The Transformative Impacts of Unconditional Cash Transfers:
Evidence from two government programmes in Zambia

Luisa Natali

Social and Economic Policy Unit, UNICEF Office of Research - Innocenti

Unconditional cash transfers are on the rise in Sub-Saharan Africa, with recent estimates indicating a doubling of programmes between 2010 and 2014.[1] This brief provides an overview of the comprehensive impacts across eight domains of two unconditional cash transfer programmes implemented by the Zambian Government: The Child Grant Programme (CGP) and the Multiple Category Targeting Programme (MCP).

Although the primary objective of these programmes is poverty mitigation rather than economic empowerment, we document protective and productive outcomes in order to assess whether these programmes generate transformative effects and have the potential to offer a sustained pathway out of poverty for poor households.

PROGRAMMES

Both the CGP and MCP were unconditional cash transfers implemented by the Government of Zambia's Ministry of Community Development, Mother and Child Health (MCDMCH) starting in 2010 and 2011, respectively. The main goal of both programmes was to improve food security and protect children's human capital. Table 1 reports basic information about the programmes and their evaluations. The CGP targeted households with children under the age of five, while the MCP targeted households with various types of vulnerability (female- or elderly-headed households taking care of orphans, and households with disabled children). The CGP was implemented in three rural districts with the highest rates of extreme poverty and child mortality (Shangombo, Kalabo and Kaputa), while the MCP was implemented in two rural districts selected based on high poverty and food insecurity rates (Serenje and Luwingu).

Targeting was effective in reaching poor populations: 90 per cent of households in both programmes were below

the national extreme poverty line, with median consumption of US¢30 per person per day. The programmes provided a flat transfer of US$12 per month to beneficiaries irrespective of household size, equivalent to around 25 percent of pre-programme consumption on average. Payments were unconditional, in other words, there were no additional requirements or rules placed on beneficiaries to receive the transfers. Payments were paid mostly to women; 99% of CGP recipients were women, compared to 75% of MCP recipients. Payments were made bi-monthly at designated pay-points. Programme administration largely functioned as expected in both programmes and payments to beneficiary households were made on schedule. Furthermore, there was no indication of leakage due to bribes or requests for payments from village elders or programme officials.

EVALUATION DESIGN AND DATA

The evaluations of both the CGP and the MCP were designed as cluster Randomized Control Trials (cRCTs). In each district, communities (defined as the administrative unit of Welfare Assistance Committees) were first randomly selected to enter the study. Households were subsequently sampled from each selected community. After baseline data collection, communities were randomly assigned to intervention or delayed entry control status via a public coin toss conducted by the Permanent Secretary of the MCDMCH. Experimental design was adopted, which satisfied ethical requirements given that the limited financial resources and capacity would have not allowed the MCDMCH to deliver the programme to all eligible households at once. In the MCP, 92 communities were randomly selected for the study (46 from each district), whereas in the CGP 90 communities were randomly selected (30 from each district). Data was collected from approximately 2,500 households in the CGP and over 3,000 households in the MCP. These households were interviewed at baseline (before the programme started) and again, after 2 and 3 years. Further details on the analysis methodology is available in the full paper.

1   World Bank (2015) The State of Social Safety Nets 2015. World Bank, Washington, D.C.

THE
TRANSFER
PROJECT

unicef
Office of Research–Innocenti

Table 1: Main programme and evaluation features of the Zambia Cash Transfers

Feature	Child Grant Programme	Multiple Category Targeting Programme
Implementer	Ministry of Community Development, Mother and Child Health (MCDMCH)	
Location	3 rural districts: Kaputa (Northern Province), Kalabo and Shangombo (Western Province)	2 rural districts: Serenje (Central Province) and Luwingu (Northern Province)
Eligibility requirements	Children under the age of five	Female- or elderly- headed household keeping orphans; household with a disabled member
Transfer amount	55 kwacha per month ($12), or 27% of pre-programme consumption	55 kwacha per month ($12), or 21% of pre-programme consumption
Data collection	Baseline (2010), midline (2012), endline (2013)	Baseline (2011), midline (2013), endline (2014)
Evaluation design	Cluster Randomized Control Trial (cRCT)	
Sample size	2,519 households	3,078 households

