



# Cash Transfers: An Overview

Kathy Lindert

Global Lead for Social Protection Delivery Systems

Social Protection & Jobs Global Practice

The World Bank

September 2018

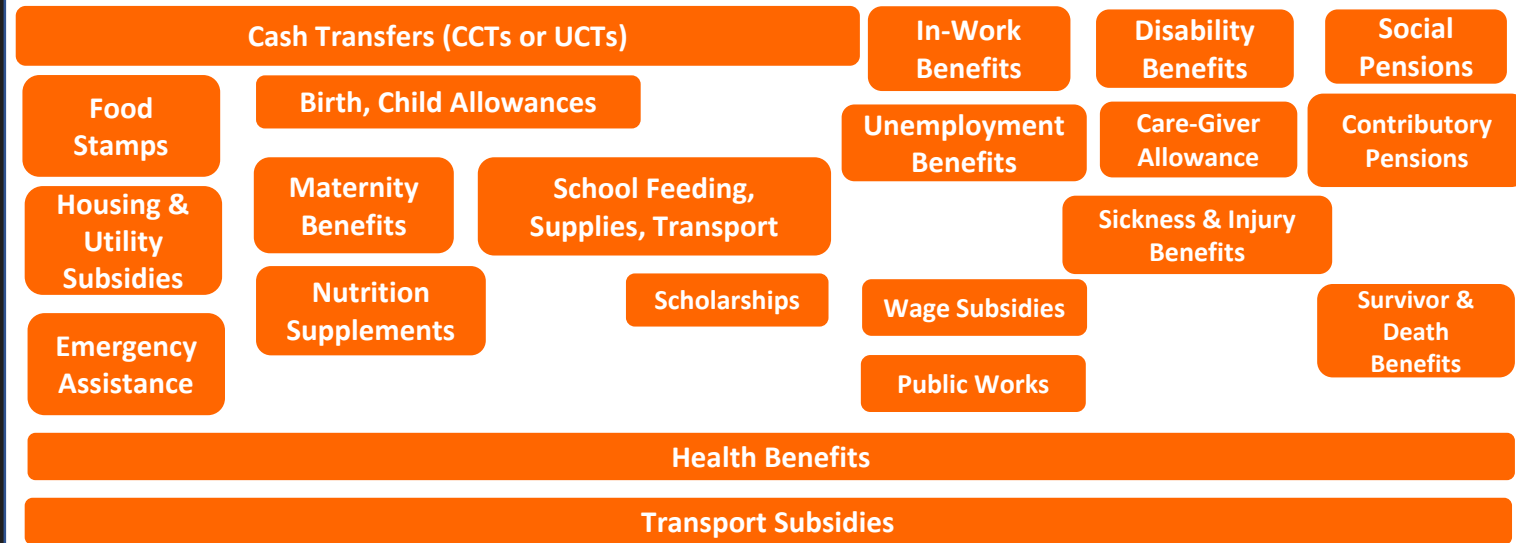
# Outline

- Cash Transfers are one element on social protection systems
- What are Cash Transfers?
- Types of Cash Transfers:
  - Six Key Parameters
  - Family & Child Allowances
  - Social Pensions
  - Guaranteed Minimum Income
  - “Universal Basic Income”
  - Conditional Cash Transfers
- Delivering Cash Transfers
- Performance & Impacts



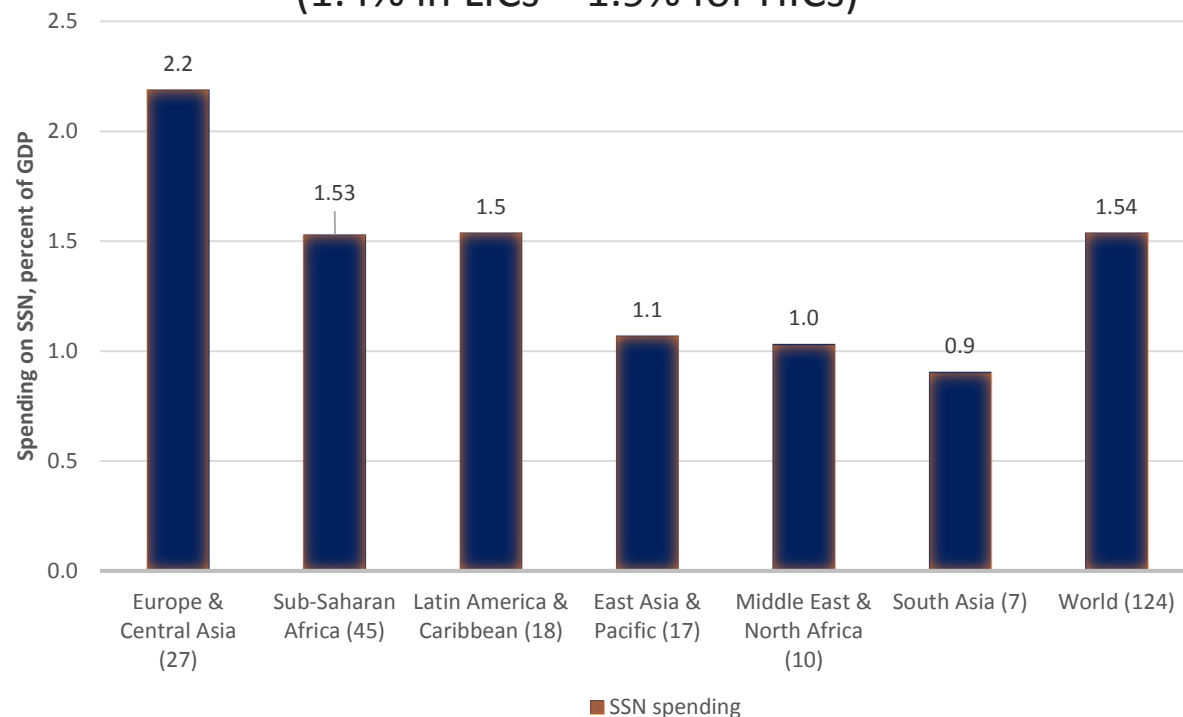


Given diverse needs,  
many countries offer  
a myriad of social  
protection *benefits*  
& *services*  
to various groups  
along the life cycle

