Are Cash Transfers a Silver Bullet? Evidence from the Zambian Child Grant

In Brief

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Introduction

Accumulated evidence from dozens of cash transfer programmes across the world suggest that there are few interventions that can match the range of impacts and cost-effectiveness of a small, predictable monetary transfer to poor families in developing countries. These results have recently quickly lead to the view that cash transfer programmes are the ‘gold-standard’ in anti-poverty policy with some even advocating for benchmarking all development interventions against what would have been accomplished with a direct cash transfer. This paper reports on the impact of Zambia’s Child Grant Programme on a broad range of conceivable impact domains including consumption and poverty, child well-being, assets and agricultural production. Rather than choosing one domain (such as education or nutrition) and exploring impacts in great detail, the paper takes a more transparent approach, essentially reporting on all main evaluation questions (both social and productive), and presenting even non-significant results, which would otherwise not be published, allowing the reader to appreciate the full range of benefits that are possible with an unconditional cash transfer in a poor rural context.

The Programme, Study Design and Data

The Child Grant Programme is implemented by Zambia’s Ministry of Community Development, Mother and Child Health. It began in 2010 in the districts of Kaputa, Shangombo and Kalabo, and targets all families with a child under 5 years, providing a flat monthly transfer of $12, an amount deemed sufficient to purchase one meal a day for an average size household for one month. The objectives of the programme include food security, young child nutrition, education for school aged children and livelihoods strengthening. The programme currently reaches 12,000 households.
A randomized control trial is used to estimate the effects of the programme on recipients. Communities were randomly assigned to either the treatment condition to start the programme in December 2010 or to the delayed control condition to start the programme at the end of 2013. A delayed-entry control group was ethically feasible because the MCDMCH did not have sufficient resources or capacity to deliver the programme to all eligible households immediately. The random selection of communities to participate in the study was conducted in public by the Ministry, and the assignment to treatment or control status was determined by a coin flip by the Ministry’s Permanent Secretary also in public with local officials, Ministry staff, and community members present as witnesses.

A baseline household survey (N=2519) was administered in 2010 prior to programme initiation and a follow-up on the same households 24-months later.

Baseline data collection was conducted prior to the coin flip so neither the households nor enumerators knew who was in the control arm at the time of first data collection.

**Summary of Results**

Figure 1 summarizes the main areas of positive impacts of the programme. The bars represent the effect size as a proportion of the baseline mean and impacts above 1 (100%) are truncated to 1. For example, the impact on subjective well-being is over 100% and so is truncated at 1. The figure shows significant impacts on four main domains: consumption and food security and well-being, young child health and development, assets and business development, and agricultural production.

The programme has increased infant and young child feeding (IYCF) and the proportion of households with a book by approximately 70% for example. Perhaps most interesting is the large impact the programme has on livelihoods strengthening, both in terms of diversifying income sources by expanding participation in non-farm businesses as well as strengthening existing traditional income activities such as crop and livestock production. This range of impacts illustrates the benefits of providing an unconditional transfer, one which allows households to spend the money according to their own needs and constraints.

**Discussion**

The range of impacts of the CGP on poor rural households is impressive. An additional appeal of the programme is its simplicity: it is universal but geographically targeted to poor districts, all households receive the same amount irrespective of household size, and the cash is unconditional. Such a programme can be run with minimal capacity and administrative oversight and can conceivably be implemented virtually anywhere in the developing world. As such it provides a compelling case study for considering cash transfers as the silver bullet for poverty alleviation. However it is important to note that the CGP did not have positive impacts on all outcomes. Impacts on stunting depended on mother’s literacy for example, and there were no impacts on primary school enrollment or curative health care, suggesting that a minimum level of availability and quality of services may be necessary to fully leverage the impact of a cash transfer programme.