K4D | Knowledge, evidence and learning for development

Cash transfer programmes – impact on stunting and financial inclusion

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Question

What is the evidence on social cash transfer programmes that have had impact on child stunting? What interventions were important to drive this impact?

Secondary question: What is the evidence on enhancing poverty reduction of people receiving social cash transfers through linkage with financial inclusion related interventions?

Contents

1. Summary

Cash transfers and stunting

This report focussed on evidence published in the last ten years (since 2009).

Positive evidence on stunting is found in the following programmes:

- Unconditional transfer with dietary advice in Nicaragua.
- Cash plus behaviour change communication in Bangladesh.
- Transfers in the Philippines conditional on immunisations, weight monitoring, clinic management of childhood diseases, deworming and family development sessions.
- Cash transfers in Peru conditional on growth monitoring, ante-natal check-ups, school enrolment, and national ID for children.
- Cash transfers plus capacity building for social protection in Nepal. Capacity development of government officials, improvements in administering grants and linking them to nutrition goals.

The importance of maternal education on stunting emerged from the literature and warrants further investigation, which was outside the scope of this report.

Reporting of cash transfer programmes where impact on stunting was not found often note the difficulty in evaluating impacts on stunting over the short-term. The causes of stunting are complex and difficult to link to results.

Cash transfers and financial literacy

An emerging area, evidence was more scarce on the impacts of combining cash transfers with financial literacy specifically on poverty. Some examples of promising results on financial behaviours were identified and included in section 6. For example:

- A cash transfer programme including a tablet-based financial education programme in Colombia improved adoption of financial practices and savings behaviour.
- Significant economic impacts of cash transfers with a business skills course were found in Northern Uganda.
- Women in Northern Kenya increased savings with a cash transfer linked to training on savings groups.

2. Background on cash transfers and stunting

The World Health Organisation's recent report on reducing child stunting, WHO (2018), recommends cash transfer programmes for achieving results. Conditions related to nutritional behaviours are advocated to increase purchasing power and promote access to nutritional foods. The report recommends evaluation of specific constraints before implementation, specifically: 'fiscal space; political stability; political will and leadership; public acceptability; and institutional capacity and coordination' (p14). They encourage cash transfer programmes focussing on poverty to increase linkages to nutrition goals, actions and service quality.

A report analysing general cash transfer programmes with additional elements identified some key factors for success (Roelen et al., 2017). These include having a political champion for advocacy and making formal agreements; engagement and awareness among all parties at a programme level; available and skilled workforce for implementation; and the use of case management. Authors also emphasise that corresponding services must be available and of high quality.

3. Programmes with positive impact on child stunting

Positive impacts of cash transfers in this section include programmes with behaviour change communication and conditions such as clinic attendance for weight monitoring.

A rigorous literature review of the impact of cash transfers from 2016 (Bastagli et al.) identifies 13 studies assessing the effects of programmes (both conditional and unconditional) on stunting. Five of these studies found positive effects. Four of the five studies were from 2005 and so not included in this report. The more recent report identified in the review (Macours et al, 2012) analysed a programme in Nicaragua, *Atención a Crisis*. Beneficiaries received an unconditional cash transfer, but were advised to spend on improving the diversity of diets for their children and to buy school materials. The report suggests that as the beneficiaries were women, that the income was more likely to benefit children. 106 communities were selected for treatment and control. A sample of 2368 children found positive effects on height for age in the treatment group.

The *Transfer Modality Initiative*[1] in Bangladesh looked at different social safety net programme modalities. The International Food, Policy, and Research Initiative evaluation of the initiative found the most powerful package to be cash transfers along with behaviour change community (BCC) (Ahmed et al. 2016). This combination reduced child stunting by 7.3 percentage points over the 2 years of the programme. The BCC comprised of information on nutritious diets.

