



The impact of cash transfers on resilience

A multi-country study



Acknowledgements

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Acronyms

CfW	Cash for Work
CSI	Coping Strategy Index
CTP	Cash Transfer Programme
M&E	Monitoring and Evaluation
MEB	Minimum Expenditure Basket
MPC	Multi-Purpose Cash
PSNP	Productive Safety Net Programme
VSLA	Village Savings and Loan Association

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Photos

Front cover: CTP beneficiary Lizzy Hofisi and her husband Robert Hofisi tend to their home garden in Masvingo, Zimbabwe (photo © Cynthia R Matonhodze / CARE 2017)

Page 4: CTP beneficiary Lizzy Hofisi in Masvingo, Zimbabwe, sorting peanuts from her home garden (photo © Cynthia R Matonhodze / CARE 2017)

Page 7: Villagers in Chatoufa Saboua, a village in the south of Niger, were assisted by CARE to develop their Climate Change Action Plan (photo © Johanna Mitscherlich / CARE 2016)

Page 16: CTP beneficiary Ropafadzo Gwenyama (second from right) with her family members Regina, Rashna and Sheunesu. Ropafadzo also acts as a gender and accountability focal point for the CTP. She is a widow who is head of a household of seven (photo © Cynthia R Matonhodze / CARE 2017)

Contents

Executive summary	4
1 Introduction	7
2 Methodology, risks and limitations	9
2.1 Analytical methodology	9
2.2 Risks and limitations	9
3 Findings and analyses	9
3.1 Zimbabwe	9
3.2 Niger	13
4 Conclusion	16
5 Recommendations	17
Annex: Technical addendum	21



Provision of humanitarian aid in the form of cash transfers has gained significant momentum over the past few years. Research and evidence on certain aspects of cash transfer programmes (CTP) has been well documented, particularly regarding the efficiency and effectiveness of cash.¹ It is also well recognised that cash-based responses have the potential to support longer-term gains beyond consumption; however, it is less clear which aspects of resilience they support and how CTPs can best complement other forms of programming in more complex interventions to build longer-term resilience. Based on this, CARE International UK commissioned this study, using CARE International UK's own programme and monitoring and evaluation (M&E) data, to analyse and test the extent to which receipt of cash contributes to resilience.

The study is based on experiences and data from three country programmes where CARE International UK delivered cash transfers: Zimbabwe, Niger and Ethiopia. However, due to data availability, analysis on Ethiopia in this study is limited. The CTPs analysed in Niger and Ethiopia were conditional, unrestricted cash (Cash for Work – CfW) and were part of a wider multi-sectoral programme which included livelihoods, governance and resilience-building support. The CTP in Zimbabwe was multi-purpose, unconditional cash.²

¹ Overseas Development Institute (2015) *Doing cash differently: How cash transfers can transform humanitarian aid*, www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9828.pdf

CARE interprets resilience as strengthening poor households' capacities to deal with shocks and stresses, manage risks and transform their lives for the better in response to hazards and opportunities. In CARE International's increasing resilience framework, this is further distilled into four core resilience capacities which CARE's programming seeks to strengthen: anticipatory, absorptive, adaptive and transformative capacities.³ These help people to cope better with shocks, stresses and uncertainty. They are understood as:

- **Anticipate risks:** foresee and therefore reduce the impact of hazards that are likely to occur, and be ready for unexpected events through prevention, preparedness and planning.
- **Absorb shocks:** accommodate the immediate impact shock and stress have on their lives, wellbeing and livelihoods, by making changes in their usual practices and behaviours using available skills and resources, and by managing adverse conditions.

² Multi-purpose cash can be defined as a cash transfer (either regular or one-off) corresponding to the amount of money a household needs to cover, fully or partially, a set of basic and/or recovery needs. Unconditional cash can be defined as cash that is given without any conditions attached, other than the beneficiary needing to meet the targeting criteria. Typical conditions imposed for conditional cash are carrying out public works, building a shelter, or attending school or a course.

³ CARE International (2017) *Increasing resilience: Theoretical guidance document for CARE International*, <http://careclimatechange.org/wp-content/uploads/2017/02/Increasing-Resilience-Guidance-Note.pdf>

- **Adapt to evolving conditions:** adjust their behaviours, practices, lifestyles and livelihood strategies in response to changed circumstances and conditions under multiple, complex and at times changing risks.
- **Transform:** influence the enabling environment and drivers of risks to create individual and systemic changes on behaviours, local governance and decision-making structures, market economics, and policies and legislation.

The study uses these resilience capacities as the framework to assess how CTPs best support resilience building. Absorptive capacity is most known for directly being improved by cash interventions, but this study aimed to assess the contribution of CTPs towards all capacities that help build resilience, and make preliminary recommendations for how this can be strengthened.

