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**Research Report**

## The impact of cash transfers on food security in sub-Saharan Africa: evidence, design and implementation

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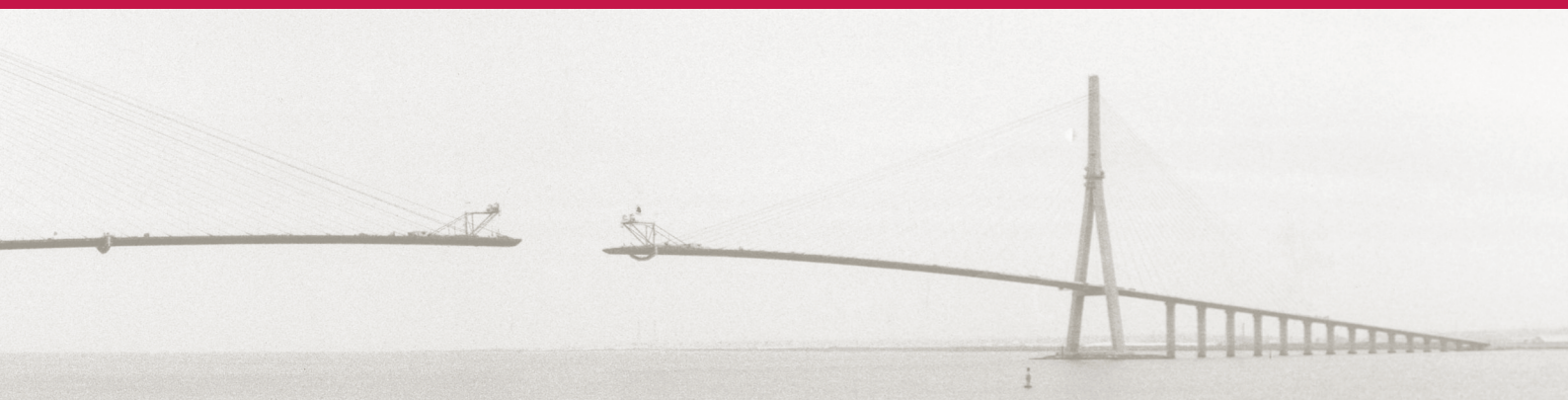
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## The Impact of Cash Transfers on Food Security in Sub-Saharan Africa: Evidence, Design and Implementation

### Summary

One of the priorities of the international community is alleviating food insecurity, as stated in Goal 2 of the recently approved 2030 Agenda: “End hunger, achieve food security and improved nutrition and promote sustainable agriculture”. The region with the highest prevalence of food insecurity is sub-Saharan Africa (SSA); most of the efforts must be concentrated there. Food insecurity is mostly widespread among rural households who have either no land or only small plots, and who live in conditions of extreme poverty. Traditional agricultural/economic interventions alone are unlikely to generate substantial improvements, as they are rarely specifically targeted to the poor. Yet social protection schemes, in particular the emerging cash transfers (CTs), have great potential. Evidence shows, however, that while these measures effectively expand food consumption and asset accumulation, thereby increasing households’ resilience, CTs must be linked to other interventions in order to sustainably graduate households out of food insecurity.

What lessons can we learn from the empirical evidence in the region?

- CTs have proven to be an effective tool for increasing households’ calorie intake. Therefore, policy-makers should use them, particularly in this region.
- International organizations, bilateral donors and national policy-makers should pay attention to four major design features of CT programmes:
  1. Targeting: Some CTs do not reach the expected population and therefore have little effect on food

security. CTs can use different targeting mechanisms: There is no one-size-fits-all solution.

2. Regularity of payments: Cash disbursements must be regular so that households can plan. Wherever several delays were experienced, the CTs were ineffective.
  3. Transfer size: Monetary transfers should be at least equal to 20% of consumption by the poor. No positive benefits in terms of food security were detected when the amount of the transfer was below this threshold. However, CTs should not be large enough to increase social inequality and discourage work.
  4. Political support: To ensure positive long-term effects and for beneficiaries to perceive them as regular programmes, CTs must be backed by strong political support. In SSA, programme ownership is often missing.
- CTs alone cannot positively impact nutrition knowledge and nutrition/hygienic practices, and have been shown to have limited effects on diet and nutrition. In order for CTs to have long-lasting effects on nutrition, they must be complemented by other interventions such as nutrition education, food supplementation for vulnerable groups and specific economic policies. Ethiopia’s Productive Safety Net Programme (PSNP) offers an innovative model for connecting these policies.
  - Although it is not generally advisable to condition CTs to beneficiaries’ fulfilment of certain requirements, introducing soft conditions that link attendance at nutrition education courses to receiving CTs should be considered in SSA because they do not cost much or require large monitoring capacities.

