Evaluations of Cash Transfer Programs in African Settings

Compared to the number of randomized evaluations that have been conducted on cash transfers in Latin America, evaluations on cash grant interventions in African settings are few. However, the recent studies that have been conducted in Africa help to answer several key questions about cash grants.

### Key Findings

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**Types of Cash Transfer Programs**

- **Unconditional Cash Transfer (UCT):** A cash transfer made without any conditions required for the recipient.
- **Conditional Cash Transfer (CCT):** A cash transfer made on the condition that the recipient meets specified criteria such as school attendance or receiving vaccinations.
- **Labeled Cash Transfer (LCT):** A cash transfer made in which funds are indicated, or “labeled”, for a specific purpose but the conditions are not enforced.
Are unconditional transfers more effective than conditional transfers?

Zomba Cash Transfer Program, Malawi
Baird, McIntosh, and Ozler 2011

Researchers Sarah Baird (George Washington University), Craig McIntosh (University of California San Diego) and Berk Ozler (World Bank) conducted a randomized evaluation in Malawi to compare the effects of conditional and unconditional cash transfers on school-aged girls.

The Intervention

In a scheme called the Zomba Cash Transfer Program (ZCTP), the researchers randomly assigned households with girls aged 13 to 22 into one of three groups: one group received cash transfers conditional upon regular school attendance, the second received cash transfers without any conditions, and the third comparison group received no intervention. Transfers were given directly to the girl students as well to heads of the households.

Transfers were provided on a monthly basis, and varied in amounts. Household heads enrolled in the study were randomly selected by public lottery to receive $4, $6, $8, or $10 sized transfers, while female beneficiaries were selected by lottery to receive $1, $2, $3, $4 or $5 per month. If the female beneficiary was of secondary school age, the amounts of the total transfer was increased to equal the average cost of school fees paid. The average sizes of the transfers were identical for both the CCT and UCT groups.

The CCT and UCT programs were essentially identical except that monthly school attendance for all girls in the CCT arm was checked and payment for the following month was withheld for any student whose attendance was below 80 percent of the number of days school was in session for the previous month. The study evaluated the impact of the programs over a two year period.

Results

While the evaluation found certain improvements in both the conditional (CCT) and unconditional transfer (UCT) groups as compared to the group which received no intervention, the conditional cash transfer group saw the most significant improvements in educational outcomes.

Dropout rates declined in both arms, but researchers found that the effect in the UCT arm was only 43 percent as large as the effect of the CCT program. Girls also attended school at higher rates in the CCT arm than those in the UCT arm. In addition, test scores in cognitive ability, mathematics, and English comprehension improved in the CCT arm, but the UCT arm saw no test score improvements compared to the comparison group.

However, even though the conditional transfers effectively caused the desired education-related behavior changes, the unconditional transfer group saw substantially lower rates of early marriage and teenage pregnancy. Researchers found that the likelihood of pregnancy was 27 percent lower in the UCT than in the comparison group, and the rate of marriage 44 percent lower. They did not see reduced rates of pregnancy and marriage in the CCT arm.

Researchers found that among girls in the CCT and UCT groups who did not drop out of school, rates of marriage and fertility did not dramatically change over the two year period of the program. Regardless of their enrollment in the program, their risk of marriage and pregnancy did not change. The significant difference occurred amongst the girls in both groups who dropped out of school. Drop outs who received the UCT program saw lower risk of pregnancy and marriage than those who dropped out of school from the CCT program group.

The Malawi study found that the likelihood of pregnancy was 27 percent lower in the unconditional cash treatment than in the conditional cash treatment.
In a follow-up analysis to the 2011 randomized evaluation of the Zomba Cash Transfer Program in Malawi, Baird and her colleagues Chirwa, de Hoop, and Ozler expand upon initial findings from the conditional cash transfer arm of the program pertaining to women’s empowerment. They specifically examine the impact of girls who were enrolled in school at the start of the program, “baseline schoolgirls”, as compared to female beneficiaries who were not enrolled in school at the start of the intervention, “baseline dropouts”.

Results

Conditional cash transfers also significantly increased the number of terms that both baseline schoolgirls and baseline dropouts attended school, though the increase was much larger for baseline dropouts. The average number of terms baseline schoolgirls enrolled increased by 0.54 out of a maximum of six terms in the two academic years the program ran. Baseline dropouts enrolled in 2.35 more terms than in the comparison group.

Both types of conditional cash transfer beneficiaries responded affirmatively to the question, “Would you say your household cares more about your education now compared to 12 months ago?” at higher rates than the comparison group. This difference remained constant throughout the program, and immediately afterward.

CCTs caused stronger effects on health and nutrition among girls who were enrolled in school at the start of the program than on girls who were “baseline dropouts”, but marriage and pregnancy effects were stronger on baseline dropouts.

Among baseline dropouts, the CCT program led to a significant decline in marriage rates. This difference persisted after the program ended: baseline dropouts in the CCT treatment were 12.6 percent less likely to be married than the average of 55.1 percent in the comparison group. Baseline schoolgirls in the CCT group did not enjoy this impact during or after the program.