Key findings

Anticipatory

With no anticipatory-focused data available from the Zimbabwe programme, our analysis centres on findings from Niger only. Our findings show a positive effect on access to and use of climate information by participants of the CfW scheme (46%) compared to non-participating households (41%). This might be attributable to two factors: that participants were prioritised for information dissemination over the course of the programme, or that the additional income and participation in the programme facilitated participants' access to platforms they may not have otherwise known about.

Cash recipients from female-headed households appear to be less likely to access and use climate information in planning and farm management practices, with twice as many (60%) male-headed households reporting use of weather data as female-headed households.⁴ The same trend held with reported usage of livestock advice, with fewer female-headed households' cash recipients using this service in herd management. This is likely due to social norms which generally restrict female participation in services and platforms where this information is disseminated.⁵ Overall, participation in CfW did not have a significant effect on access to or use of livestock management advice, with over 90% of households making use of advice in herd management, regardless of whether they participated in the CfW scheme or not.

⁴ This finding is not statistically significant, or the sample size is not representative of the entire population, but some generalisations can be made.

⁵ Female-headed households account for 40% of respondents, which may have created a bias in the findings.

Where we do see a more connected relationship between the receipt of cash transfers and boosting anticipatory capacity is in relation to savings/investment. Although a broader analysis of this phenomenon is beyond the scope of this study, we can posit a limited hypothesis. Where CTPs bolster purchasing power and enhance a household's capacity to meet its basic needs, the most acute effects of a scarcity mindset – protracted focus on immediate, short-term needs – are alleviated. This, in turn, incentivises positive behavioural change, including higher rates of savings and investment, leading to a compound effect which staves off the worst aspects of scarcity. It follows that the longer the duration of a CTP, the longer this effect is in place and the more anticipatory capacity is boosted.

Absorptive

Overall, our findings suggest that cash assistance had a net positive effect on almost all measures of absorptive capacity amongst beneficiary households across both the Zimbabwe and Niger country programmes. Though the size of the effect varies depending on what indicators are measured, we can argue that the CTP contributed to arresting the growth of food insecurity and the use of negative coping strategies, and to bolstering consumption. To maximise potential for supporting absorptive capacity, transfer values should reflect the current market prices of key goods/services, as well as real labour wage rates. Our analysis from the Zimbabwe programme suggests that the transfer value was initially calculated using average household expenditure on food (from the demand side), and not real food prices through market assessments (the supply side). As a result, the effect on per capita expenditures, food consumption levels and in turn, negative coping strategy use, remained modest and uneven, until the Zimbabwe programme adjusted its transfer values and transfer value calculation methodology after the first 12 months.⁶ As such, the transfer likely failed to strengthen absorptive and adaptive capacity to the extent that it could have had the transfer been calculated using a different, more robust method grounded in real market prices.

Adaptive

The effects of the CTP on measures of adaptive capacity varied across the two country programmes. In Zimbabwe, our findings were less conclusive than in Niger, suggesting the importance of context and external factors in shaping outcomes. In Zimbabwe, livelihoods practices exhibited positive improvements, whilst asset retention

⁶ The programme did use market price data to adapt to inflation in its second phase. Where prices rose, the transfer value was increased to ensure that the gain in purchasing power was maintained.

and ownership varied. For instance, in some cases the cash transfer is likely to have had a positive effect on asset retention by preventing rapid emergency selling of productive or household assets.

Our findings suggest that the receipt of the cash transfer is positively correlated with increases in off-farm⁷ income generation, including non-farm casual labour, small enterprise formation and other skilled and unskilled employment. This could suggest that transfer recipients are more likely to diversify their livelihoods as a means of hedging against the risk of over-reliance on a single source of income. Beyond this, the study found no consistent changes in farming practices or trends in asset accumulation in the Zimbabwe programme.

In Niger, participation in the CfW scheme appears to increase the probability of adoption of new and improved farming practices by 18% compared to the baseline, with over 40% of households reporting adoption of two or more new practices. Though receipt of cash does not necessarily translate into immediate gains in adaptive capacity, it correlates with the adoption of advice which helps to build adaptive capacity. Similarly, a higher proportion of participating households (60%) reported access to and use of improved seed varieties than non-participating households (43%), indicating a reduction in the risks that participants face.

Transformative

In both Zimbabwe and Niger, cash transfers had a positive effect on building transformative capacity. In Zimbabwe, findings indicate that 26% more CTP beneficiaries participated in social networks such as religious groups, cooperatives, Village Savings and Loan Associations (VSLAs) and other informal transfer groups than non-CTP beneficiaries, although it must be noted that this is not necessarily a causal relationship but rather indicative of the potential impact of a CTP. Crucially, the receipt of cash also indicated the increased participation of women: women-led local community groups increased by 10%, whilst the number of women taking part increased by nearly two-thirds. Over 80% of female-headed households also began participating in social networks after the onset of the CTP. With the bulk of the expenditure being allocated to food, women emerged as the key decision makers regarding household welfare spending.