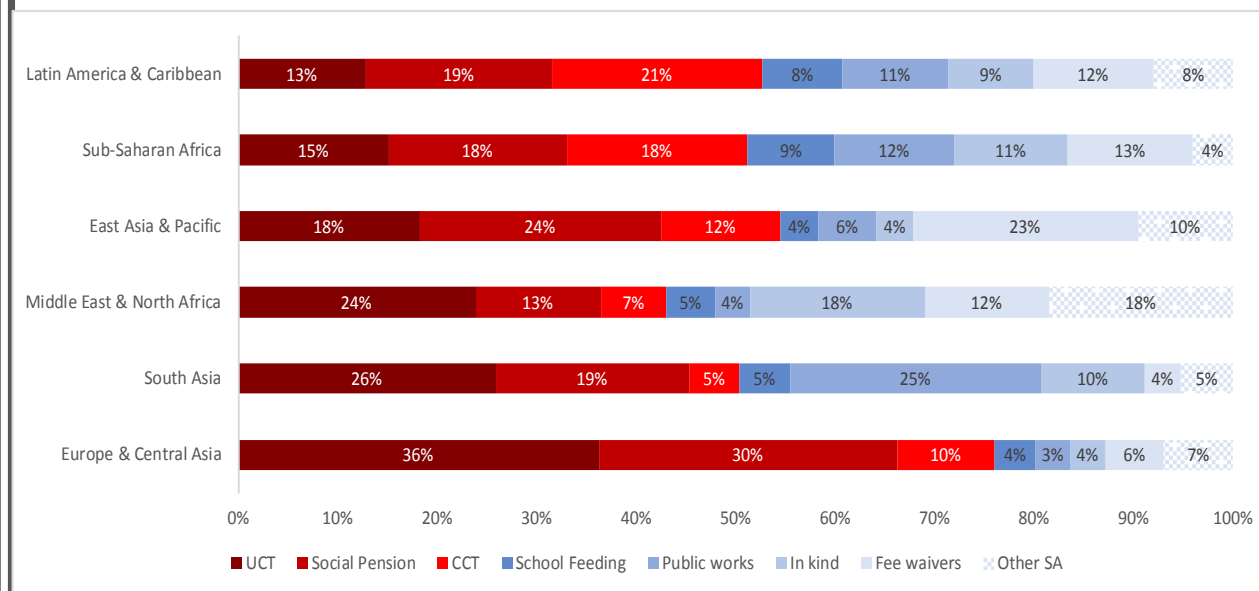


# Spending on Cash Transfers is moderate in developing countries

Spending on Social Assistance: average of **1.5% of GDP**  
(1.4% in LICs – 1.9% for HICs)



...with the majority going to Cash Transfers in most regions





# So, **what** are Cash Transfers?

Cash transfer programs provide regular & predictable income support, with various objectives:

- To help alleviate poverty or reduce inequality
- To boost human capital
- To smooth consumption and help people cope with shocks
- To facilitate other government reforms, such as subsidy reforms

# Many Types of Cash Transfers

## Unconditional Cash Transfers (UCTs):

- Birth and child allowances
- Family allowances
- Social pensions for the elderly
- Disability benefits
- Guaranteed Minimum Income for the poor (GMI)
- “Universal Basic Income” (UBI)
- Emergency aid

## Conditional Cash Transfers (CCTs):

- Education & Health CCTs
- Activation Benefits
- Cash transfers with “accompanying measures”





## Six parameters define each type of Cash Transfer

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1. Objectives
2. Intended population
3. Assistance unit & designated recipient
4. Benefit levels & menu
5. Frequency & duration of benefits
6. Conditionalities



# Conditional Cash Transfers (CCTs)

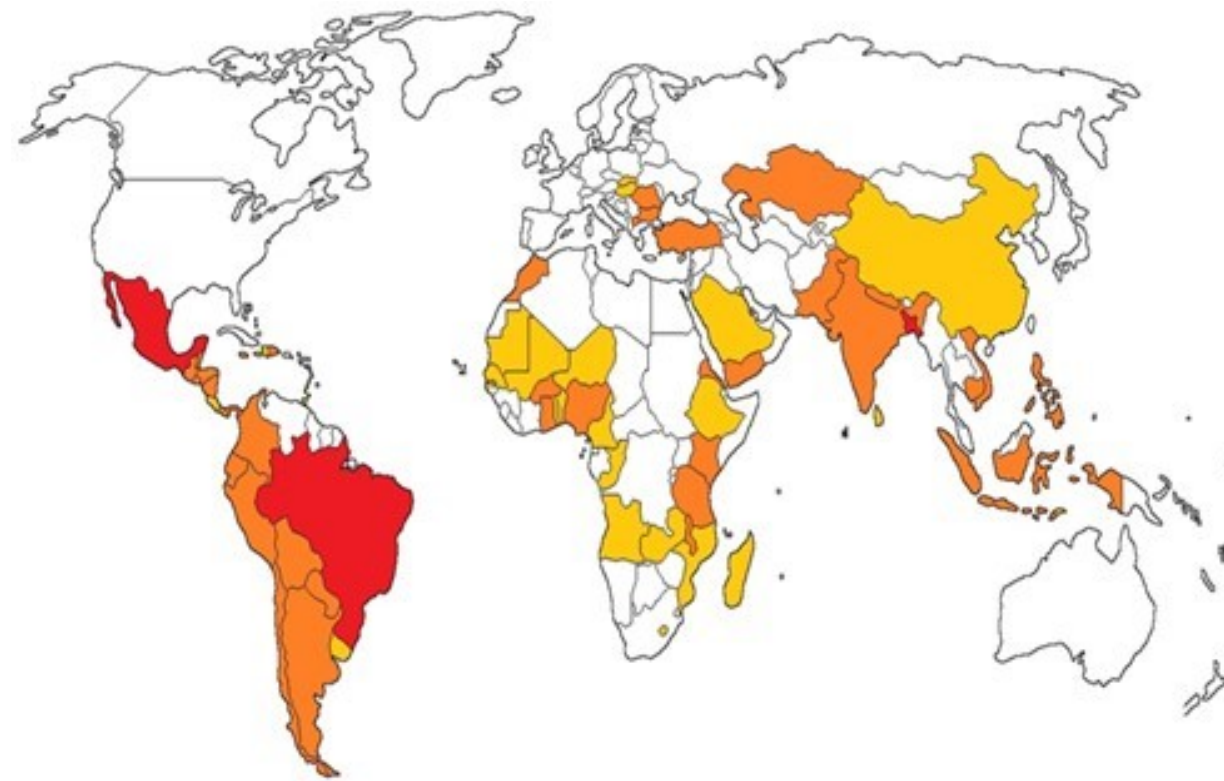
Parameter	Conditional Cash Transfers (CCTs)
Objectives	<p>Provision of income support with co-responsibilities for beneficiaries with the objectives of:</p> <ul style="list-style-type: none"><li>• Alleviating poverty in the short run (via cash assistance) &amp;</li><li>• Reducing the inter-generational transmission of poverty in the long run by providing incentives for households to invest in education and health (via conditionalities)</li></ul>
Intended Pop.	<ul style="list-style-type: none"><li>• Poor households or families with children (“needs-based”)</li></ul>
Assistance Unit & Designated Recipient	<ul style="list-style-type: none"><li>• AU: Household or family</li><li>• DR: Individual, usually the mother or female adult in HH</li></ul>
Benefit levels / Menu	<p>Diverse benefit menus, that may include:</p> <ul style="list-style-type: none"><li>• Flat benefits</li><li>• Higher base benefits for poorer families</li><li>• Variable benefits for categories of family members (pregnant mothers, young children, school-age children, youths, etc.)</li></ul>
Frequency & Duration	<ul style="list-style-type: none"><li>• Frequency: monthly, bi-monthly, quarterly</li><li>• Duration: unlimited; kids aging-out; time limits</li></ul>
Conditionalities (examples)	<ul style="list-style-type: none"><li>• Education: school attendance &gt;85%</li><li>• Health visits for pregnant mothers &amp; young children</li></ul>



**1997**



**2014**



CCTs have spread rapidly around the world

# Diverse “cash-plus” enhancements for CCTs

## Education

(Enrollment, School attendance)



- \*Most LAC countries
- \*Macedonia, Romania, Turkey
- \*Cambodia, Philippines
- \*Pakistan
- \*Tanzania

## Health Visits

(prenatal, vaccines, child growth)