In terms of health outcomes, CCTs led to a modest increase (10 percent) in the intake of protein sources like meat, eggs, and fish. This effect continued among baseline schoolgirls after the end of the program, but did not last among baseline dropouts. The CCT intervention also led to a significant increase (7.8 percent) in the likelihood that the baseline schoolgirl sleep under a bed net. However, this was not also the case amongst baseline dropouts.

Researchers found that both CCTs and UCTs led to an increase in the girls’ control of cash resources during the program. They found that “baseline schoolgirls” in the CCT program spent $1.80 per month more than the comparison group (42 percent increase), while baseline dropouts spent $1.50 per month more during the program. Eighty percent of the female CCT beneficiaries and 86 percent of UCT beneficiaries reported having control over how to spend the transfers made directly to them, while 90 percent of these CCT respondents and 95 percent of UCT respondents reported that the decision to spend the funds given to the household was made by someone else.

UCTs also led to a similar increase in consumption of protein-rich foods, but saw a lower likelihood of sleeping under bed nets. Researchers explained that sleeping under a bed net represents an investment in the child’s health, and therefore increased school attendance. CCT group participants have less of an incentive to make investments in health that affect school attendance.

Both kinds of cash transfers made directly to girls “stuck” to them. Girls reported that they had control over how to spend the transfers made to them.
Richard Akresh, Damien de Walque, and Harounan Kazianga (World Bank) conducted a randomized evaluation in rural Burkina Faso to compare the impacts of conditional and unconditional cash transfer programs on educational outcomes.

**Intervention**

During the two year pilot program called the Nahouri Cash Transfers Pilot Project (NCTPP), households in the CCT group received transfers conditional on their children ages 7-15 attending school regularly. In the CCT group, both male and female children were required to attend school. This group was compared with an unconditional program with no requirements for cash transfers. Researchers also randomized whether the transfer would be given directly to the male or female head of household. Transfers were given away from the schools so as to not link the cash transfer with education. The size of the transfers averaged $17.60 for children ages 7-10 and $35.20 for children 11-15.

**Results**

Researchers found similar rates of enrollment in both CCT and UCT groups for children they call “traditionally favored by parents for school participation”. Such children include boys, older children, and children with greater ability. However, they find that children who are not traditionally favored for schooling saw significant increases in enrollment in the CCT group, but not in the UCT group.

Girls’ attendance increased 20.3 percent, younger children rate of attendance increased by 37.3 percent, and low ability children by 36.2 percent compared to the mean enrollment in those same groups of the comparison group.

The Burkina Faso study found that the conditional transfers improve the chances that marginalized children attend school over unconditional ones.
Researchers Benhassine (World Bank), Devoto (Paris School of Economics), Duflo (MIT), Dupas (Stanford) and Pouliquen (JPAL Europe) conducted a randomized evaluation of a cash transfer program in Morocco to estimate the impact on attendance and enrollment of a “labeled cash transfer” (LCT): a small cash transfer made to parents of school-aged children in poor rural communities, not conditional on school attendance but explicitly labeled as an education support program.

**Intervention**

While many randomized trials have shown the effectiveness of CCTs, Benhassine and his colleagues sought to determine whether LCTs could be used to reduce the cost of implementing the cash transfer programs but attain the same positive outcomes. Researchers partnered with the Government of Morocco to evaluate the Tayssir program, a two-year pilot designed to increase student participation in primary school. Tayssir, which means “facilitation” in Arabic, made cash payments to parents in program communities with children aged 6 to 15. Parents had to formally enroll each of their children into the program. The pilot took place in 320 rural primary school sectors in the poorest areas within five of Morocco’s sixteen regions.

**Labeled cash transfer (LCT):** In this version of the program, families with children of primary school age could receive transfers whether or not their children attended school. In practice, since enrollment in the Tayssir program happened at schools, children enrolled in Tayssir were automatically registered and enrolled in school at the same time, but the transfers were not conditional on continued enrollment. The monthly amount per child increased as each child progressed through school, starting from US$8 for each child in grades 1 and 2 and increasing to US$13 for children in grades 5 and 6. The average transfer amount represented about 5 percent of the average household’s monthly consumption, which is small compared to a range of 6 to 27 percent for existing CCTs in middle-income countries.

**Conditional cash transfer (CCT):** In this version of the program, cash transfers were disbursed to parents of primary school-age children, as long as their child did not miss school more than four times each month. The monthly transfer amounts were the same as those in the LCT program.

**Results**

In terms of school participation, the Tayssir cash transfers had large impacts under all versions of the program, with slightly larger impacts for the LCT. After two years, the dropout rate among students enrolled in school at the start of the program in LCT schools was about 7 percentage points lower than the dropout rate of comparison schools (at 10 percent), a 70 percent decrease. Re-enrollment of those who had dropped out of school before the program almost doubled in LCT schools as compared to comparison schools, and the share of students who never enrolled in school fell by 43 percent. Performance on a basic arithmetic test improved but not significantly.