In Niger, outcomes were more conclusive. For instance, a higher proportion of participants (41%) than non-participants (34%) participated in the development of local laws and conventions on resource governance,

⁷ Off-farm (non-farm) income refers to the portion of farm household income obtained off the farm, including non-farm wages and salaries, pensions, and interest income earned by farm families.

an unequivocal positive for transformative capacity. Rates of participation in local governance were slightly higher amongst female-headed participants in the CfW scheme, with 46% of female-headed households reporting participation relative to 38% of male-headed households.⁸ Female-headed households were also reportedly more knowledgeable about the rules and conventions governing natural resource management.

Key recommendations to maximise resilience building in CTPs

1. Wherever possible, integrate at least two or more resilience capacities into the design of all cash transfer programmes in protracted or cyclical crises. This study has demonstrated that the impact of cash assistance can extend beyond short-term improvements in consumption, particularly when coupled with other complementary services to communities, and future programme design should reflect this evidence.
2. Unconditional, multi-purpose cash assistance is most appropriate at building shorter-term absorptive resilience by boosting consumption and reducing negative coping strategies. Sustainable, longer-term gains in resilience require more complex programming alongside the provision of cash. However, to maximise the absorptive capacity benefits of unconditional, multi-purpose cash, it is recommended to target female headed-households, maximise the duration in which transfers are provided to households, and integrate the provision of advice and access to key information with cash transfer information dissemination.
3. Use a robust formula that uses real labour/commodity market supply prices to calculate transfer values; this was not adopted across the three projects in this study. Doing this will maximise absorptive capacity benefits by reducing the risk of beneficiaries utilising negative coping strategies in relation to consumption patterns when the cash transfer value does not reflect the actual market prices of key goods/services.
4. Conditionality is more appropriate for strengthening adaptive capacity and should be deployed through CfW programmes in crisis-affected or at-risk areas where spiralling food insecurity and the risk of famine is not prevalent and the population is fixed. Wherever possible, integrate CfW programmes with extension programmes and the creation of resource management committees.
5. CTPs should be coupled with collective action structures wherever possible to support grassroots transformative change. This includes VSLAs, cooperatives and local governance committees.

⁸ The finding is not statistically significant, but is indicative and should not be discounted.



1 Introduction

Over the course of the last decade, the use of cash transfer programmes (CTPs) as a tool of aid has experienced steady and continuous growth, spanning both the development and the humanitarian spheres. The application of multi-purpose cash assistance (MPC) in sudden onset emergencies such as the 2010 Pakistan floods, the 2010 Haiti earthquake, and the 2015 Nepal earthquakes is well known, but a growing body of evidence also supports their application in medium-term recovery, as well as longer-term development and resilience programming.⁹ This evidence base consistently supports the basic premise that cash-based interventions are more effective, efficient and flexible, traits which are easily adapted to resilience and development assistance.

What this evidence base lacks, however, is a clear understanding of what aspects of resilience CTPs are best suited to supporting. What aid actors also need is a better understanding of how CTPs best complement other forms of programming in more complex interventions, as well as a consistent approach to monitoring improvements in household resilience resulting from CTPs in these contexts.

As such, CARE International UK commissioned this study, using CARE's own programme and monitoring and evaluation (M&E) data, to analyse and test the extent to which CTPs can support building resilience. To accomplish this, the study tests a series of hypotheses, each of which in turn relate to one of the four key capacities of CARE's resilience framework.¹⁰ Ultimately, the study seeks to determine whether a relationship can be established between the receipt of a cash transfer and positive, or negative, resilience outcomes. It will take stock of current approaches to M&E in cash-based programmes and suggest ways forward for a more robust monitoring framework. The study is based on experiences and data from three country programmes where CARE delivered cash transfers: Zimbabwe, Niger and Ethiopia.

For the purpose of this study, we set out three definitions central to the analysis. First, CTPs can be defined as any interventions which transfer fixed or variable monetary sums to beneficiary households. These transfers can be conditional, meaning that transfers are contingent on a specific behavioural outcome or change (such as school attendance or immunisation against communicable diseases) or services performed (Cash for Work – CfW, for instance). They can also be unconditional, with no fixed conditionality on receipt. CTPs can also be unrestricted or

⁹ Overseas Development Institute (2015) *Doing cash differently: How cash transfers can transform humanitarian aid*, www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9828.pdf

¹⁰ CARE International (2017) *Increasing resilience: Theoretical guidance document for CARE International*, <http://careclimatechange.org/wp-content/uploads/2017/02/Increasing-Resilience-Guidance-Note.pdf>

multi-purpose, which means there are no fixed restrictions on what the cash can be spent on. The Zimbabwe programme delivered unconditional, multi-purpose cash transfers, whilst Niger and Ethiopia delivered conditional CfW programmes in targeted areas.

