CASH TRANSFERS MYTHS vs. REALITY

Cash transfers are regular money payments to poor households

MYTHS	REALITY
Cash will be wasted on alcohol and tobacco	**1-2%** Alcohol and tobacco represent **1-2%** of **food expenditures** Across 6 countries, **no evidence** of **increased expenditure** on alcohol and tobacco In **Lesotho**, **alcohol expenditure** actually **decreased**
Transfers are just a 'hand-out' and do not contribute to development	In **Zambia**, evidence shows **cash transfers increased farmland** by **36%** and the use of **seeds**, **fertilizer**, and **hired labor** As more agricultural inputs were used, **overall production increased** by **36%** and farmers engaged more in markets **Majority of programmes** show **significant increase in secondary school enrolment** and in spending on school uniforms and shoes
Cash causes dependency, laziness	In several countries, including **Malawi** and **Zambia**, research finds **reduction in casual wage labour**, shift to on-farm and more productive activities There is **little evidence** transfers lead to **reduction in work effort** In fact, cash transfers **lead to positive multiplier effects in local economies** and **significantly boost growth** and development **in rural areas**
Transfers lead to price inflation and disrupt local economy	**No inflation detected** in 6 case study countries **Why not?** **Beneficiaries are a small share** of community, typically 15-20 % They come from poorest households, with low purchasing power and thus **don't buy enough to affect market prices** Local economies **can meet the increased demand** In **Ethiopia**, for every dollar transferred by the programme, about **$1.50** was generated for the local economy
Child-focused grants increase fertility rate	**In Zambia, cash transfers showed no impact on fertility** **-34%** **-10.5% points** **Early pregnancy reduced by 34% in Kenya, 10.5% points in South Africa**

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