</table>

Plus Political Economy Considerations
OUTLINE

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SO SIMPLE, RIGHT?
(DESIGN PARAMETERS)

Who to Support?
(Target Group)

Who to Pay?
(Designated Recipients)

How much should they receive?
(Size of Benefit)

How long Should they receive benefits?
(Length of Enrolment)

How to Structure Benefits with Conditions?
(CCTs)

How many to support?
(Coverage & Budget)

How often to pay benefits?
(Frequency of Payments)
CASH TRANSFERS ARE A BIG PART OF SAFETY NET SPENDING

Source: State of Safety Nets 2018
CTs COME IN MANY FLAVORS: GLOBALLY

Share of spending on different kinds of cash transfers

Source: ASPIRE.
Note: Average country spending on each type of transfer as share of total spending on unconditional cash transfers, based on the latest program spending value available between 2010 and 2014.
With 20-40+ Separate Benefits Programs in Many Countries
CASH TRANSFERS CAN SERVE DIFFERENT GROUPS/PURPOSES

The Poor

The Elderly

Children

People Facing a Shock

People with Disabilities

Who to Support? (Target Group)

Categorical Benefits (may also be “poverty targeted”)
Targeting mechanisms (often in combination):

- Geographic targeting
- Household Eligibility Criteria: Means-tests & proxy means tests (PMT)
- Community-based targeting

[To be covered in detail in another session]

Different parts of social assistance may be more or less narrowly targeted, either by design choice/social contract, or due to imperfections in mechanisms.
Objectives: To ensure some base level of income support for the elderly (non-contributory)

Targeting Criteria:

- AGE:
  - Usually 65+ or 70+
  - Need strong social or civil registry
  - “Ghost beneficiaries” (death records)

- Maybe SOCIO-ECONOMIC STATUS: Targeted or universal?
  - Universal basic benefit for all elderly: e.g., Botswana, Mauritius, Namibia, Seychelles, Georgia, Bolivia, Japan, Korea, New Zealand, etc.
  - Targeted to poor elderly (usually means-tested): e.g., South Africa, Cape Verde, Peru, Colombia, Costa Rica, Ecuador. El Salvador, Paraguay, US, Germany, UK, etc.

- TARGETING BASED ON “PENSION STATUS”
  - Some countries use “social pensions” to reach populations not covered by contributory pensions – to reach “universality” of old-age coverage
  - Examples include: Lesotho, Swaziland, Panama, Mexico, Argentina, Chile, Uruguay, etc.
SOCIAL PENSIONS CAN HELP INCREASE COVERAGE OF ELDERLY

Examples from Africa:
Share of Population above Retirement Age in Receipt of a Pension

Source: ILO 2014
Many programs target children:
- Family and Child Allowances (universal or poverty-targeted)
- Conditional Cash Transfers (CCTs)
- Benefits for Orphans & Caregivers

Targeting Criteria:
- AGE: (varies)
  - Newborns (0-2) – birth allowances (ECA: to promote fertility)
  - 0-5 (very young children)
  - School Age: 6-15, or extend to 18
  - Youths Only
- SOCIO-ECONOMIC STATUS:
  - Orphans
  - Poverty-targeted vs Universal
- OTHER CONSIDERATIONS:
  - Child linked to which adult? Or which household?
  - What happens with divorced parents (or missing parents)?
  - Payment to whom? (Designated recipient)
FAMILY & CHILD ALLOWANCES
NOT ALWAYS TARGETED TO POOR

But with high coverage of the poor in some countries

Source: ECA SPEED: Performance Module
CONDITION CASH TRANSFERS
POVERTY TARGETED & CHILD FOCUSED

Reduce poverty in short run, through provision of cash transfers

Reduce poverty in long run, by linking transfers to incentives for investments in human capital or productivity

Help the poor better their situation “today”

Help reduce the inter-generational transmission of poverty
Conditional cash transfers have become a vital part of poverty reduction strategies.

Conditional cash transfer coverage has expanded rapidly across the world.

1997 → 2014

Sources: World Bank: Social Protection Teams from various regions + ASPIRE
EXPANDING COVERAGE WITHIN AS WELL AS AMONG COUNTRIES

Brazil Bolsa Familia Example

- Bolsa Familia expanded from 3.6 million households in 2003 to 14.1 million by 2013 (approx 54 million people)

Philippines Pantawid 4Ps CCT

- Pantawid program expanded from 6,000 to 4 million households in 7 years (approx 16 million people)
COVERAGE OF CCTs VARIES GREATLY
BENEFIT INCIDENCE IS PROGRESSIVE IN VARYING DEGREES

Share of benefits going to poorest and richest quintiles

World Bank ASPIRE
Example 3:

To offset work disincentives the program needs:
- tweaks to design to support work,
- links to activation measures,
- strong fraud control

Benefits vary by distance to minimum subsistence level

Actual pre-transfer income

Minimum Subsistence Level of Income

income

people
GMI PROGRAMS: OFTEN WELL TARGETED BUT WITH LOW COVERAGE OF POOR

But coverage of poor is very low (often with low political support)

Source: ECA SPEED: Performance Module
# CASH IN EMERGENCIES
(USUALLY AS PART OF BROADER RELIEF PACKAGE)