- \*Brazil, Chile, Colombia, Ecuador, Honduras, Jamaica, Mexico, Panama, Peru
- \*Kazakhstan, Turkey
- \*The Philippines
- \*Tanzania

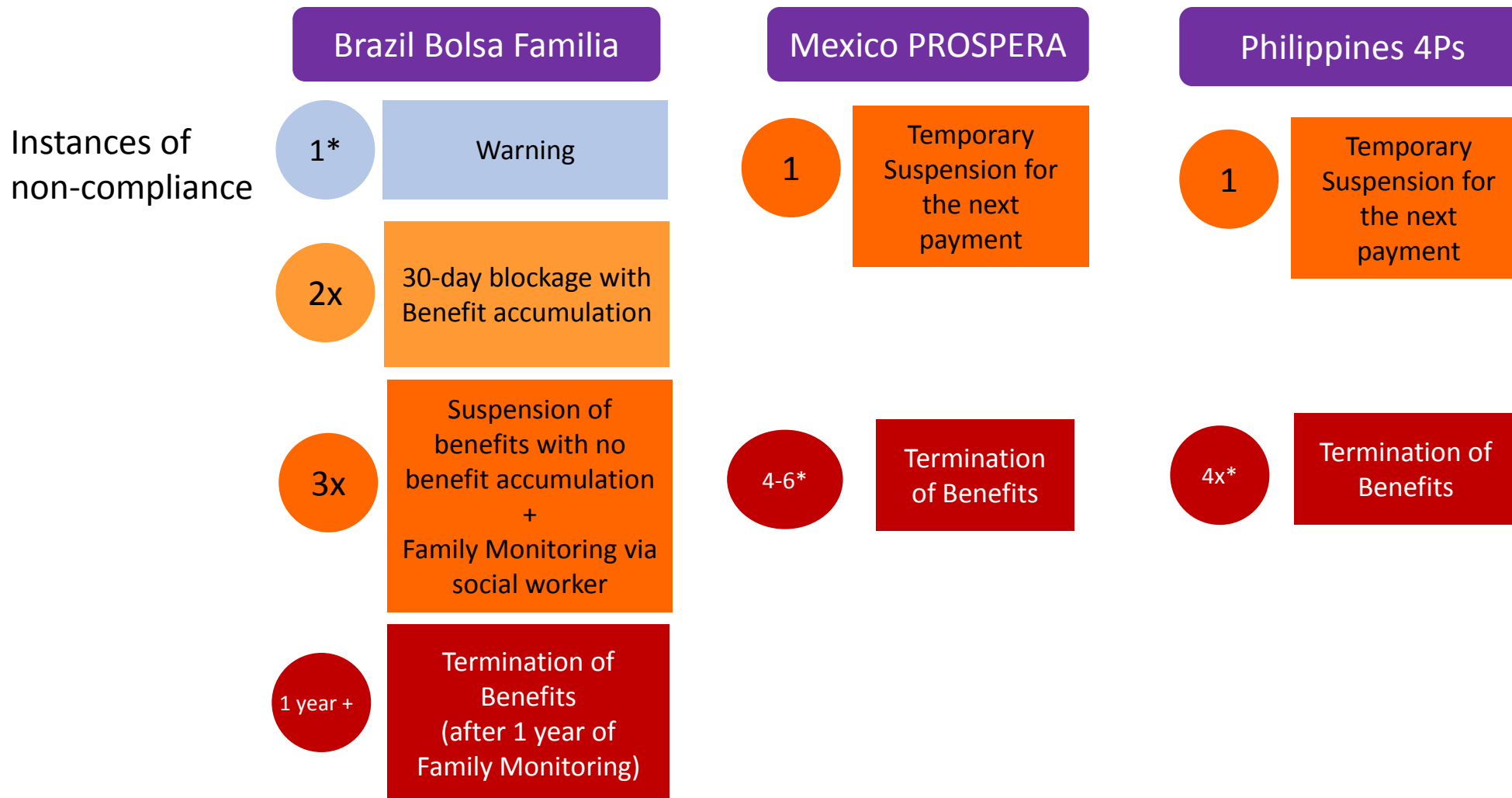
Participate in family development sessions, Workshops, Other accompanying measures



- \*Colombia, Mexico, Panama
- \*The Philippines
- \*Pakistan WeT CCT
- \*Mali, Niger, Senegal, Burkina Faso

# Soft or Hard? Nudge or Contract?

## Consequences of non-compliance

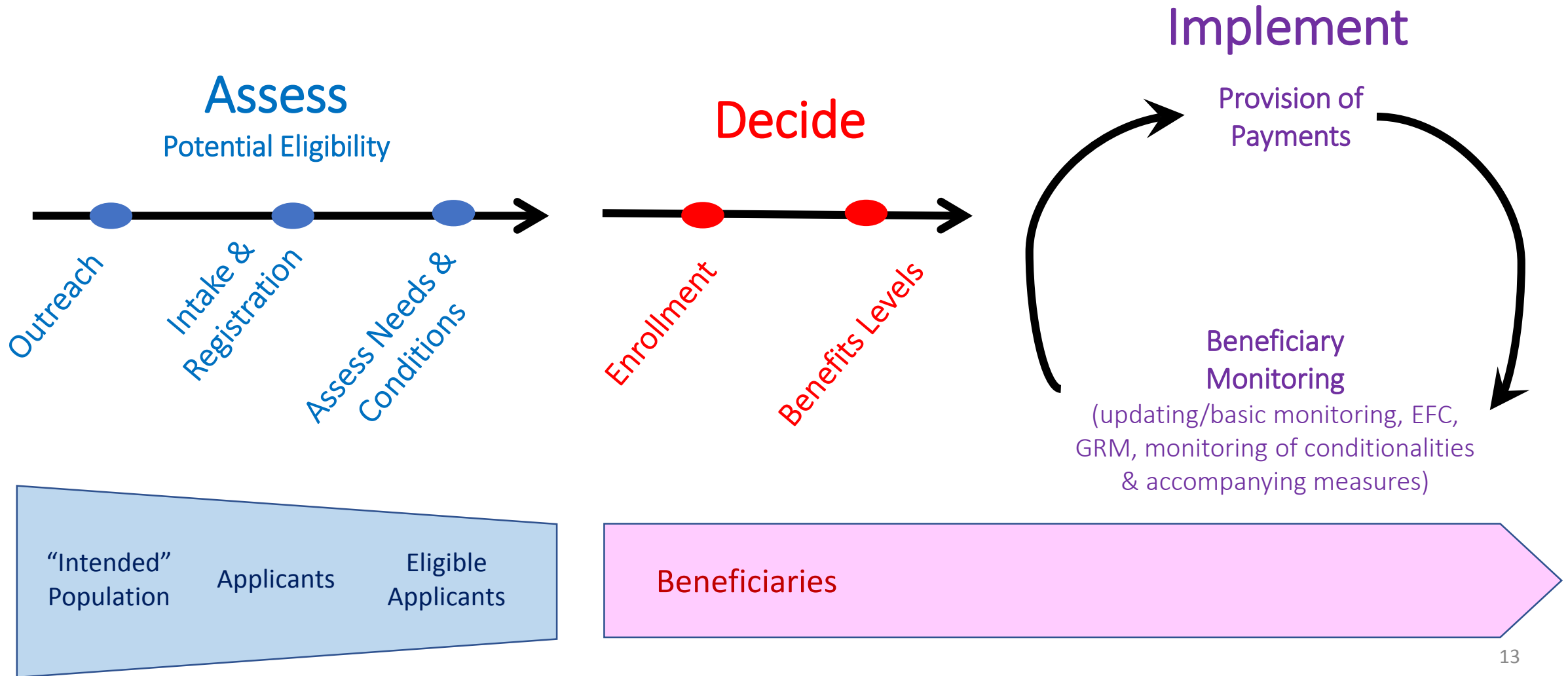


\* Instances of non-compliance

- 4x continuous or
- 6x total

\* "Continued non-compliance"