There was no difference in impacts between transfers issued to fathers and transfers issued to mothers. Making cash transfers conditional did not improve the effectiveness of the program either. If anything, it somewhat reduced it: relative to LCT schools, CCT schools had a slightly higher drop-out rate. Among students who were not enrolled at the start of the program, re-enrollment in CCT schools was lower than re-enrollment in LCT schools, perhaps because conditionality discouraged some households or teachers from enrolling weaker children in the program. That said, the rules of the program were overall poorly understood by local communities. After one year, in the CCT groups, only about half of parents interviewed knew transfers were conditional; in the LCT groups, only about half of parents interviewed knew transfers were unconditional. A weak understanding of what households must do to qualify for the cash transfer naturally weakens the potential for conditionality to matter.

The finding that adding conditionality or directing the cash transfers to mothers did not increase the program’s impact on student attendance or school enrollment is important. It likely is because the Tayssir program was framed as an educational support program, and perceived as an endorsement of the local schools, since headmasters were responsible for enrolling families. Data from the household surveys provides evidence that Tayssir, in all forms, increased parents’ belief that education was a worthwhile investment.
Can cash transfers help microenterprises and entrepreneurs?

Male and Female Micro-entrepreneurs in Ghana  
Fafchamps et al. 2011

Marcel Fafchamps, David McKenzie, Simon Quinn, and Christopher Woodruff evaluated a program in urban Ghana that targeted microenterprise owners. The evaluation compared the effects of giving in-kind contributions to the businesses to delivering cash transfers, and found that in-kind transfers had greater impacts on profits for female business owners.

Intervention

The evaluation targeted individuals who met a set of criteria for a full-time microenterprise owner in urban Ghana. These business owners were between the ages of 20-55, self-employed, worked 30 hours or more per week in a business with no paid employees and no motorized vehicle.

Microenterprise owners were randomly assigned to one of three groups, including the comparison group. The first treatment group received a UCT totally about $120 at the start of the program. They were told that the funds could be used for any purpose, whether business-related or not.

The other group received an in-kind transfer equally $120. The firm owners were accompanied by an individual from the implementing organization to select equipment, materials, or inventory items for their microenterprises that totaled to the amount of the cash transfer. (Participants in the in-kind group generally used the transfer to purchase inventory and raw materials. Only 24 percent spent the transfer on equipment.) They were told that they could purchase any item they would like for the business, and were not given advice on what to select.

Results

Researchers find that cash grants had a significantly smaller effect on profits than in-kind transfers. Cash grants were typically spent on the household, particularly when given to women with firms that were below-average in size. Cash grants did not "stick" to the businesses in order to drive an increase in profits.

The impact of each type of transfer differed based on gender. For men, both in-kind and cash grants led to large increases in profits, while in-kind grants displayed larger, more robust impacts on earnings. All male-owned enterprises experienced an increase in profits after receiving the in-kind grant, regardless of initial earnings.

For women, only the in-kind grants led to large increases in profits, but only in women who already had substantially-sized firms that were initially profitable. Women enterprise-owners whose initial profits were below the median saw almost no gain in profits after receiving in-kind grants. Subsistence firms did not increase profits whether given cash or in-kind grants.

Businesses generally grew most when owners received in-kind grants of their choosing. Cash transfers to firm owners were more often spent on the household, leading to no effect on profits.

Researchers hypothesized that in kind purchases led to more robust outcomes because inventory or equipment purchases prevented individuals from making impulse purchases or diverting funds back to their homes. In kind purchases led to large positive effects especially on individuals with little reported control to spend money independently, a significant amount of external pressure, and other indicators of low agency.

Cash grants given to microenterprise owners had a smaller effect on profits than in-kind transfers.
Researchers studying Kenya’s massive CT-OVC program found significant effects of cash transfers on the sexual debut of young people and risk of HIV infection.

**Intervention**

The government of Kenya’s CT-OVC program targeted poor households with at least one orphan child or vulnerable child, defined as someone under the age of 18 who is either chronically ill or whose main caregiver is chronically ill. The government gave transfers directly to caretakers, explaining that the purpose of the funds was to care for the OVC in the household. Households received the equivalent of $20 per month, paid bi-monthly.

The evaluation studied the effects of the program on young people in beneficiary households (OVC or otherwise) between the ages of 15 and 25.

**Results**

The study found that, although the labeled cash transfer program was not intended to cause sexual behavior change and did not have HIV prevention messaging involved, it nonetheless reduced the risk of HIV in young people in beneficiary households by 23 percent. Risk reduction resulted from young people in beneficiary households, regardless of OVC status, delaying sexual debut. Decreased likelihood of sexual debut was larger in females than in males, who saw 35 percent and 18 percent reductions respectively.

Unconditional cash transfers led to significant delays in sexual debut amongst all children in recipient households.