



# The Livelihood Impacts of Cash Transfers in Sub-Saharan Africa: Beneficiary Perspectives from Six Countries

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**Summary.** — Cash transfers (CTs) are a social protection mechanism to reduce the poorest households' vulnerability to shocks and build human capital by smoothing consumption and sustaining expenditure on education and social welfare. Our study examines whether and how CTs go beyond welfare objectives to promote livelihoods. Presenting a cross-case analysis using original qualitative data on beneficiary perspectives from six African countries—Kenya, Ethiopia, Malawi, Lesotho, Zimbabwe and Ghana—we explore CT livelihood impacts within household economies and social networks, paying attention to gender issues. We find that a small but predictable flow of cash improves strategic livelihood choices and stimulates productive investments, including through positive effects on beneficiary entry into risk-sharing arrangements and networks for economic collaboration. Levels of household vulnerability and labor constraint nevertheless significantly mediate the ability of CTs to consolidate livelihood outcomes. The varying availability of economic opportunities, plus effective program implementation, also shape livelihood impact. Incorporating beneficiary perspectives brings to the fore the multi-dimensionality of CT effects on experiences of poverty and deprivation, including gender dynamics and intangibles such as dignity and respect; they add powerful realism to the influence of the CT on both immediate survival and livelihood choices. Beyond this, they confirm wider knowledge on productive impact and bring nuance to the conditions under which, and mechanisms by which beneficiaries' use CTs to build productive capability and assets and to make strategic livelihood choices.  
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## 1. INTRODUCTION<sup>1</sup>

*"I am now using my energy on my field because I can now afford fertiliser."*

Male beneficiary, Zimbabwe Harmonised Social Cash Transfer program, Ward 21, Goromonzi District.

*"Some of the beneficiaries have started small businesses. They have put up temporary tables where they sell sweets, biscuits, matches. Others also fry koshe and kulikuli and they sell them in the market on the road."*

Female beneficiary, Ghana Livelihood Empowerment Against Poverty program, Tali community, Tolon Gumbugu District.

*"I used to be a slave to ganyu...[casual labour]...but now I am a bit free."*

Female beneficiary, Malawi Social Cash Transfer program, Mankhanamba Traditional Authority, Phalombe District.

*"God has provided me with a cushion for my aching backside and a chance in life for my grandchildren."*

Female beneficiary, Kenya Cash Transfers' to Orphans and Vulnerable Children program, Mbee Sub-Location, Kangundo District.

The lives and livelihoods of poor and vulnerable people in sub-Saharan Africa (hereafter Africa) are characterized by shocks, stresses, and uncertainty. In a region where poverty, chronic food insecurity and the HIV/AIDS epidemic contribute to significant vulnerability, shocks such as illness, death, or crop failure can have profoundly negative

consequences for families and individuals. Against this background, cash transfers (CTs), when functioning correctly, are a regular non-contributory sum of money given to vulnerable social groups and households (e.g., the elderly, orphans and vulnerable children [OVC], ultra-poor, labor constrained,<sup>2</sup> and disabled) to strengthen resilience to shocks and to promote human development.

When existing flows of money entering a household are limited and precarious, CTs can smooth consumption by sustaining spending on food, education, and healthcare, while

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preventing deleterious coping strategies (Arnold, Conway, & Greenslade, 2011). As the quotes above from our empirical research suggest, CTs have potential to finance livelihood activities and influence labor decisions; they may also contribute to children's long-term economic future through investment in education. These livelihood dimensions are the focus of this article. Based on a cross-case analysis of data from six African countries, we present beneficiary and community perspectives on the ways CTs influence strategic livelihood choices and consider how this feeds into productive investment, social risk management, and economic collaboration, taking into account factors that mediate livelihood outcomes.

