

Cash Transfers and Climate-resilient Development: Evidence from Zambia's Child Grant Programme

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Climate change poses significant threats to the current and future well-being of children across the world, particularly children in low-income countries. Climate models predict that certain regions of the world, such as sub-Saharan Africa, will experience dramatic disruptions to rainfall patterns, with disastrous consequences for agricultural yields and food security. Climate change thus has the potential to stall and even reverse gains that have been made in the fight against poverty. How the international community chooses to address the significant challenges of climate change mitigation and adaptation has important implications not just for socioeconomic development, but for intergenerational equity and children's rights as well.

Many climate adaptation strategies are currently being formulated and tested around the world; crop insurance and ecosystem-based adaptation are often cited as important strategies for rural Africa. Recent evidence, however, from one of Zambia's largest social protection programmes – the Zambian Child Grant Programme – suggests another important, and somewhat overlooked, strategy that can be highly effective in helping households cope with extreme weather events that affect agricultural production: *ex-ante*, unconditional cash transfers.

Zambia's Child Grant Programme extends 60 kwacha (about \$12) per month, unconditionally, to all households with a child under the age of five. In 2010, Zambia's Ministry of Community Development, Mother and Child Health began implementing the programme in three of Zambia's most remote, rural districts: Kalabo, Kaputa, and Shangombo. UNICEF and the American Institutes of Research partnered with the Ministry to evaluate the programme's impacts on a range of socioeconomic outcomes. Researchers implemented a randomized control study of over 2,000 households to evaluate the initial impacts of the pilot programme and found that, by 2012, the Child Grant Programme had reduced extreme poverty, increased food security, strengthened agricultural production, and improved numerous indicators of child health.ⁱ

Between 2010 and 2012, both floods and droughts hit these regions of Zambia, with 81% of households in the study experiencing such weather shocks as well as sharp fluctuations in food and crop prices. How households respond to weather shocks has important implications for children's development; a common shock-coping strategy employed by poor, rural households is to simply reduce food consumption, given a lack of other options.

A new studyⁱⁱ analyzes how the Child Grant Programme helped families cope with these weather shocks and finds that cash transfers empowered these poor, rural households to employ coping strategies typically used by the non-poor, such as spending savings, and also enabled them to substantially increase their food consumption and overall food security. In addition to weather shocks, households in the study also experienced a variety of other negative shocks, such as illness, death of a household member, and business collapse. The

study finds that cash transfers also help households to cope productively with these negative income shocks as well.

Impacts of Zambia’s Child Grant Programme on households’ responses to weather, agricultural, and other income shocks

How households said they coped with negative shocks		Impact of the cash transfer
Likelihood of statement: “Did nothing/Reduced food consumption”	↓	By 14 percentage points
Likelihood of statement: “Spent savings”	↑	By 6 percentage points
Food security of the household		
Per capita food consumption	↑	Between 29-35%
Likelihood of being severely food insecure	↓	Between 20-25 percentage points

The Zambian Child Grant Programme offers the international community concerned with climate adaptation an example of a powerful, yet relatively straightforward, approach for effectively managing the risks climate change poses to the world’s most vulnerable. This programme demonstrates that extending relatively small cash payments unconditionally and regularly to the rural poor is highly effective in fostering climate-resilient development. And given that cash transfers have already been shown by numerous studies to reduce both short-term poverty and its long-term determinants, cash transfers therefore offer a “no-regrets” strategy for climate-resilient development policy. Further, cash transfers facilitate individuals’ autonomous adaptation and development decisions, making them congruent with both human rights frameworks that recognize the importance of agency as well as adaptation approaches that encourage locally-based and diverse solutions.

ⁱ See: Handa, S., Seidenfeld, D., Davis, B., Tembo, G. and the Zambia Cash Transfer Evaluation Team (2014). Are cash transfers a silver bullet? Evidence from the Zambian Child Grant. *Innocenti Working Paper* No. 2014-08, UNICEF Office of Research, Florence. Available at: <http://www.unicef-irc.org/publications/731>

ⁱⁱ See: Lawlor, K., Handa, S., Seidenfeld, D. and the Zambia Cash Transfer Evaluation Team (2015). Cash Transfers and Climate-resilient development: Evidence from Zambia’s Child Grant Programme, *Innocenti Working Paper* No.2015-03, UNICEF Office of Research, Florence. Available at: <http://www.unicef-irc.org/publications/777>