Second, we clearly differentiate between shorter-term humanitarian and longer-term resilience programming. Where the former prioritises servicing basic and immediate needs in the aftermath of a crisis, displacement or natural disaster, the latter adopts a longer-term approach to building household and community capacity to withstand shocks and stresses. Thus, the Niger and Ethiopia CfW programmes were delivered alongside other services such as rehabilitation or reconstruction of small-scale irrigation schemes, water supply schemes and complementary soil conservation measures and livelihoods asset provision.

Third is CARE's understanding of resilience. CARE understands resilience as strengthening poor households' capacities to deal with shocks and stresses, manage risks and transform their lives for the better in response to hazards and opportunities. In CARE International's increasing resilience framework, which is CARE's guiding document for approaches to building resilience across its programming, this is then further distilled into four core resilience capacities which CARE's programming seeks to strengthen: anticipatory, absorptive, adaptive and transformative capacities.¹¹ The study was designed and carried out using predetermined key lines of enquiry, with CARE's understanding of resilience and these capacities serving as a conceptual framework and structure. These capacities help people to cope better with shocks, stresses and uncertainty. They are understood as:

- **Anticipate risks:** foresee and therefore reduce the impact of hazards that are likely to occur, and be ready for unexpected events through prevention, preparedness and planning.
- **Absorb shocks:** accommodate the immediate impact shock and stress have on their lives, wellbeing and livelihoods, by making changes in their usual practices and behaviours using available skills and resources, and by managing adverse conditions.
- **Adapt to evolving conditions:** adjust their behaviours, practices, lifestyles and livelihood strategies in response to changed circumstances and conditions under multiple, complex and at times changing risks.

¹¹ CARE International (2017) *Increasing resilience: Theoretical guidance document for CARE International*, <http://careclimatechange.org/wp-content/uploads/2017/02/Increasing-Resilience-Guidance-Note.pdf>

- **Transform:** influence the enabling environment and drivers of risks to create individual and systemic changes on behaviours, local governance and decision-making structures, market economics, and policies and legislation.

Against this backdrop, this study was commissioned with the objective of using pre-existing M&E evidence from three of CARE's cash transfer programmes in Zimbabwe, Ethiopia and Niger to develop a better understanding of the impact these CTPs have had on household resilience. By analysing the M&E data collected over the course of each programme cycle, we hope to establish whether and the extent to which cash transfers effected change, positive or negative, across the four pillars of CARE's resilience framework.¹²

To that end, the report first sets out the methodology used for the analysis and elaborates upon the limitations inherent in it. This is followed by the main findings and analysis section. Analysis is structured according to the four pillars of CARE's resilience framework: a) anticipatory; b) absorptive; c) adaptive; and d) transformative capacities, for both the Zimbabwe and Niger country programmes. Due to limitations in the availability of data, impact findings from the Ethiopia country programme will not be analysed here; however, the Ethiopia CfW process will be used to inform some of the analysis.¹³ Each of these capacities was used to structure and present findings and analyses, binding specific findings to a relevant resilience capacity or capacities to measure the impact of CTPs as concisely as possible. The final section summarises and presents recommendations. The analysis and the proposals refer only to CARE's own programming, though the proposals may well be applicable in other contexts and provide insights into cash programming generally.

The analysis is limited to what was immediately available from CARE's own country programmes, thus minimising the use of secondary data sources. By extension, detailed accounts of why and how the CTPs were launched are beyond the scope of the report as this is well documented in project reports and proposals.¹⁴

¹² A second study has been done alongside this one which recommends M&E minimum standards for CTPs' contribution towards resilience: CARE (2017) *Monitoring and evaluation of cash transfer programmes for resilience*.

¹³ See section 2 below on methodology, risks and limitations for a more detailed explanation.

¹⁴ For further information please contact CARE International UK's Climate Change and Resilience Team: www.careinternational.org.uk/contact-us

2 Methodology, risks and limitations

2.1 Analytical methodology

This section covers the analytical methods used during this study, as well as the limitations inherent to the exercise. The methodologies and sampling strategies used to gather data across each survey or country programme are well documented in the various baseline and evaluation reports prepared by CARE's country offices, and therefore will not be repeated in this study.

CARE's resilience framework was used to inform structure and analysis with hypotheses and individual types of analyses clearly linked to one or more types of resilience: anticipatory, absorptive, adaptive and transformative. This ensured that the process was transparent and replicable elsewhere. The process was replicated for each country programme, and the report structure reflects this. Given the scope of the study, the analysis used quantitative data only, a limitation which will be elaborated upon further in the following paragraphs.

An array of analytical and quantitative methods was used to develop the findings. For the Zimbabwe case study, the existence of a control group enabled the use of propensity score matching to estimate the size of the effect on the treatment group, allowing us to also conduct significance tests on the findings. Furthermore, principal component analysis was used to construct wealth indexes using the Zimbabwe data. In Niger, basic correlation analysis was used, with significance tests used to determine p values. These techniques were found to be sufficient to yield insight into the relationship between CTPs and the four components of resilience explored in this study.

