

From Protection to Production: The Role of Social Cash Transfers in Fostering Broad-Based Rural Development

A research partnership between FAO-ESA and DFID
Presentation to DFID– Benjamin Davis and Bénédicte de la Brière

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Outline of the presentation

- ▶ Why research economic impacts of SCTs?
- ▶ Why do we expect economic impacts?
- ▶ Existing evidence on household and local economy impacts
- ▶ Objectives and activities of the research program
- ▶ Partnerships



Why research economic impacts of SCTs?

- ▶ SCT beneficiaries belong to the local village economy and its institutions (school, health centers)
 - ⇒ Adult recipients engage in economic activities
 - ⇒ Beneficiary households interact with non-beneficiaries in economic and social interactions
 - ⇒ Look at impacts beyond beneficiary hh
- ▶ Human development impacts only part of the overall impact
 - ▶ Bridging short (consumption) and long-term (human capital) impacts



Why research economic impacts of SCTs?

- ▶ Why are we interested?
 - ▶ Critical to understand the overall contribution of SCTs to poverty reduction (cost-effectiveness)
 - ▶ Critical for sustainable poverty reduction
 - ▶ Relevant for the design of complementary interventions that would further foster inclusive economic growth
 - ▶ Welfare-to-work, graduation, productive insertion agendas
 - ▶ Local development agenda
 - ▶ Is social protection an investment for development?
- ▶ How can SCTs enable poor people to engage in economic activities that would make growth more inclusive?



Why do we expect economic impacts?

- ▶ Environments of absent / poorly functioning markets
 - ▶ credit / savings
 - ▶ insurance
 - ▶ goods (including food) and inputs
- ⇒ Links b/w consumption and production decisions at the hh-level
 - ▶ consumption, market purchases and home time
 - ▶ participation in social networks
- ▶ Injection of cash in small (sometimes not very open) economies
 - ▶ sum of benefits sometimes greater than other central-local government transfers
 - ▶ potential for traders and producers



Existing evidence on hh-level impacts

- ▶ **Channel 1: Labor allocation**
 - ▶ Child labor: variable but ↓ in EC, MX, NI and ≈ in BR, MW
 - ▶ Adult labor: ≈ 0 impacts except on some specific groups
- ▶ **Channel 2: Investment**
 - ▶ MX: after 8 months in program, 14% of transfers invested into farm animals, land and micro-entreprises, returns of 15% in income and 13% in consumption
 - ▶ NI: no impacts. Pent-up D? lack of economic opportunities?
- ▶ **Channel 3: Risk-coping: avoiding detrimental strategies**
 - ▶ NI: RPS during coffee crisis. Beneficiaries better able to keep children in school and maintain access to health services
 - ▶ ET: PSNP helped protect against high food prices but not enough where rains failed too.



Existing evidence on local economy impacts

- ▶ **Channel 4: Transfers between beneficiaries and non-beneficiaries. Interaction with social networks**
 - ▶ MX: ↑ loans and gifts from beneficiary to ineligible (12% of program impacts). MW: preliminary results
- ▶ **Channel 5: Changes in goods and labor markets**
 - ▶ ET: irregular lump-sum transfers and slow mkt response ↑ price
 - ▶ ET and BR: anecdotal evidence on tightened day-wage labor
- ▶ **Channel 6: Multiplier effects**
 - ▶ Local purchases of health and education services and of goods and inputs (MW) or purchases in cities/itinerant traders?
 - ▶ Dowa cash emergency transfer during lean season: R-SAM multiplier of 2.02 to 2.79
 - ▶ Industrial activity and local tax revenues (BR)



Objectives of research program

1. Better understand methodological issues related to dynamic and local economy effects of cash transfers
2. Strengthen instruments for quantitative and qualitative data collection on economic activities, social networks and local economy effects
3. Increase and share evidence on economic development impacts in Africa
4. Increase capacity of policy-makers and program managers in designing interventions that harness synergies b/w social assistance and rural and agricultural development



Proposed research activities (A)

A. Understanding and clarifying methodological issues

- Hypotheses need to come first
 - Household level modeling (labor allocation and investment/production decisions)
 - Risk coping
 - Risk sharing arrangements (social networks)
 - Spillovers
 - Climate change adaptation
 - Local economy effects
- Experimental design and matching given targeting and program implementation
- Critical review of models
 - Review piece by Djebbari and Belhaj Hassine underway
 - Local economy effects piece by Taylor underway
 - Ongoing discussion by FAO team with external collaborators



Proposed research activities (B)

B. Strengthen data collection

- Modules on economic activities, productive assets, social networks/transfers, shocks and climate change
- Economic “linkages” questions throughout household questionnaire and business enterprise survey as input for SAM/CGE models
- Integration qualitative/quantitative design and methods

Countries and programs

- Lesotho Child Grant Program (baseline 2011, 1st round 2012)
- Ethiopia Tigray SP package (baseline 2011, 1st round 2012)
- Malawi SCT expansion (baseline 2011, 1st round 2012)
- Kenya CT-OVC (2nd round 2011)
- Ghana LEAP (1st round 2012)
- South Africa CSG or Zimbabwe SCT
- Zambia SCT (baseline 2010, 2nd round 2012)



Proposed research activities (C)

c. Provide evidence on economic impacts

- Analyze existing data in Malawi, Kenya (CT-OVC and HSNP) and Mozambique
- Analyze collected data for each of six countries
 - Local economy impacts using baseline data
 - Descriptive analysis of baseline data
 - Household economic decision making, risk coping, time use, and social networks using baseline, follow up and qualitative data
- Integrate qualitative and quantitative findings

Outputs

Country case studies, cross country comparative studies, peer reviewed journal articles and policy briefs



Proposed research activities (D)

- D. Increase capacity of program managers and policy-makers
 - Direct technical assistance/quality assurance on impact evaluation design, data collection and analysis in six plus two countries
 - Input into policy process and ongoing program implementation
 - Transfer size work in Kenya
 - Multiple requests for evidence for advocacy
 - Community of practice on both impact evaluation and program implementation
 - Network, website, face to face meetings, thematic capacity-building events



Partnerships

Guiding principle:

piggy-back on/add value to existing impact evaluations

- ▶ Component of overarching “Transfer Project”
 - ▶ UNICEF, Save the Children UK, University of North Carolina
- ▶ Strong partnership with Government and UNICEF country offices currently implementing impact evaluations
 - ▶ FAO, World Bank and hopefully DFID country teams
- ▶ Collaboration with independent external evaluators and local research institutions
- ▶ Regional partners
- ▶ 3ie
- ▶ FAO-FMM on governance and targeting