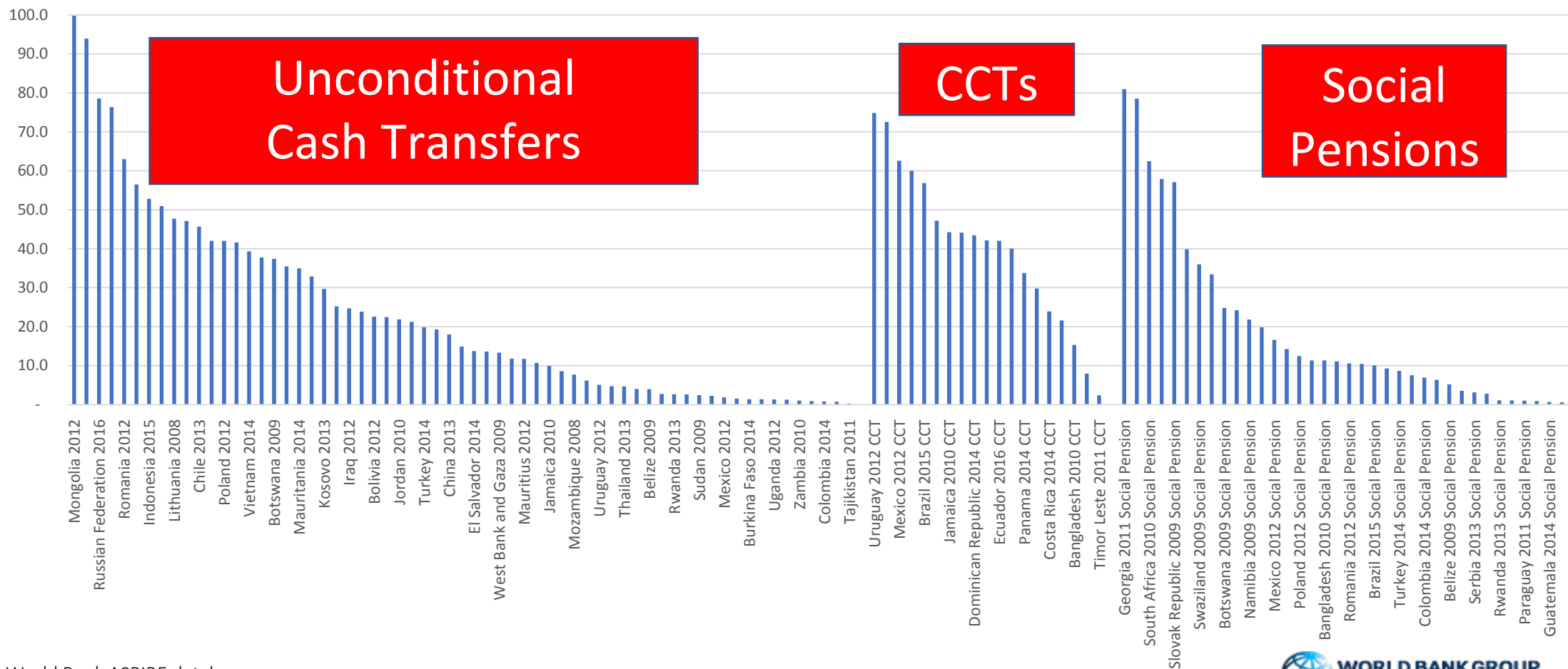
# All of types of Cash Transfers pass through similar phases on the Delivery Chain



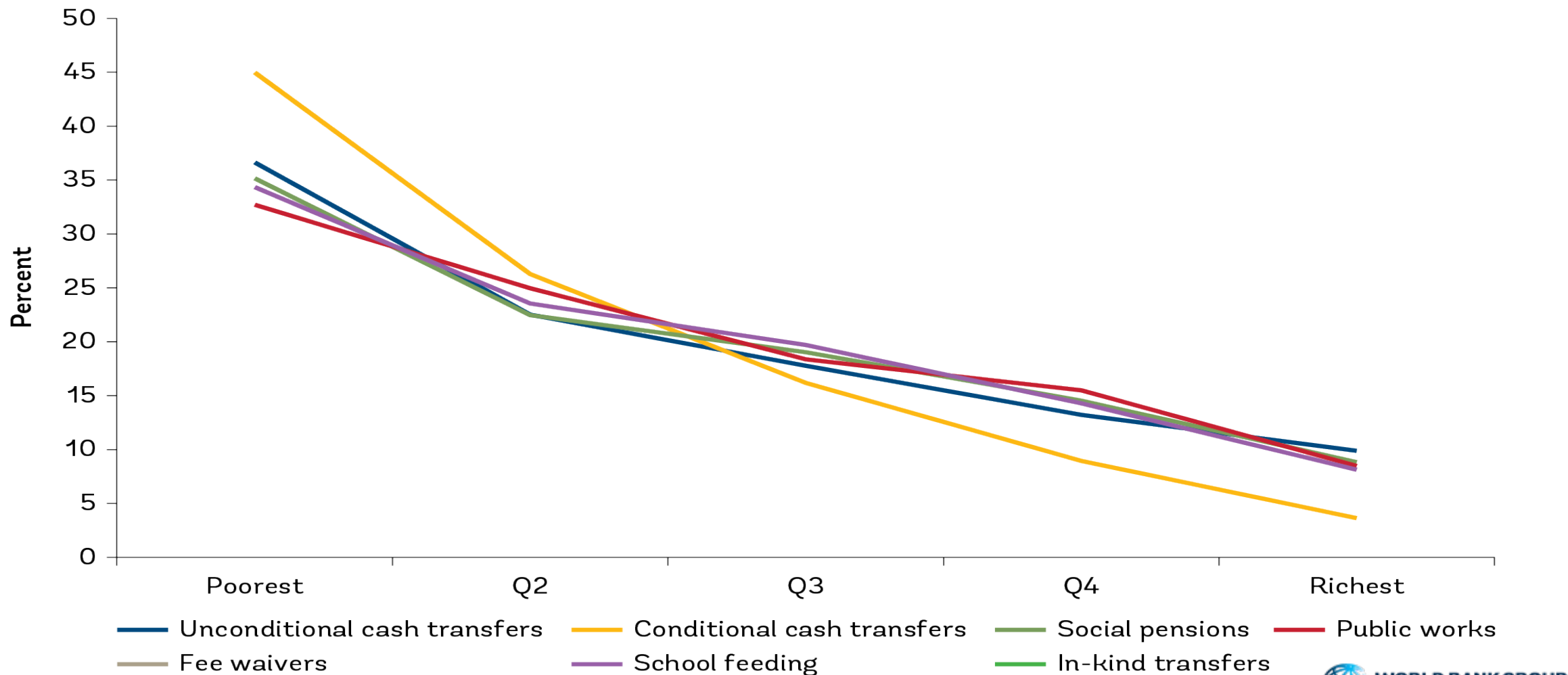
# Performance: Coverage of the Poorest Quintile