## Food insecurity in sub-Saharan Africa

Since the 2007-2008 hike in food prices at the latest, fighting food insecurity has again become central to the international development agenda. This was confirmed by the international community's attention to this topic when negotiating the post-2015 agenda. In the final 2030 Agenda, Sustainable Development Goal 2 – “End hunger, achieve food security and improved nutrition and promote sustainable agriculture” – is entirely about food security and recognizing its complex, multi-faceted nature.

Based on the latest estimates of the Food and Agriculture Organization of the United Nations (FAO), about 800 million people worldwide – 11% of the global population – suffer from hunger, that is, they lack the necessary daily calorie intake. As highlighted in Figure 1, SSA is the region with the highest deprivations; Southern Asia and Oceania follow far behind. Despite the improvements registered since the early 1990s, SSA's gap with respect to most of the other regions remains. We see the same results when considering other key forms of food insecurity, such as lack of access to micro-nutrients and malnutrition. For this reason alone, the international community must concentrate its efforts to alleviate food insecurity in this region.

Which households are food insecure? Food insecurity is most widespread among rural households living in conditions of extreme or moderate poverty, with no land or just a very small plot, and very limited access to local markets. Moreover, many food-insecure households are characterized by a large dependency ratio – that is, many members who are not or no longer economically active. Given the profile of these households, general agricultural

or economic policies alone are unlikely to be very effective. Social protection could play a major role in improving the living conditions of extremely poor and labour-constrained people, and in improving household food security.

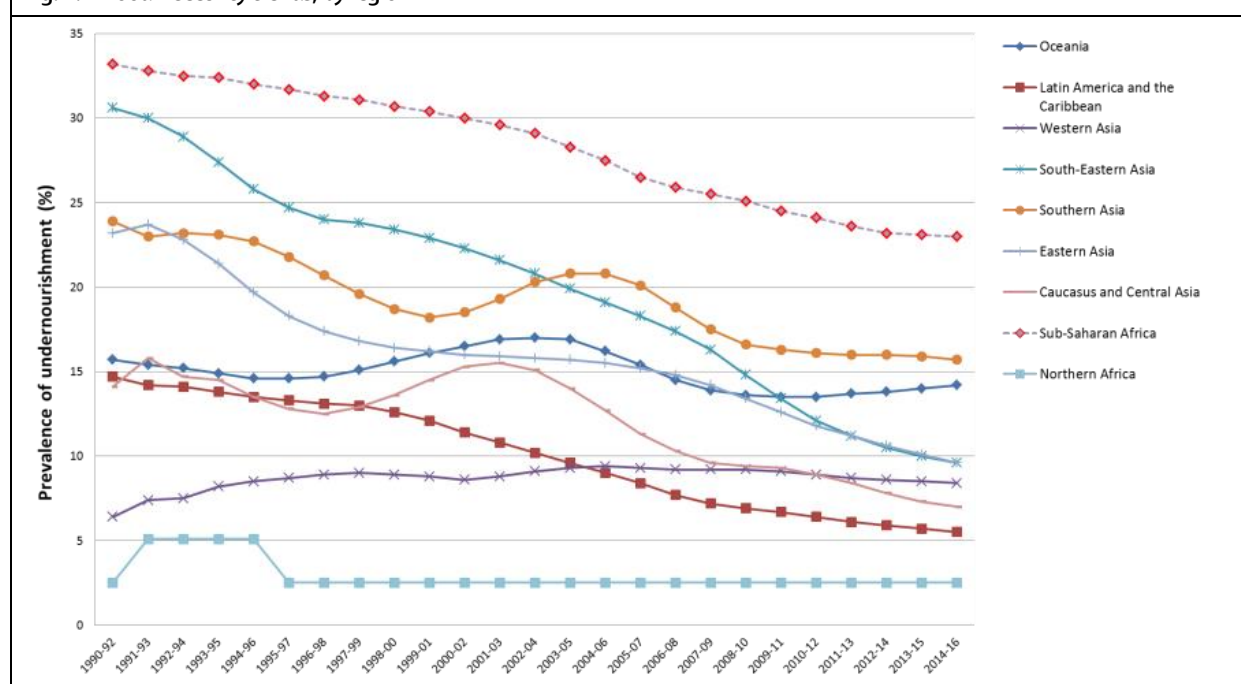
This briefing paper examines the role of cash transfers (CTs), one specific but arguably very important social protection scheme for reducing food insecurity in SSA. CTs provide vulnerable families with regular cash payments to generally alleviate poverty. These policies have a purely protective function because they usually target poor households/individuals, often the extreme poor or very vulnerable groups (e.g., people with HIV/AIDS, and orphans and other vulnerable children). After the generally successful implementation of CTs in Latin America during the 1990s and early 2000s, these programmes also started to proliferate in SSA, and now are the most common form of social protection in the region. Although CTs tend to cost more in SSA, countries in this region can afford them. In most cases they cost less than 2% of GDP: Ethiopia's comprehensive PSNP, for example, costs the government budget around 1.5% of GDP.