RESULTS

Results for almost forty outcome variables per evaluation were analysed at the household, woman and child levels and grouped into the following eight domains:

1) Consumption;

2) Food security;

3) Asset ownership (including livestock, domestic and productive assets);

4) Subjective relative poverty (perception of own status compared to others, own past and expectations for the future);

5) Income and revenues (related to agricultural production and non-farm enterprises);

6) Finance and debt (including savings, new loans and outstanding debts);

7) Children's material needs (if children age 5-17 years own shoes, a blanket and 2 sets of clothes); and

8) Schooling for children age 11-17.

For the CGP, we also report the impacts on the nutrition of children aged 0-59 months. Figure 1 presents a summary of results using composite domain indices rather than individual outcome indicators. It shows graphically the mean standardized impact estimates for the CGP and MCP respectively after three years of implementation. The dots depict the effect size of each programme on each domain index with its 95% confidence interval; there is a significant program impact whenever the confidence interval does not cross zero. As regards the CGP (see dashed blue bars), the

programme has had a significant impact on seven of the nine domains considered, the two exceptions being children's schooling and young child anthropometry. The largest effect sizes occur for subjective well-being (relative poverty), children's material needs, assets and food security. While there are no significant effects on schooling, this could be due to the age composition of the sample, as additional analysis does find significant impacts of the CGP on enrolment among children ages 11 to 14 when drop-out rates are at their highest in Zambia. In contrast, additional sensitivity analysis by age group for child nutrition outcomes confirms non-significant impacts in the overall sample. The MCP on the other hand, (see solid blue bars) has significant impacts on each of the eight domains considered. The largest point estimate is again associated with subjective well-being, followed by assets, food security and children's material needs.

Finally, to quantify the magnitude of impacts, we monetized the consumption, savings and asset accumulation impacts over a one-year period and compared them to the yearly cash transfer amount. Based on this, we found there is an average income multiplier of around 1.59 across both programmes. This means that beneficiary households spend on average 59 percent more *kwacha* (local currency) than they actually receive through the cash transfer.

CONCLUSIONS

Government-run unconditional cash transfers, paid predictably every two months, are shown to have wide-ranging effects on ultra-poor households in rural Zambia. They significantly raise consumption and increase food