## Cash Transfers - UCT, CCT, Social Pensions - Coverage of Poorest Quintile

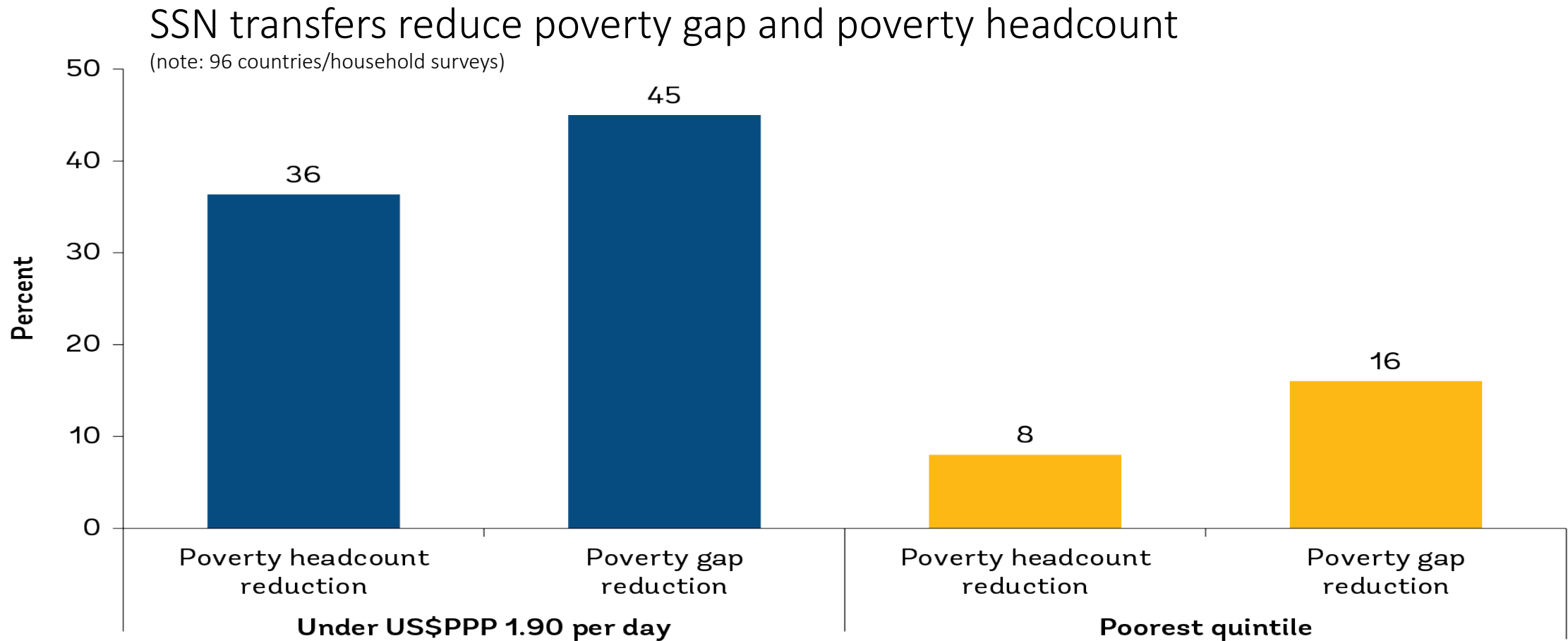
Share of Q1 Receiving Said Transfer, as Captured in HH Surveys - World Bank ASPIRE Database



# Performance: All types of SSN Instruments are Progressive (meaning that they benefit the poorest the most)



# Performance: Cash Transfers Reduce Poverty



# Extensive Literature on the Impacts of Cash Transfers

Google it! Large literature...

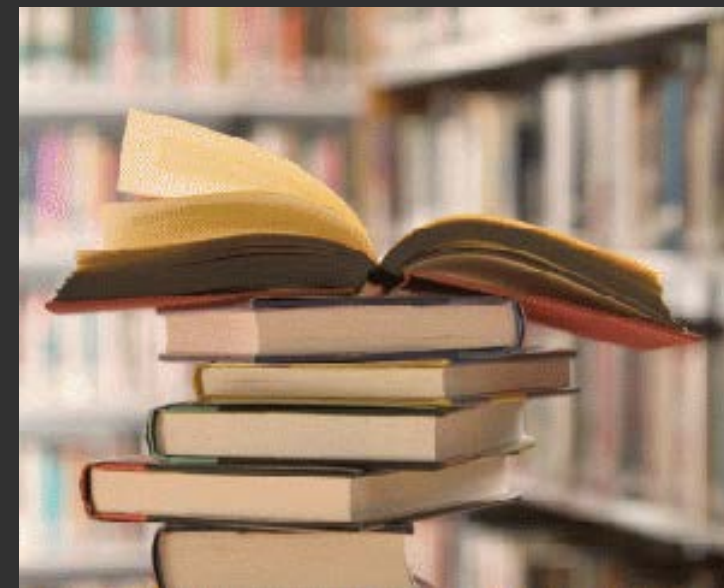
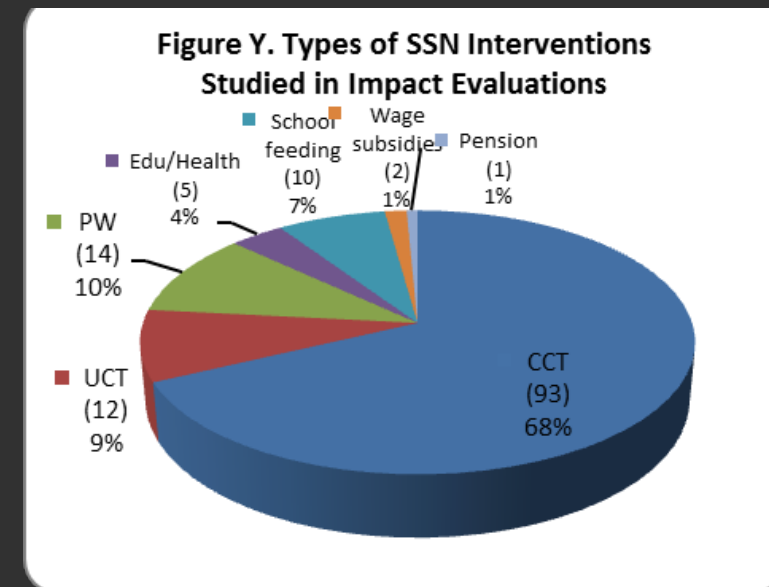
- Hundreds of individual studies
- A number of summaries:
  - Bastagli et al. 2016
  - Baez 2011
  - Hanlon, Barrrientos and Hulme, 2010
  - Grosh et al. 2008

## Country Involvement

- Supported by governments and donors
  - in design of programs
  - In funding
- Initially very LAC focused, Africa catching up, smattering elsewhere

## Why so much interest in evaluations?

- Because a hard case to make politically
- Because of varied domains of impacts





# Impacts: the Results as summarized in Bastagli et al 2016\*

- **Poverty:** 72% of studies show reduction in poverty; 76% show increase in food or total expenditure;
- **Education:** 53% of studies show increased attendance; 32% increased test scores
- **Health:** 67% show increased health use; 58% increased dietary diversity, 23% improved anthropometric outcomes
- **Production:** 69% show increase in agricultural assets, inputs or livestock; 47% improved savings and borrowing; 56% for business/enterprise indicators
- **Employment:** 74% show reduction in child labor, adult labor force participation increases in over half of cases
- **Empowerment:** 71% show effects on contraception or multiple sexual partners; 75% on female decision making, marriage, pregnancy; 85% on abuse