2.2 Risks and limitations

As with any research process, there is a set of limitations inherent to the surveys which restricts our capacity to establish correlations and causalities. This is especially pertinent when conducting analysis for separate country programmes which used robust but non-comparable methods.

- 1. Data availability:** limited availability of data from the Ethiopia country programme meant that no resilience-based analysis could be conducted. Only process-oriented project monitoring data was available, meaning that the analysis is limited to the Niger and Zimbabwe programmes only.
- 2. Comparability:** differences in methodologies and the breadth of datasets mean that a comparative analysis is difficult, with only minor overlap between indicators. For instance, where the Zimbabwe

programme used cluster sampling and established control and treatment groups to estimate effect size, the Niger country programme had only beneficiary monitoring data available. Although not statistically significant, definitive conclusions can be drawn, or causal relationships established, findings can be compared, at least indicatively, between country programmes, and these can indicate the potential of CTP in resilience building.¹⁵

Despite these limitations, the analysis and the recommendations which stem from it remain rigorous and applicable to other contexts. This applies to instances where findings are indicative or of a qualitative nature; though certain individual analyses might not meet conventional thresholds of statistical significance, they still offer valuable insights and support the broader picture which this study has built.

3 Findings and analyses

This section will present findings from each country programme, disaggregated by the four pillars of CARE's resilience framework. Analyses are based on programme monitoring and evaluation data gathered over the course of the respective programme cycles.

3.1 Zimbabwe

The primary objective of the programme – Emergency Cash-First Response to Drought-Affected Communities in the Southern Provinces of Zimbabwe – was to arrest the growth of food insecurity among vulnerable and drought-affected households in four of Zimbabwe's worst-affected provinces. It was a 22 month programme reaching 73,718 households. The programme was market-driven, meaning that the unconditional, multi-purpose cash transfer was designed to cover 50% of a given household's basic food and nutritional needs by bolstering purchasing power. By bridging the consumption gap, the CTP was also designed to minimise recourse to negative coping behaviours to meet food needs whilst also enhancing rates of asset retention.

The programme objectives and datasets focused on bolstering short-term absorptive capacity in response to drought-induced food insecurity.¹⁶ A secondary goal was strengthening adaptive behaviour, though the unconditional nature of the transfer suggests that this wasn't prioritised.

¹⁵ For recommendations for comparative datasets see CARE International (2017) *Monitoring and evaluation of cash transfer programmes for resilience*.

¹⁶ Data analysed for this study was up to the midline evaluation conducted in May 2016.

Anticipatory

Anticipatory capacity can broadly be defined as the capacity to foresee, accommodate and ultimately manage risks. Households can foresee and thereby adjust their behaviour to reduce the impact of hazards and shocks that are likely to occur. It is therefore intricately linked to absorptive and adaptive capacity and is contingent upon access to timely and accurate information to enable preparedness and planning.

The midline evaluation did not measure any elements related to anticipatory capacity amongst beneficiary households, which is in line with the purpose of the CTP – shorter-term absorption and consumption, not longer-term adaptive or anticipatory capacity building. Key to the analysis is also the fact that the intervention was carried out at the early stages of the drought, prior to the most acute phase developing. In this, the intervention itself was anticipatory. By arresting rising levels of food insecurity early on, the intervention likely prevented much higher rates of food insecurity in the medium and long term. Thus, the CTP was likely more effective at this stage than it would have been if it had been delivered at a later stage when food insecurity would, in all likelihood, have been higher.

Absorptive

For the purpose of this study, absorptive resilience can be defined as the capacity to effectively manage adverse conditions and accommodate the immediate impact shocks and stresses have without diminishing household welfare. This understanding cuts across traditional measures of welfare such as food security and health outcomes and extends to wealth and livelihoods, too. More specifically, absorptive capacity is the ability of a given household to change their behavioural patterns and practices without adverse consequences for their wellbeing and without compounding the risk of falling into a poverty trap, for example.

Overall, our findings suggest that cash assistance had a net positive effect on almost all measures of absorptive capacity amongst beneficiary households. Though the size of the effect varies depending on what indicators are measured, we can argue that the CTP contributed to arresting the growth of food insecurity and bolstering consumption, improving welfare outcomes, and strengthening absorptive capacity.

Amongst beneficiary households, dietary diversity increased by 8% relative to non-beneficiary households, whilst beneficiaries were 15% more likely to exhibit dietary gains and meet minimum dietary standards. Absolute intake of cheap, low calorie dietary staples increased, but the cash transfers appear not to have had

an effect on overall frequency of consumption of high-nutrient food items such as pulses, lentils, meat, fish or poultry. Gains in absorptive capacity are thus clear and significant, if uneven and limited. The transfer did not have a significant impact on the food consumption score, for example; monitoring data suggests temporary gains in the initial stages of the transfer programme which were not sustained in the longer term.¹⁷ So, despite strengthening dietary diversity, the effect of the CTP was not large enough to increase the likelihood of graduation into higher food consumption brackets, thereby building long-term absorptive capacity.