A study in the Philippines used data from across 130 villages, 65 treated and 65 control, where 458 children were measured (Kandpal et al., 2016). The treatment villages were given grants conditional on health-related behaviours. Grantees had to have children immunised; attend a clinic for regular monitoring of weight and management of childhood disease; receive deworming pills for children; and attend family development sessions. Severe stunting among treated children was found to be significantly decreased, 13.8% stunting compared to 24% stunting in the control sample. It was not possible to identify which part of the programme achieved these results.

A study of Young Lives[2] data in Peru finds a reduction in severe stunting from a conditional cash transfer programme, *Juntos* (Sanchez et al., 2016). The conditions were: having children under 5 growth monitored; ante-natal check-ups for pregnant women; enrolment in school for children between 6 and 14; and national ID for children. A sample of siblings from 779 households found

[1] https://bangladesh.ifpri.info/our-work/transfer-modality-research-initiative/

[2] https://www.younglives.org.uk/

that exposure to the programme reduced the probability of being severely stunted at age 7-9 by 13.4 percentage points. Results were significant for severe stunting only and not milder stunting.

An intervention in Nepal distributed targeted resource transfers with a child cash grant and a capacity-building component for social protection (Renzaho et al., 2017). The capacity-building component consisted of four items: 1) capacity development for government officials; 2) improvement in administering and monitoring child grants; 3) linking child grants and nutrition; and 4) grant management assistance. A study was carried out for one child in each of 1500 households (750 treatment and 750 control). The intervention resulted in a 5.16 percentage point reduction in stunting.

4. Maternal education impact on stunting

Fernald et al. (2009) evaluated Mexico's *Oportunidades*, which paid recipients conditional to attendance at preventive healthcare services and at health and nutrition behaviour change education. The authors found that the programme improved child's height where mothers were not educated but had no effect on children whose mothers were educated. Similarly, a UNICEF report on a grant in South Africa finds positive impact only where mothers' education was lower (DSD, SASSA and UNICEF, 2012).

Seidenfeld et al. (2014) analyse the Zambian *Child Grant programme*. In a sample of 2514 households the unconditional cash transfer (UCT) was found to improve stunting only when children also had access to clean water (9 percentage point decrease in stunting) and where children had more highly educated mothers (1.2 percentage point reduction per additional year of education).

Further evidence from Zambia's *Child Grant Programme* shows significant impacts in some areas of young child health and development but not on stunting (Handa, 2014). The UNICEF report (ibid.) notes mother's literacy as an important factor in reducing stunting.

5. Limitations of research on cash transfers and stunting

The long-term nature of how stunting occurs creates problems for evaluation results.

The *Bihar Child Support Programme* used conditional cash transfers aimed at reducing maternal and child nutrition in Pakistan (OPM, 2017). Pilot programme evaluation found no evidence of reduced stunting. The authors note that stunting is associated with many complex underlying factors and is influenced over the long-term. It is therefore difficult to prevent or reverse over short time periods, which programmes are often evaluated within. Ferré and Sharif (2014), in a World Bank Working Paper, concur that stunting is difficult to affect and does not vary substantially according to recent dietary intake.

An evaluation assessing the difference between treating acute malnutrition of children with and without cash transfers found no significant difference between the two (Grellety et al., 2017). Data were compared over a 6-month period from the start of treatment so a difference in stunting was less likely to be detected. However, short-term positive effects were found. Those whose

family received cash transfer in addition to the treatment were found to be more likely to reach full recovery, less likely to relapse and had re-gained their mid-upper arm circumference measurements.

An article examining the pathways by which cash transfers can improve child nutrition highlights the multidimensionality of chronic undernutrition (de Groot et al., 2017). It says that 'no single programme implemented in isolation will be sufficient to sustain a significant reduction in any population-level rate of stunting' (p622). The authors note the impact of intimate partner violence on stunting. They also note the impact of caregiver feeding behaviours on nutrition outcomes but the lack of evidence of cash transfers on these caregiver behaviours. Suggestions for the mixed evidence from cash transfer evaluations are effects of 'transfer size and duration, targeting precision and parallel supply-side investments' (p637).