# Thank you



# For More Information:

- [The World Bank \(2018\): State of Social Safety Nets](#)
- [World Bank Social Safety Nets Core Course 2018](#)
- [World Bank SPJ Global Practice](#)



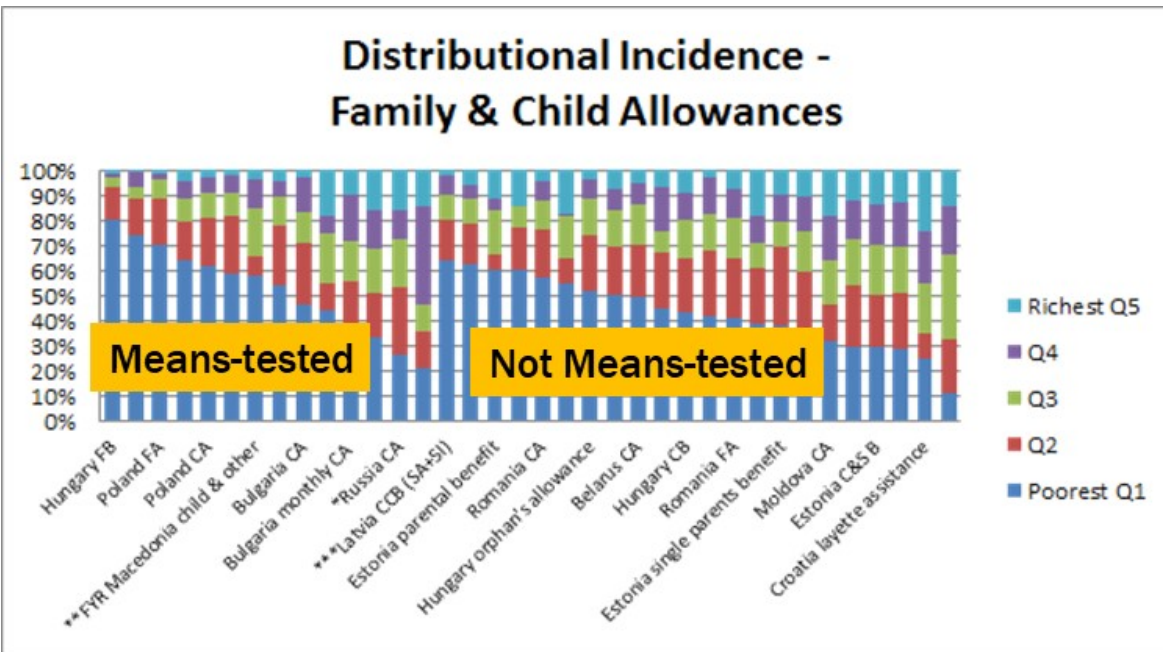


# Family, Birth & Child Allowances (Categorical UCTs)

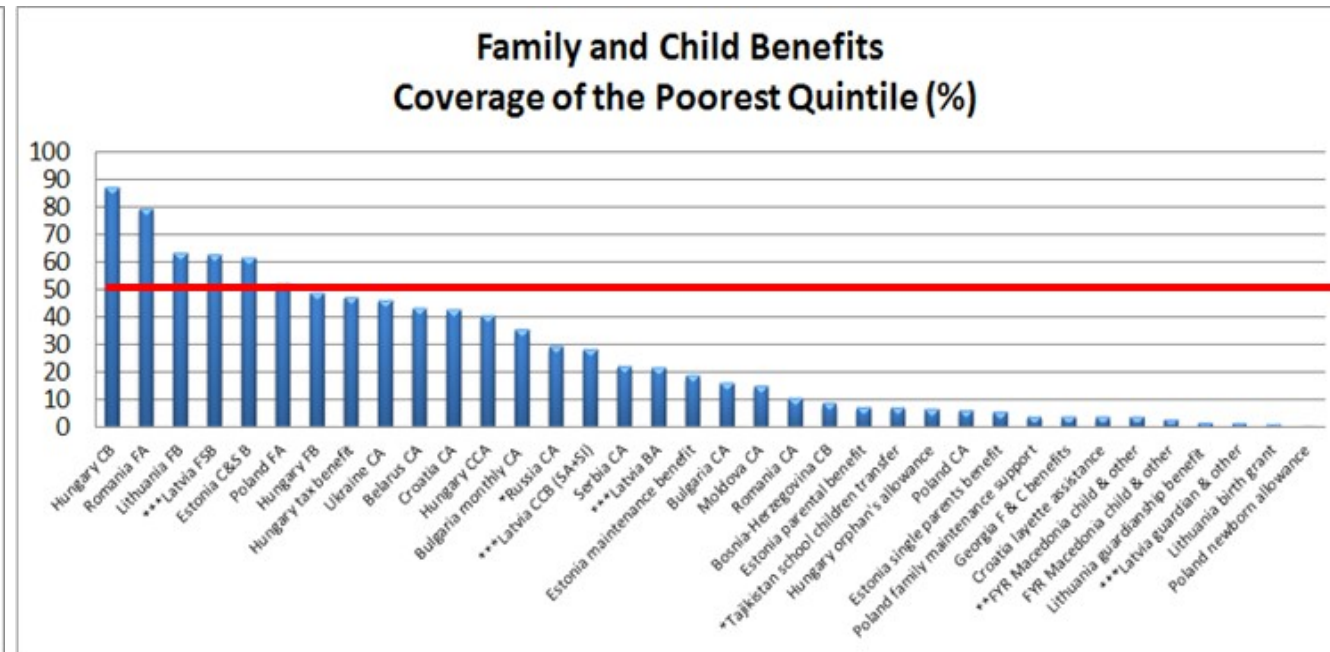
Parameter	Family, Birth, Child Allowances
Diverse Objectives	<ul style="list-style-type: none"> <li>• Support incomes of families with children</li> <li>• Support children (precious, vulnerable)</li> <li>• Human capital, ECD</li> <li>• Promote fertility (ECA)</li> </ul>
Intended Population	<ul style="list-style-type: none"> <li>• Families with children</li> <li>• Children</li> <li>• Orphans</li> <li>• Variation: poor families with children (categorical and poverty-targeted)</li> </ul>
Assistance Unit & Designated Recipient	<ul style="list-style-type: none"> <li>• AU: Individual (child) or family</li> <li>• DR: Parent (mother)</li> </ul>
Benefit levels / Menu	<ul style="list-style-type: none"> <li>• Flat amount per child</li> <li>• Higher or lower amounts for additional children</li> </ul>
Frequency & Duration of Benefits	<ul style="list-style-type: none"> <li>• Frequency varies: monthly, bi-monthly, quarterly, annually, or at birth</li> <li>• Duration: Childhood (e.g., 0-2, 0-5, 6-15, 0-18)</li> </ul>
Conditionalities	<ul style="list-style-type: none"> <li>• None</li> </ul>

# Family & Child Allowances:

## Sometimes targeted, many universally categorical



Even non-means tested Family & Child Allowances redistribute in favor of the poorest quintile