That said, the transfer predictably increased aggregate food expenditure, but this did not translate into higher per capita consumption. The absence of significant, systematic improvements in food consumption scores could be partially attributable to this. This is compounded by the fact that the number of meals also held constant; transfer recipients may have eaten more food at mealtimes, but the increase did not translate into additional meals, either. Despite an increase in purchasing power, households still rationed food for longevity, likely knowing that the transfer itself was temporary. The diminished size of this positive effect is likely due to the limited value of the CTP in monetary terms. The transfer alleviated immediate, short-run food shortages, but did little to address short-term constraints in accessing food. Had the transfer been bigger, rationing food would likely have been less prevalent and food consumption and dietary diversity scores would likely have been larger.

Similarly, the analysis found no significant reductions in negative coping strategy use; the average Coping Strategy Index (CSI) score amongst beneficiaries was 73, compared to 72 for non-beneficiaries. The use of more severe and less reversible coping mechanisms, such as skipping food for entire days, decreased, but milder, more sustainable coping behaviours persisted. Still faced with food shortages despite the temporary reprieve, households opted to continue to rely on coping mechanisms to ensure needs could be met over the longer term. Finally, no significant changes were noted in levels of savings or decreases in debt loads. Though liquidity constraints may have been alleviated, the additional funding was not enough to service debt or accumulate savings.

That being said, the transfer appears to have contributed to small gains in consumption, thus staving off but

¹⁷ The final evaluation has shown an increase in food consumption scores by the end of the programme. See CARE International (2017) *Adaptable and effective: Cash in the face of multi-dimensional crisis*, https://insights.careinternational.org.uk/media/k2/attachments/CARE_CTP-lessons-from-Zimbabwe-summary_2017_web.pdf

largely failing to reverse food insecurity. The effect on absorptive capacity is thus small, but clear, suggesting potential for greater impact. This is likely attributable to factors which diminished effectiveness, not necessarily because cash was an inappropriate intervention. One such factor is the value of the transfer; designed to cover 50% of a household's daily calorific intake, it was calculated using household expenditure data as opposed to actual market price data. So, although purchasing power increased, the increase was not large enough to overcome price constraints in the market, thereby diminishing gains.

Adaptive

Adaptive capacity can be defined as the capacity of households and individuals to adjust behavioural norms, practices and livelihoods strategies in response to an evolving external environment. It is an extension of absorptive resilience in that it is fundamentally about adaptation to changes in the external environment, evolving risks and uncertainties. The key difference is the timeframe within which adaptation is understood or expected to occur; where absorptive resilience is in response to acute shocks, adaptive capacity responds to risks which materialise and develop over the long term.

The effects of the CTP on measures of adaptive capacity are inconclusive. Livelihoods practices exhibited positive improvements, whilst asset retention and ownership varied; neither of these changes can be explicitly attributed to the transfer, with external factors playing a significant role. The cash transfer is likely to have had a positive effect on asset retention by preventing fire sales of productive or household assets, for example. In this, the transfer also contributed to absorptive capacity by preventing recourse to severe, irreversible coping behaviours. Based on these findings, we can again argue that it is not necessarily that cash is inappropriate for building adaptive capacity, rather that it is how it is delivered and what other services accompany it that leads to these outcomes. These arguments will be developed further below.

Preliminary findings suggest that the receipt of the cash transfer is positively correlated with increases in off-farm income generation, including non-farm casual labour, small enterprise formation and other skilled and unskilled employment. This change was largest, but not statistically significant, amongst households primarily engaged in rain-fed farming. Similarly, a small and non-significant decline in overall agricultural labour rates was also noted. This could suggest that transfer recipients are more likely to diversify livelihoods as a means of hedging against the risk of over-reliance on a single source of income. This would be a positive adaptive behaviour, but one which

we cannot measure the sustainability or causality of. The change could, for instance, be explained by the fact that the supply of agricultural labour simply contracted because of low precipitation and drought, forcing households into the non-agricultural sector. This analysis is beyond the scope and limited timeframe of this study.

The analysis found noteworthy but non-significant effects on productive asset ownership. Ownership of farming tools and machinery remained constant and even increased amongst a small subset of beneficiary households, whilst livestock ownership largely fell. Receipt of the cash transfer was negatively correlated with cattle ownership, for instance, but this can in no way be attributed to the value of the cash transfer delivered by the Zimbabwe programme. What the survey inadvertently measured was adaptive change to livelihoods management as a result of extension advice. Qualitative evidence from the programme suggests that extension agents advised beneficiaries engaged in farming to dispose of cattle to prevent livestock death prior to the onset of the CTP, leading to lower rates of livestock ownership.