The participatory orientation of our methodology places value on understanding the realities of CTs within the lived experiences of beneficiaries and those around them. As Robert Chambers (1983, 1997) has long reminded us, there is intrinsic importance in hearing the voices of poor people to understand how development interventions affect them. In a CT field dominated by large-scale quantitative impact evaluation and a paucity of qualitative studies documenting peoples' own perspectives, participatory studies have a role to play in capturing beneficiary experiences to improve program design in ways that value the priorities of the poor. This can provide nuance to emerging evidence on the productive impacts of African CT programs and give additional insight, particularly regarding how positive impact of the CT on "intangible" dimensions of deprivation—such as lack of dignity and experiences of social exclusion—contribute to beneficiaries' ability to make more strategic livelihood choices for themselves and their children. Emphasis on lived experience also helps to capture context-specific reasons for the differences in CT impacts observed within and between countries and programs (Davis et al., 2016).

Our research was conducted under the auspices of the "From Protection to Production" (PtoP) project supported by the Food and Agricultural Organisation (FAO), the United Nations International Children's Emergency Fund (UNICEF), and the Department for International Development (DFID). This was a three-year (2011–14) multi-country initiative that worked in collaboration with national governments in Ghana, Kenya, Lesotho, Zimbabwe, Malawi, Ethiopia, and Zambia to understand the economic impacts of CTs on the rural poor, aiming to provide insights into how social protection interventions can contribute to sustainable poverty reduction and economic growth at household and community levels. The project included three components: (i) qualitative research (except in Zambia); (ii) econometric analysis of evaluation data; and (iii) development of general equilibrium models. For this article, we focus exclusively on data derived from the qualitative component of the PtoP project led by Oxford Policy Management (OPM) in the country and fieldwork locations identified in Figure 1, with methodology and findings written up in country studies, a synthesis report, and a practice paper.<sup>3</sup>

The PtoP project itself was embedded within the larger, ongoing "Transfer Project", a research and learning initiative supporting improved knowledge and practice on CTs in Africa, as reported in a recent volume on the political economy of impact evaluation edited by Davis et al. (2016). Taken together, this body of work provides a new knowledge base on the role of CTs in social protection and development in Africa, generating evidence of positive social and productive impacts on beneficiary households and local economies (Davis et al., 2016b, p. 335).<sup>4</sup>

The article is structured as follows: Section two provides an overview of selected literature on the productive impact of CT programs in Africa, elaborating on how our study builds on



Source: Authors.

Figure 1. Fieldwork locations (country and district level or equivalent).

recent evidence. Section three puts forward a people-centered approach to livelihood impacts, informing our theory of change in terms of CT impact pathways and feeding into the methodology presented in Section four. Section five presents our findings and Section six our conclusions.

## 2. LIVELIHOOD CHANGE IN THE NEW POLITICS OF DISTRIBUTION

For poor people living at the margins of the global economy, where land-based livelihoods and wage labor are unreliable, the distribution of CTs is a life-sustaining activity within recent models of social protection. This leads Ferguson (2015) to contend that African CT programs are part of a new politics of distribution, in which profound shifts are at play across the Continent involving distributive transfers from government to citizens. One may debate this argument, but nevertheless the fact of new flows of cash entering chronically poor households characterized by profound vulnerability and overwhelming lack of opportunity raises crucial questions over what strategic livelihood choices people are able to make—if any—when provided with a CT and why, and how these choices are shaped by different livelihood contexts.

From early beginnings in Latin America in the 1990s, there has been exponential growth in CTs, such that by 2014 over 1 billion people around the globe received some form of transfer (World Bank, 2014, p. xiii). In keeping with worldwide trends, CT programs have expanded rapidly in Africa: from 21 countries with at least one program in 2010, to 37 countries in 2013 (World Bank, 2014, p. 7). Given the presence of multiple CT interventions in many African countries, there were estimated to be 123 programs in 2012 (Garcia & Moore, 2012, p. 3). These African programs have regionally specific dimensions, including that they are predominantly unconditional and that targeting incorporates the concept of vulnerability alongside poverty (Davis et al., 2016a). Encompassing vulnerability implies a demographic profile for beneficiary households that typically include few working age adults and/or a high dependency ratio. These features imply the potential for wider

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