Many have very high coverage of the poor, but others quite small

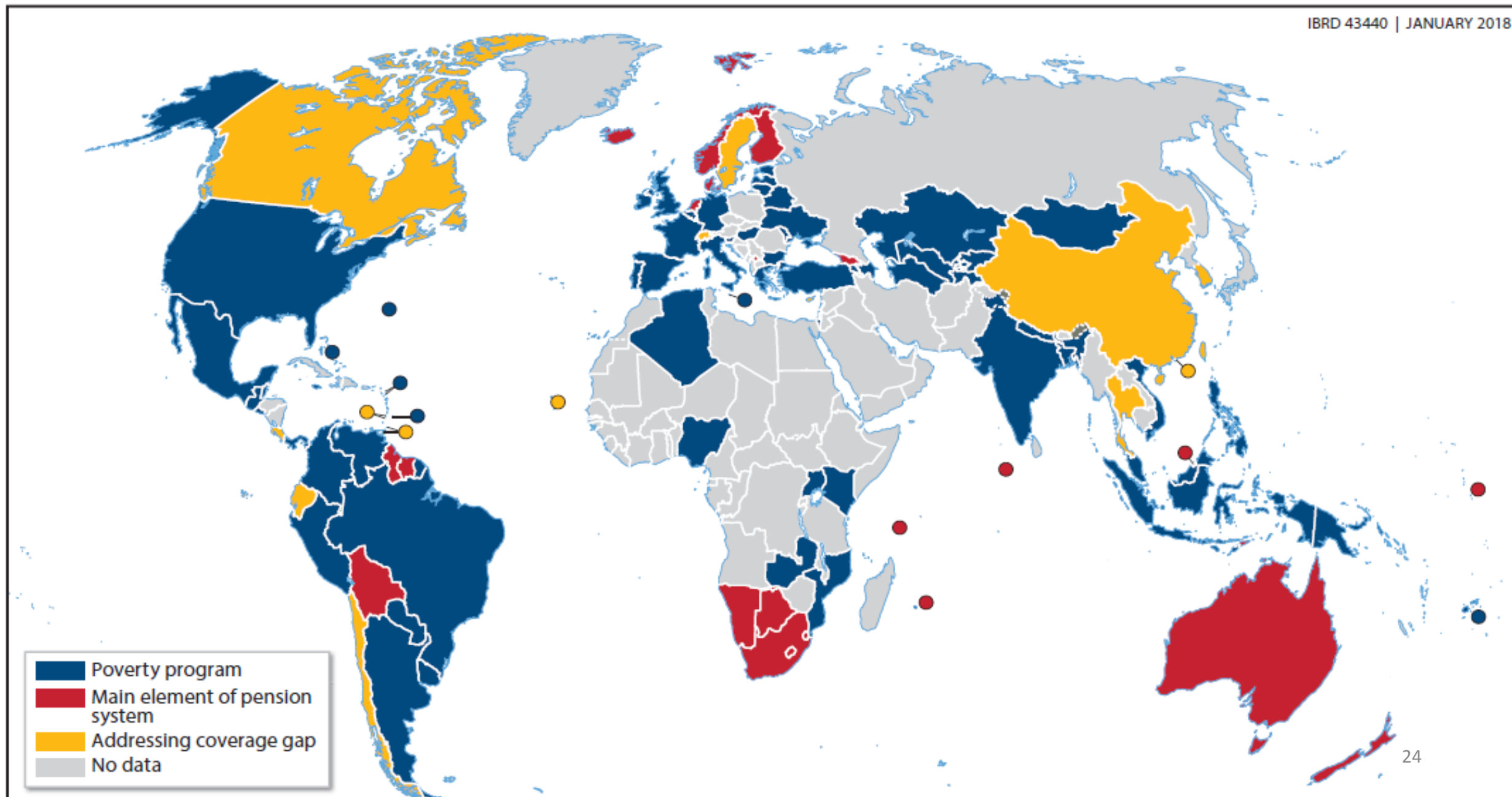


# Social Pensions for the Elderly (Categorical UCTs)

Parameter	Social Pensions for the Elderly
Objectives	<ul style="list-style-type: none"> <li>• Ensure some basic level of income for the elderly (non-contributory)</li> <li>• Poverty relief for the elderly</li> <li>• Fill coverage gaps for those not covered by SI pensions</li> </ul>
Intended Population	<ul style="list-style-type: none"> <li>• Age-based: such as 65+</li> <li>• Variation: poor elderly (categorical and poverty-targeted)</li> </ul>
Assistance Unit & Designated Recipient	<ul style="list-style-type: none"> <li>• AU: Elderly individual</li> <li>• DR: Elderly individual (or caregiver)</li> </ul>
Benefit levels / Menu	<ul style="list-style-type: none"> <li>• Flat amount per individual</li> </ul>
Frequency & Duration of Benefits	<ul style="list-style-type: none"> <li>• Frequency varies: monthly, bi-monthly, quarterly</li> <li>• Duration: Age to death (65 – death)</li> </ul>
Conditionalities	<ul style="list-style-type: none"> <li>• None</li> </ul>