Beyond this, the study found no consistent changes in farming practices or trends in asset accumulation. Further, no systematic changes in shelter profile, wealth level or land tenure status were noted, suggesting that both the crisis and the CTP had no systematic effects on other measures of wellbeing or adaptive capacity beyond strengthening dietary diversity and modest increases in purchasing power. Anecdotal, qualitative evidence collected over the course of the programme does point to the potential for cash to at least incentivise adaptive behaviour. Several interviews suggest positive coping behaviours and investment practices amongst beneficiary households. For example, the initial tranches of cash transfers were used to stock food, whilst later tranches were used to invest in income generation, including the purchase of poultry and goats, which are better suited to dry conditions. Though it is impossible to infer whether the CTP directly incentivised this behavioural change, it suggests that the potential for it exists. Measuring whether this was done across the board is not possible with the data available, but it should be done in similar programmes in the future.

Against this, we can simply argue that the design of the Zimbabwe CTP did not have a strong link to adaptive capacity and should not be judged on this basis, but that in individual cases it may have benefited some households in their adaptive capacity. Because of the limitations of intervention – the value of the transfer, in particular – this finding cannot be generalised to other, similar CTPs; furthermore, any number of external factors

– factors not necessarily measured in the evaluation – could have caused this.

That being said, where strengthening adaptive capacity is the primary objective, a more complex intervention – and one in which cash should still play a part – is warranted. An example would be making receipt of cash conditional upon tangible changes towards more sustainable farming practices, access to and use of extension services, or simply embedding cash within a broader livelihoods programme. This is a core lesson which will be developed further in the recommendations section of this report.

Transformative

Broadly, transformative capacity is defined as the capacity of households and individuals to influence the environment within which they reside to manage and mitigate drivers of risk. In particular, it is the capacity to effect positive changes in local governance and decision making, market forces and, where possible, the legislative process, to bolster resilience as it is understood here.

It is extremely difficult to effectively measure and analyse transformative capacity using household data; measuring access to an institution tells us nothing of how inclusive or functional it is, and vice versa. That said, we can conduct analysis by proxy, focusing on several simple measures of individual and household transformative capacity which can help us develop broader hypotheses. These include gender dynamics and social network and social capital formation.

Findings suggest that CTP beneficiaries were 26% more likely to participate in social networks such as religious groups, cooperatives, Village Savings and Loan Associations (VSLAs) and other informal transfer groups. Crucially, the CTP increased the participation of women, too; women-led groups increased by 10%, whilst the number of women taking part in social networks increased by nearly two-thirds. Over 80% of female-headed households also began participating in social networks after the onset of the CTP. This is not to imply causality, but correlation. The outcome is at least partially attributable to the fact that CARE also delivered support to cooperatives and VSLAs in some of these areas. In this, the CTP and other governance or livelihoods-based programming enjoyed a symbiotic relationship. The CTP incentivised participation in activities and processes outside of the home by increasing mobility, whilst the groups with which CARE worked enjoyed higher rates of participation. This underscores the importance of embedding CTPs in more multi-faceted, bundled interventions, a notion explored in greater detail elsewhere in this report.

Alleviating liquidity constraints in turn reduces the mobility constraints that cash shortages cause, too. Here, mobility constraints are defined as restrictions on physical movement around and engagement with communities and institutions that come about as a result of poverty, crisis or temporary cash shortages. They can also be gender specific, which further compounds poverty-induced mobility restrictions; local social mores dictate clear gender roles and prevent women from engaging with groups, institutions and processes beyond their immediate household. More mobile households not faced with ongoing food scarcity are freer to invest time in networking, increasing social capital and improving welfare by facilitating access to credit, savings and other transfer mechanisms. In this respect, the CTP did have transformative value.

This trend of empowerment also held in household dynamics, with nearly 80% of household budgets reportedly controlled by women. With the bulk of expenditure being allocated to food, women emerged as the key decision makers in household welfare spending. A similar proportion was reported for non-beneficiary households, but the CTP appears to have increased the probability of women exerting control over household budgets by several percentage points.¹⁸ Nevertheless, control of household budgets did not necessarily translate into equality of status in general decision making, with only a fifth of households (both beneficiary and non-beneficiary) reporting joint decision making. It is important to be realistic about what cash transfers can accomplish in this respect. When faced with deep-rooted social norms, cash assistance grants mobility and empowers women, but does not wholly overturn restrictive practices.