Figure 1: Impacts of the cash transfer programme in Zambia, in nine domains, after three years
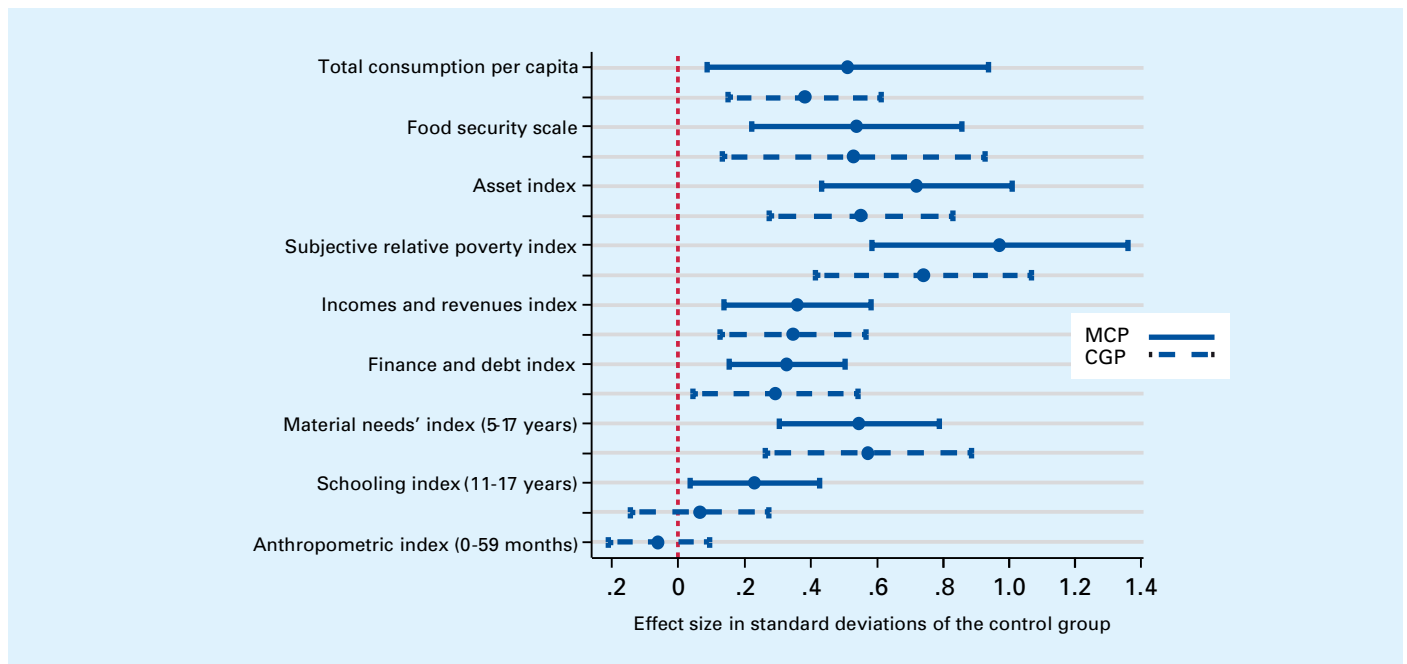
security, children's schooling and material well-being, while at the same time strengthening economic capacity and asset ownership. Further analysis indicates that the multiplier found is generated through improvement in income earning capacity of households, including increased small businesses and agricultural production, leading to a virtuous cycle. Due to the fact that the two experiments were both UCTs, conducted in different pilot areas and with different target groups, we cannot make clear programme design recommendations about the contribution of lack of conditionalities or the transfer amounts. However, overall findings suggest the size and pattern of impacts do not differ significantly across the programmes, despite the very different target groups and household types receiving benefits. This evidence, as well as the fact that programmes are fully implemented through the Department of Social Welfare of the Government of Zambia, strengthens the external validity or generalizability of the findings. Overall, child nutritional status is the only domain where we find no significant impact despite that being one of the key objectives of the CGP. Research suggests that the relationship between cash transfers and nutritional status is complex, perhaps indicating that health supply side or cash plus service components are needed to address poor nutrition.[2]

Evidence from Zambia suggests that unconditional cash transfers go well beyond their primary goal of protecting consumption, and have sizable impacts on productive domains, creating a multiplier effect with potential to contribute to long-term poverty reduction. This provides a strong case for using UCTs as a multi-purpose development programme, and for encouraging multi-sectoral funding, implementation and strategic use of cash transfers.

For additional information, please see: Handa, S., Natali, L., Seidenfeld, D., Tembo, G. and Davis, B. (2016). Can Unconditional Cash Transfers Lead to Sustainable Poverty Reduction? Evidence from two government-led programmes in Zambia, *Innocenti Working Paper* 2016-21, UNICEF Office of Research, Florence.

The Transfer Project is a multi-organizational initiative of UNICEF, the UN Food and Agriculture Organization (FAO), Save the Children UK and the University of North Carolina at Chapel Hill in collaboration with national governments, and other national and international researchers. For a full list of partners and funders for the Zambia impact evaluations see: https://transfer.cpc.unc.edu/?page_id=210

---

2   de Groot, R., Palermo, T., Handa, S., Ragno, L.P., Peterman, A. (2017) Cash Transfers and Child Nutrition: Pathways and Impacts. Development Policy Review, 35: 621-643.

Research
for Children
at Innocenti