A study of children receiving a child support grant in a programme in South Africa with no other elements found no significant effects on stunting (Zembe-Mkabile et al., 2016). Authors suggest that the lack of impact may be due to food price inflation and also lack of additional social service provisions.

A rigorous review on cash transfer effectiveness notes that interventions targeting households and individuals can achieve positive change in some cases but does not address long-term structural problems of widespread poverty, inequality and power imbalances (Roelen et al., 2017).

6. Cash transfers and financial inclusion

Financial improvement relates to improving the financial capability of recipients of cash transfers so that budgeting, saving and investing can maximise the benefits of the money. A World Bank toolkit, *Integrating Financial Capability into Government Cash Transfer Programs,* states that the combining of cash grants and financial inclusion is becoming more widespread (World Bank, 2018).

Specific impacts of combined cash transfer and financial inclusion initiatives were scarce in the rapid search that was possible within the scope of this report. Positive results on savings and financial behaviour were identified, and these tend to suggest improvements in lifestyle for the poor. Examples found in the search are briefly outlined in this section.

An unpublished randomised evaluation of a tablet-based financial education programme, delivered with a cash transfer programme in Colombia (*Más Familias en Acción*), found positive results (Attanasio et al., 2018). There were significant impacts on financial knowledge, attitudes to financial services, adoption of financial practices, and savings behaviour.

A working paper from the Centre for the Study of African Economics looks at the effects of additional elements of cash transfer programmes in rural Uganda (Sedlmayr et al., 2017). Recipients of cash transfers with a savings group component were found to have improved income gains, largely from non-farm self-employment.

A working paper from the Consultative Group to Assist the Poor (CGAP) investigated the *JUNTOS*, cash transfer programme in Peru (CGAP, 2016). The initiative incorporated correspondent banking agents, a communication campaign to encourage savings, and

workshops to build trust in banking systems. Analysis of survey data found improved use of the banking agents but no impact on savings behaviour. Specific impacts on poverty reduction were not discussed.

A programme making cash transfers to marginalised groups in Northern Uganda provided an additional 5-day training course in business skills (Blattman et al., 2014). Recipients also received follow-up visits to support implementation of business plans. The evaluation shows significant economic impact of cash grants with business training and planning. There was little evidence of improved empowerment.

A project in Northern Kenya provides cash transfers to women conditional on having an active enterprise and receiving training on savings groups (Gobin et al., 2016). Savings behaviour was found to be improved after 6-months of implementation. There were also significant improvements on income, asset accumulation and food security.

Evaluation of a pilot programme in Uganda, *Social Assistance Grants for Empowerment (SAGE)*, finds that cash transfers have a greater positive impact where savings groups are operating (OPM, 2015). Savings groups were not specifically a part of the programme.

An economic empowerment pilot project in Malawi has showed promising results in a qualitative survey (Beierl et al., 2017). A randomised experiment was conducted with some groups receiving only a cash lump sum; other groups receiving training on financial literacy and savings group formation; and some receiving both. Results from a comprehensive evaluation intend to look at the impacts on poverty but the evaluation was not found within the scope of this report.

An Abdul Latif Jameel Poverty Action Lab holistic livelihoods programme in Bangladesh, Ethiopia, Ghana, India and Pakistan makes a transfer of a productive asset rather than cash (J-PAL and IPA Policy Bulletin, 2015). The programme then provides training, regular coaching, access to savings, and support for food. Results showed increases of consumption 5.8% higher than comparison households. There were also improvements in food security, asset holdings, and savings.

An investigation of financial literacy alone (without cash transfers) argues that financial decision-making is a ‘complex interplay of psychological and social factors’ (Steinert, 2018, p4; University of Oxford DPhil thesis). This should be taken into account when designing financial inclusion programmes. The extreme poor in the Chattagong Tracts in Bangladesh were found to benefit from a cash transfer programme that integrated village savings and loan associations (Chakma, 2013). The system focussed on mutual trust and social cohesion to facilitate financial transactions. The results were increased savings and resilience.

7. References

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