Against this background, this briefing paper aims to address several related questions: Do CTs have a significant impact on the various components of food security? Which aspects of their design and implementation deserve most attention? How can CTs be better incorporated into a coherent anti-food-insecurity package?

## Do CTs impact on food security?

Several scholars have analysed the effects of CTs on various indicators of education, consumption, health and poverty, but little attention has been paid to the complex

Fig. 1: Food insecurity trends, by region



Source: Authors, based on FAO data

phenomenon of food security. A comprehensive understanding of how these schemes affect the different dimensions of food security, in particular access to food and drinkable water, adequate sanitation/health services and food utilization, is needed. In a recent DIE Discussion Paper (Burchi, Scarlato, & d'Agostino, 2016) the authors use an innovative conceptual framework to provide a systematic overview of how CTs impact different aspects of food security. This review, which covers nine middle- and low-income countries in SSA, does not include fragile states where CTs are mostly designed to face emergencies – a substantially different situation. The study shows that in many countries, especially Zambia, Malawi, Ethiopia and Kenya (particularly the programme that targets vulnerable children), CTs are highly effective for increasing food consumption and expanding the beneficiaries' accumulation of productive assets. The only exceptions are Ghana and Tanzania, where the programmes did not even affect the amount of budget spent on food. In Malawi and Lesotho, and to a lesser extent in Tanzania, CTs were shown to improve access to health and hygienic and sanitation services, which are fundamental for food security. These results were not found in Zambia and Kenya.

The DIE Discussion Paper also examined whether or not CTs can improve diet and nutrition outcomes. This review shows that these programmes impact household diet diversification in only a few countries (mainly Kenya and Ethiopia), and have no impact on children's chronic or transitory nutrition status.

### CTs as part of a broader anti-food-insecurity strategy

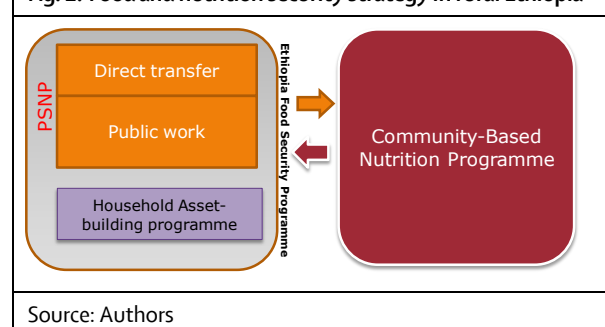
CTs cannot directly impact nutrition knowledge and behaviour, one of the main reasons why even properly designed programmes do not improve nutrition. To do that, CTs must be linked to specific nutrition policies. A recent study in Bangladesh revealed that CTs impacted child nutrition significantly more when combined with a nutrition education component (Ahmed et al., 2016).

Moreover, CTs can only reduce food insecurity in the short-to middle term. Sustainably graduating beneficiaries out of food insecurity requires a broader anti-food-insecurity strategy, in which CTs are properly integrated into the broader national social protection system and linked to economic interventions. An interesting graduation model of this type has been championed by the Bangladeshi non-governmental organization (NGO), the Bangladesh Rural Advancement Committee (BRAC), and implemented by other organizations in several countries around the world. The BRAC approach integrates CTs into other services, such as grants to buy productive assets, ad-hoc business advice and financial training. Rigorous evaluation in six countries, including Ethiopia and Ghana, shows that the model substantially decreased food insecurity and extreme poverty (Banerjee et al., 2015).