## MAP 4.1 Countries with Old-Age Social Pensions and Their Main Purpose

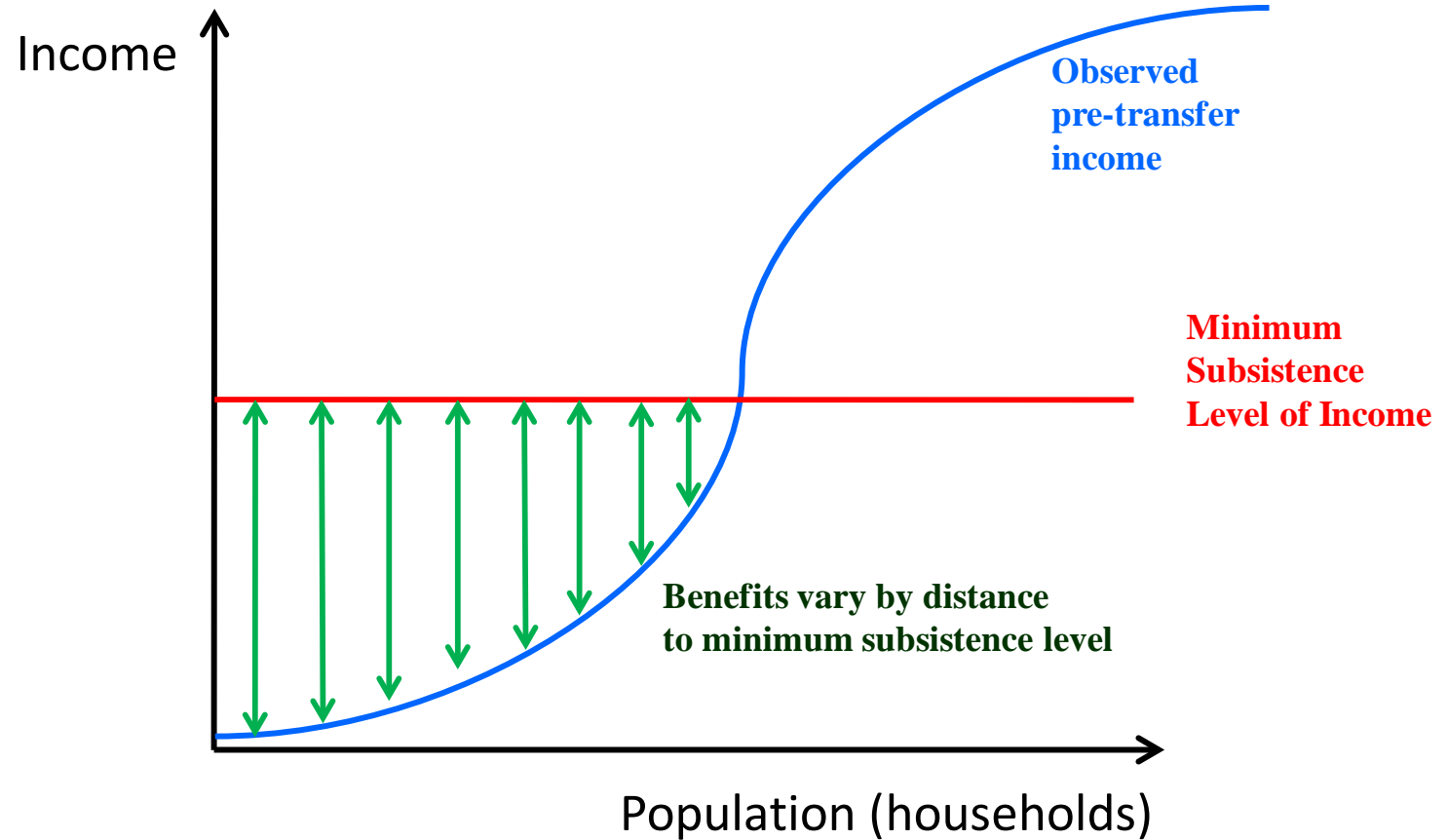
IBRD 43440 | JANUARY 2018





# Guaranteed Minimum Income (GMI) (Need-Based / Poverty-Targeted UCTs)

Parameter	Guaranteed Minimum Income (GMI)
Objectives	<ul style="list-style-type: none"> <li>Provision of monetary support to poor households to bring their incomes up to some minimum level</li> </ul>
Intended Population	<ul style="list-style-type: none"> <li>Poor households (or families)</li> </ul>
Assistance Unit & Designated Recipient	<ul style="list-style-type: none"> <li>AU: Household or family</li> <li>DR: HH Head or other designee</li> </ul>
Benefit levels / Menu	<ul style="list-style-type: none"> <li>Tapered benefit, with higher benefits for poorer households</li> <li>Calculated as distance from observed incomes to minimum level</li> </ul>
Frequency & Duration of Benefits	<ul style="list-style-type: none"> <li>Frequency varies: monthly, bi-monthly, quarterly</li> <li>Duration: usually for limited period, until next re-assessment of incomes (e.g., 2 years)</li> </ul>
Conditionalities	<ul style="list-style-type: none"> <li>None (though some also try to link households to services)</li> </ul>



- Common in many countries in Europe
- Complex to administer: measuring incomes, differentiated payments, beneficiary monitoring, errors & fraud, grievances and appeals, reassessing incomes
- Complex to communicate & hard to understand
- To offset disincentives to work: income disregards, links to activation measures



# “Universal Basic Income” (UBI)

(UCT with principle of universal coverage)

Parameter	“Universal Basic Income” (UBI)
Objectives	<ul style="list-style-type: none"> <li>Provision of a minimum monetary benefit for all individuals to: (a) give them some basic minimum income support and (b) to help cushion them from labor market trends and fluctuations or other shocks</li> </ul>
Intended Population	<p>What does “universal” mean?</p> <ul style="list-style-type: none"> <li>Pure UBI: Everyone, all individuals</li> <li>PUBI-Adults: All adults (citizens, non ex-cons, etc.)</li> </ul>
Assistance Unit & Designated Recipient	<ul style="list-style-type: none"> <li>AU: Individual (but if benefits tapered according to income, would have to assess household income)</li> <li>DR: Same individual, but for children, need adult DR</li> </ul>
Benefit levels / Menu	<ul style="list-style-type: none"> <li>Flat benefit? Or tapering by HH income?</li> </ul>
Frequency & Duration of Benefits	<ul style="list-style-type: none"> <li>Frequency? Monthly? (administratively complex) Annually? (reduces value of “predictable and regular” income support)</li> <li>Duration: lifetime principle (to count on it always)</li> </ul>
Conditionalities	<ul style="list-style-type: none"> <li>None</li> </ul>

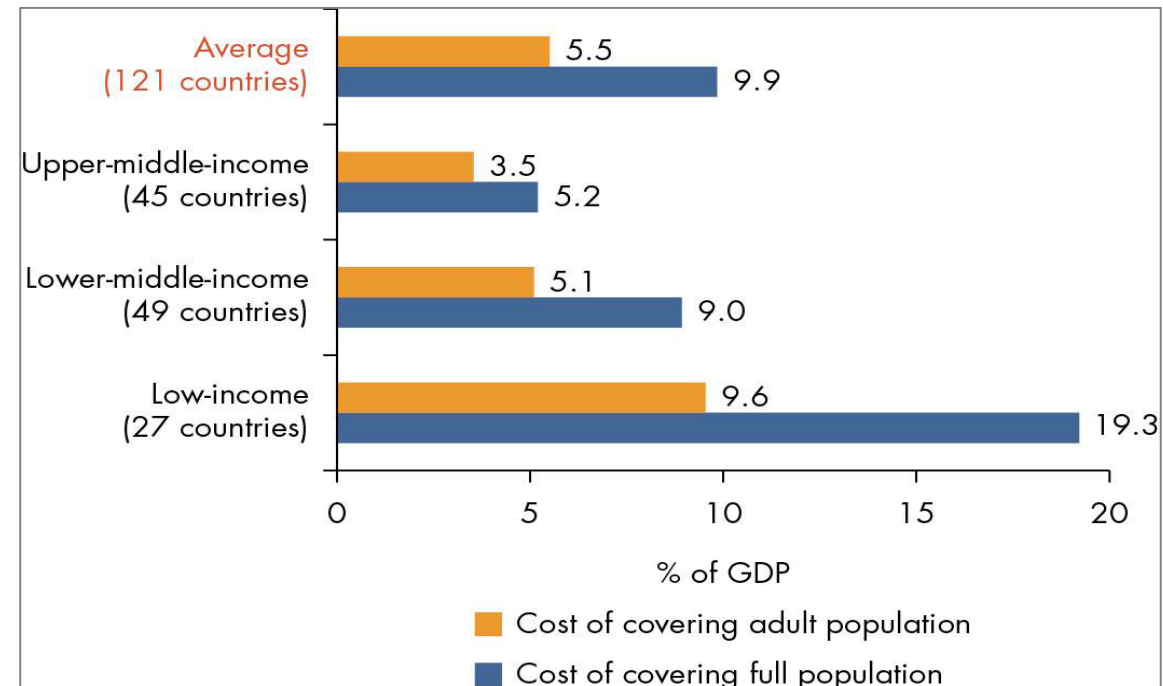
With fiscal limitations,  
need to  
consider the  
trade-offs

Larger benefits  
for those in need  
(poor and vulnerable)



Smaller benefits  
for everyone

### Simulated costs of UBI Scheme



Source: WDR 2019 team, based on World Bank's World Development Indicators (database) and PovcalNet and United Nations' World Population Prospects. GDP = gross domestic product. 28