<table>
<thead>
<tr>
<th>Philippines Typhoon Yolanda 2013</th>
<th>Pakistan 2010 Floods</th>
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<tbody>
<tr>
<td>7 million people affected, 4 million people displaced</td>
<td>52% suffered the total collapse of all housing structures; 72% were displaced from their homes</td>
</tr>
<tr>
<td>Pantawid CCT transfers were distributed as part of a broader response (also food, shelter, reconstruction, etc.)</td>
<td><strong>Phase-1</strong> cash disbursed to 1.7 million families in first 6 months (geographic targeting)</td>
</tr>
<tr>
<td>Conditionalities for education &amp; health waived during disaster (as a matter of policy)</td>
<td><strong>Phase-2</strong> cash disbursed to 1.2 million households (using housing damage as a proxy)</td>
</tr>
<tr>
<td>Majority spent transfer on food, medicine, housing repairs, &amp; debt repayment</td>
<td></td>
</tr>
</tbody>
</table>

29
<table>
<thead>
<tr>
<th>Definition</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| **Functional:**  
Degree of “Inability to work” | • Conceptually appropriate  
• Consider full set of medical and other circumstances  
• Sensitive to context (accessibility of transportation, buildings, types of jobs, etc.) | • More complex to implement  
• Possible “discretionary” decisions  
• Moral hazard |
| **Medical:**  
Based on official list of impairments or diagnoses | • Simpler to guarantee equal treatment of people with same conditions  
• Easier to verify | • Does not recognize differences in severity  
• Does not recognize interactions among multiple conditions  
• Lists can be politically difficult to agree on |
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EXAMPLES OF “CASH PLUS” APPROACHES IN LATIN AMERICA

Incentives for Education & Health
- Conditional Cash Transfers (CCTs)
  - Ex: Colombia Mas Familias en Acccion, Jamaica PATH

Social Service Links
- CCTs in broader Strategic Framework
  - Example: Brasil Sem Miseria; Mexico Prospera

Productive Inclusion (Urban & Rural)
- Social Contracts for each Family
- Psycho-Social Supports At CENTER of the model

Integrated Service Models:
- Example: Chile Solidario / Programa Puente
EXAMPLES OF “CASH PLUS” APPROACHES IN AFRICA

Accompanying Measures – Human capital
Examples: Mali, Niger, Burkina Faso, etc.

Participation in awareness seminars
On nutrition, family practices, health, sanitation; Nutrition packet

Accompanying Measures – Productive
Examples: Ethiopia, Cameroun, Malawi, etc.

Participation in awareness seminars
On productive practices, or public works

CCTs with conditions
on school attendance or health care use
Examples: Tanzania, Rep. Congo, Togo
Or with “Soft Conditions”
Examples: Kenya, Malawi, Ghana Leap, Lesotho CGP

Incentives for Education & Health
EXAMPLES OF “CASH PLUS” APPROACHES IN MANY OECD COUNTRIES

- Social Contracts With Mutual Responsibilities
- Incentives For Work
- One-Stop Shops For Job Services + Benefits
- Social Supports & Links to other Social Services
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IMPLEMENTATION MATTERS!

Design Parameters Are just the TIP Of the iceberg

Implementation Matters (More)
OUTLINE

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Large Literature
- Hundreds of individual studies
- A number of summaries:
  - Bastagli et al. 2016
  - Baez 2011
  - Hanlon, Barrrientos and Hulme, 2010
  - Grosh et al. 2008

Country Involvement
- Supported by governments and donors
  - in design of programs
  - in funding
- Initially very LAC focused, Africa catching up, smattering elsewhere.

Because a hard case to make politically

And because of varied domains of impact
WELL SUBSTANTIATED IMPACTS IN SEVERAL DOMAINS

- Social safety net have demonstrated effect on reducing poverty
- Social Safety Nets promote productive opportunities and help to build resilience
- Social Safety Nets promote health, nutrition and development for young children
- Social Safety Nets reduces risky health behaviors for youth

...And social safety nets do not:
- Increase consumption of “temptation goods”
- Lead to laziness and reduced work
- Wither away as soon as transfer stops
- Create unpredictable drain on the public budgets
THANK YOU
Detailed systematic review, of English language literature; journals (42%) and grey literature; 58% RCTs; 60% of studies on Latin American programs; 33% African, rest elsewhere; 56 programs – 57% CCTS, most in LAC; 20% UCTs, mostly in Africa

% in following is for share of studies reported on the phenomenon, not share of programs with results

- In poverty: 72% of studies show reduction in poverty; 76% show increase in food or total expenditure;
- In education: 53% of studies show increased attendance; 32% increased test scores
- In health: 67% show increased health use; 58% increased dietary diversity, 23% improved anthropometric outcomes
- In production: 69% show increase in agricultural assets, inputs or livestock; 47% improved savings and borrowing; 56% for business/enterprise indicators
- In employment: 74% show reduction in child labor, adult labor force participation increases in over half of cases
- In empowerment: 71% show effects on contraception or multiple sexual partners; 75% on female decision making, marriage, pregnancy; 85% on abuse

IMPACTS: THE RESULTS AS SUMMARIZED IN BASTAGLII ET AL 2016*