Ethiopia offers an interesting comprehensive model for sustainable graduation out of food insecurity. The PSNP

combines direct transfers of cash or food with public works programmes that target able-bodied, food-insecure households. Public works are also important because they generate public goods, in particular water and natural resource management systems, which help to reduce vulnerability and improve food security. In addition, the Household Asset Building Programme (HABP) aims to increase productivity by facilitating poor peoples' access to credit, agricultural inputs and other services. Finally, since evidence shows that the programme has hardly affected child anthropometrics (very pertinent outcome indicators of child food security), the PSNP's next phase, starting in 2016, is closely connected to the existing National Nutrition Programme, particularly the Community-Based Nutrition Programme (CBN). The CBN provides nutrition education for mothers and supplementary food for children and mothers.

Fig. 2: Food and nutrition security strategy in rural Ethiopia



Source: Authors

### Policy implications and recommendations

This overview of the theoretical and empirical linkages between CTs and food security provides several insights for policy-making in Africa.

First, CTs have been proven to effectively fight hunger in SSA. In several cases, CTs have helped to increase calorie intake and expand beneficiaries' access to food, primarily through increasing their productive assets. Since hunger is the main problem in most of the countries in this region, policy-makers should seriously consider adding CTs to their portfolio of interventions. CTs are often also effective in expanding access to health and sanitation, which are crucial drivers of food security.

Second, in order to alleviate hunger, CTs must be properly designed and implemented. Donors, international organizations and national policy-makers should pay particular attention to the following concerns:

- Effectively reaching the targeted population – the poorest segments of society. This is essential for CTs to positively impact poverty or food insecurity. Large errors of inclusion and exclusion were registered in the countries that registered negative results in terms of food security, Kenya and Mozambique. CTs can use very diverse targeting mechanisms. There is no pre-determined best solution because success depends on the local context. For example, successful community-level targeting, which is



widespread in SSA, is influenced by local institutional arrangements, social cohesion and corruption.

- b) The payments must be regularly disbursed to allow beneficiary households to make longer-term plans about consumption, saving and investments. Irregular payments were a major problem in some of the countries where CT programmes did not improve food security outcomes.
- c) The amount of the transfer should be large enough to improve the life of the beneficiaries, but small enough to not generate negative incentives to work and conflicts between eligible and non-eligible citizens. A recent set of studies coordinated by UNICEF concludes that transfers should equal at least 20% of consumption by the poor (UNICEF-ESARO, 2015). In Ghana, the CT is only 11% – a major reason for the programme's poor performance. In another case, Mozambique's main CT programme was supposed to pay 30% of the minimum wage. However, because the minimum wage was not pegged to the country's high inflation rate, over time the real value of the transfer became too low to have an effect.
- d) Political support: In order to have a long-lasting effect on food security, CT programmes and social protection schemes in general need to have strong political support. Ideally, CT schemes should be part of a broader, nationally owned, anti-food-insecurity strategy. The best such examples are found in South Africa and Ethiopia. CTs also seem to be adequately supported by the governments of Ghana and Mozambique. Kenya has problems in this regard, with its strongly donor-driven Hunger Safety Net Programme. Interestingly, the great benefits generated

by Zambia's CT programme risk being undermined in the long term by the absence of strong political support from the national government and local elites, and the absence of a coherent anti-poverty and nutrition strategy.

Third, CTs alone cannot impact key components of food security such as nutrition knowledge and nutrition/hygienic practices, and are proven to have limited effects on diet and nutrition. Long-lasting effects require an integrated approach that includes nutrition-sensitive social protection: CT schemes should be part of a broader package of interventions. Combining CTs with nutrition education – often a minor component of multi-sectoral interventions – has great potential to affect nutrition outcomes. In line with this evidence is Ethiopia's strategy of linking the PSNP's different components with nutrition interventions, and could become a model for other countries seeking to graduate their populations out of food insecurity.

Fourth, given the poor institutional arrangements and limited administrative capacities of many low-income countries in SSA, conditionalities seem to be impractical. However, requiring attendance at basic courses in nutrition education, for example, should not be rejected outright. Such a simple intervention requires no large budget or implementation and monitoring capacities. The success of a recent World Food Programme project in Ecuador that introduced these interventions as conditionalities shows the feasibility of this approach. Moreover, as in one CT scheme in Kenya, "soft" conditions could be introduced to help to nudge beneficiaries in the right direction by sending clear "messages" that part of the cash received should be spent on specific nutrition-rich food products (e.g., micronutrients).

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