



How Much Do Programmes Pay?

Transfer size in selected national cash transfer programmes in sub-Saharan Africa

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Introduction

Setting the size of a transfer is possibly the most important programming decision that needs to be made when designing a cash transfer scheme. Setting the benefit too low runs the risk of setting up a huge delivery mechanism for a benefit that has little or no impact; setting the transfer too high can undermine the programme by freezing out other potential recipients and inducing perverse incentives. So what is the right size for the transfer? This Brief highlights some of the issues to consider in setting the transfer size based on our experience with national cash transfer programmes in sub-Saharan Africa (SSA).

Conceptual Approaches to Setting the Transfer Size and Structure

While there is no gold standard to setting the transfer size, most programmes we are familiar with attempt to 'anchor' the size to some stated programme objective. For example, Zambia's Child Grant and Multiple Categorical Targeted Programmes (CGP and MCP) aimed to provide households with at least one meal per person per day and linked the size accordingly. Other methods we have come across include 'eliminating the poverty gap', 'eliminating the food poverty gap', or providing a per cent of the food poverty line. Since most national programmes in SSA have food security as a key objective, the food poverty line or cost of a typical meal is the most common point of reference used to set the transfer size. And since the vast majority of national programmes are unconditional, the time cost of complying with conditions tends not to be an issue that factors into the calculus of the benefit size.

Varying the transfer according to household size is another key element of the benefit formula. Here, programme managers typically grapple with the need to ensure a meaningful transfer size for larger households, while at the same time not creating incentives to artificially increase the size of the household. There is also the ever-present desire to serve as many households as possible. The two common approaches in the region are to provide a flat transfer, irrespective of household size (Kenya Cash Transfer for Orphans and Vulnerable Children CT-OVC, Zambia CGP and MCP) or to increase benefits with household size up to a maximum (Ghana Livelihood Empowerment Against Poverty Programme LEAP, Lesotho Child Grants Programme CGP, Zimbabwe Harmonized Social Cash Transfer HSCT). Ultimately, as we highlight below, the key parameter that programme managers should be sensitive to is the size of transfer as a share of consumption among the target households.

Experience from the field

Table 1 describes the transfer level and structure in selected national cash transfer programmes in the region. These are typical examples of how countries set their benefit levels. The majority of programmes cap the transfer level increase at four household members, which raises the question of whether the transfer can be expected to have an impact in larger households. However, due to demographic eligibility criteria (e.g. labour-constrained, disabled, OVC), the majority of beneficiary households tend to be significantly smaller than other poor households in the country. For example, in Ghana and Malawi, the mean household size is around four members for programme households, compared to six in poor households in general.

Table 1: Transfer size and structure in selected cash transfer programmes (as of January 2015)

Programme	Transfer size and structure
Ghana LEAP	1 member = GH 24 2 members = GH 30 3 members = GH 36 4+ members = GH 45
Lesotho CGP	1-2 children = M 360 3-4 children = M 600 5+ children = M 750 (all amounts quarterly)
Kenya CT-OVC	KES 2000 per household (flat)
Malawi SCT	1 member = MWK 1000 2 members = MWK 1500 3 members = MWK 1950 4+ members = MWK 2400 + MWK 300 per primary school age child + MWK 600 per secondary school age child
Zambia CGP	ZM 70 per household (flat)
Zambia MCP	ZM 70 per household (flat) ZM 140 for households with disabled member
Zimbabwe HSCT	1 member = \$10 2 members = \$15 3 members = \$20 4+ members = \$25

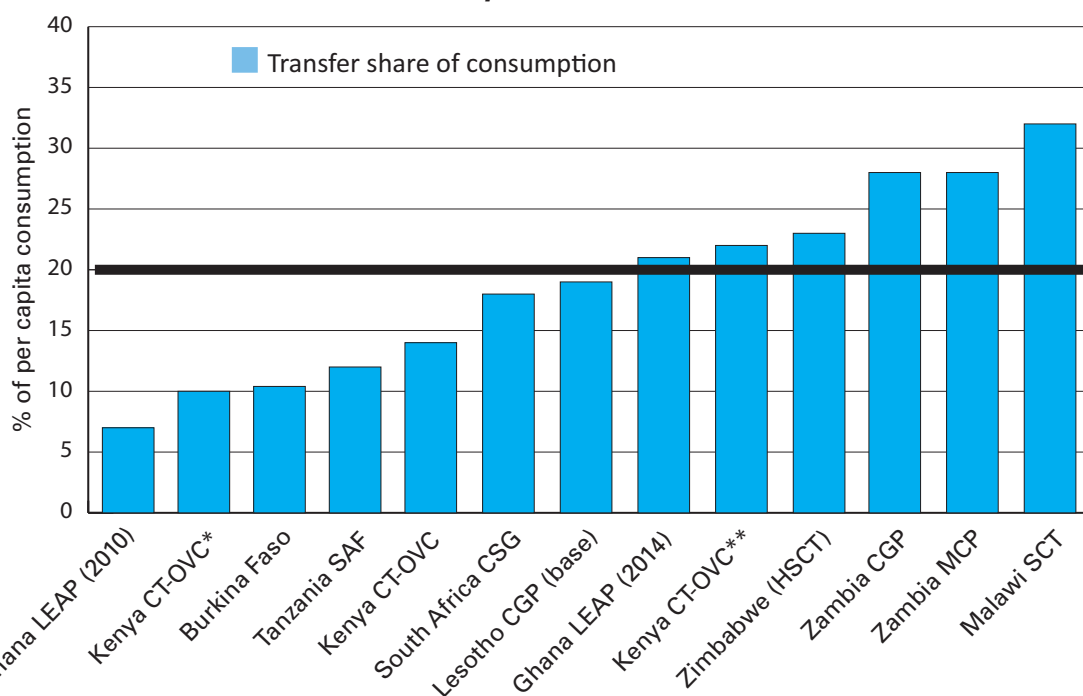
Size of transfer affects impacts

Based on our experience in evaluating cash transfer programmes in SSA, the value of the transfer as a share of consumption among the target population is the key parameter of interest in terms of ensuring programme impacts. Figure 1 shows this information for a range of programmes in SSA – the crucial threshold appears to be around 20 per cent. Programmes that transfer significantly less than this threshold have small and selective impacts on households, while those that transfer significantly more than this threshold show widespread impacts and tend to have an overall ‘transformative’ effect on households. Two clear examples of this are the Zambia CGP (2014) and the Malawi Mchinji Pilot Scheme (2008), both of which transferred close to 30 per cent of pre-programme consumption to households, and realized significant impacts across a range of domains including health, schooling, nutrition, investment and productive activity.

On the other hand, evaluations from Lesotho, Ghana and the Tanzania Social Action Fund (SAF), with transfer sizes below this threshold, showed increasingly smaller and more selective impacts across fewer domains.

Given the cap on transfer size and the flat transfer in some cases, we might expect to see larger impacts among smaller households where the per capita transfer size is larger. This does occur in countries like Kenya, Zambia and Zimbabwe but it is by no means automatic. While smaller households do receive a larger per capita transfer, larger households tend to have more availability of labour and can thus take advantage of the transfer for productive ends, which in turn generates multipliers. Smaller households also tend to have fewer school age children which potentially limits the impact on schooling. Consequently, because of demographic differences between larger and smaller households, there tends not to be an automatic relationship between household size and programme impacts.

Figure 1 - Transfer size as share of consumption (%)



*large households **small households

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