Beyond this, the data does not support further analysis of transformative capacity in Zimbabwe. Nevertheless, we can posit a number of hypotheses. Cash transfers are largely spent on welfare items such as food and health and in that, they naturally empower women as budget holders. Helping with consumption also works to alleviate scarcity and short-termism; in this, it allows households to invest time in building social and economic capital through engagement with cooperatives, local governance committees and community-based organisations. So, we can establish a correlation between CTP participation and engagement with local institutions, but can go no further. It is unclear whether this participation immediately translates into improved household welfare or improved,

¹⁸ It is important to note that nearly half (44%) of surveyed households were headed by women, leading to a naturally higher result. This is a higher proportion of female-headed households that would be in the population per capita.

more inclusive local governance. Our methodology does not measure this, and it is a long-term change which may not have materialised in such a short timeframe.

3.2 Niger

The Niger programme – Emergency Intervention to Support Agro-Pastoralists and Pastoralists in the 2016 Severe Food Crisis in Tillaberi – sought to respond to a drought-induced crisis in acutely affected areas of the country. The Cash for Work intervention ran from February-June 2016 and reached almost 6,000 people. Though it clearly sought to reduce vulnerability and poverty rates, the objectives were more long-term and tackled a more complex set of challenges. While the cash transfer through the CfW scheme tackled poverty and vulnerability, the actual labour component of the programme supported the provision of community infrastructure and services. The programme's other objectives also included improved access to services such as climate data and natural resource management committees; improved sustainable livelihoods practices; and the strengthening of local institutions of governance. In this, the programme prioritised anticipatory, adaptive and transformative capacity building, an approach which permeates the analysis presented in this report.

Anticipatory

Our findings show a significant and positive effect on access to and use of climate information by participants in the CfW scheme (46%) compared to non-participating households (41%). This might be attributable to a combination of two factors: that participants were prioritised for information dissemination over the course of the programme, or that the additional income and participation in the CTP facilitated participants' access to platforms they may not have otherwise known about.

Female-headed households appeared to be less likely to access and use climate information in planning and farm management practices, with twice as many (60%) male-headed households reporting use of weather data as female-headed households.¹⁹ The same trend held with reported usage of livestock advice, with fewer female-headed households using this service in herd management. This is likely due to existing social norms which restrict female participation in services and platforms where this information is disseminated.²⁰

Overall, participation in the CfW scheme did not have a significant effect on access to or use of livestock management advice, with over 90% of households

making use of advice in herd management, regardless of whether they participated in the CfW scheme or not. This suggests that such information is widely available and commonly used by farming households and is likely attributable to the broader programme within which the CfW scheme was implemented. The wider intervention within which the CfW scheme was implemented supplied livestock management advice across the treatment areas, meaning that both CfW participant and non-participant households had strengthened access to such advice. This again underscores the importance of embedding CTPs in broader interventions where they incentivise adoption of more complex changes, thus bolstering longer-term sustainability.

Together, the analysis shows relatively robust access to information amongst beneficiary households, with modest but significant implications for anticipatory capacity. The CfW scheme appears to strengthen access to information, but the effect is uneven and does not address diminished access rates for female-headed households. Analysed against access to and use of livestock management advice and weather/seasonal forecast information, we can argue that receipt of CfW payments increases the probability of accessing and using climate information and extension advice when making decisions which affect livelihoods. We can then hypothesise that alleviating monetary shortages when households have more certainty about longer-term support also moderates a scarcity mindset, one in which short-term priorities prevail. In doing this, the cash transfer empowers households to prioritise improvements to wellbeing which extend beyond basic needs.

In contexts of protracted crisis or structural poverty, addressing a scarcity mindset on a large, population-wide scale can be difficult, but smaller, incremental gains are attainable. Though a broader analysis of this phenomenon is beyond the scope of this study, we can posit a limited hypothesis. Where CTPs bolster purchasing power and enhance a household's capacity to service its basic needs, the most acute effects of a scarcity mindset – protracted focus on immediate, short-term needs – are alleviated. This, in turn, incentivises positive behavioural change, including higher rates of savings and investment, leading to a compound effect which staves off the worst aspects of scarcity. It follows that the longer the duration of a CTP, the longer this effect is in place. Though we are not in a position to argue that a CTP alone has the capacity to graduate a household from structural poverty and eradicate scarcity fully, it can help address some of the household-level constraints which perpetuate it.

¹⁹ This finding is not statistically significant.

²⁰ Female-headed households account for 40% of respondents, which may exert a downward pressure on these findings.

Absorptive

Given the nature of the programme, monitoring surveys did not measure absorptive capacity in an exhaustive manner. No analysis could be conducted on standard measures of welfare, including food consumption, coping strategy use and the like, but a more concise analysis of rates of saving could be conducted.

The impact of the CfW scheme on absorptive capacity was predictably significant and a net positive, with slight variations between groups and types of practices. Overall, participants saved nearly twice as much as non-participants in the 12 months prior to the survey, with female-headed households saving an estimated 1.2 times more than male-headed households. This is in line with findings from the Zimbabwe case study: where welfare gains and judicious financial management are sought, female-headed households tend to exhibit bigger improvements than male counterparts.

Furthermore, participating households which accessed climate information saved nearly four times as much as non-participating households, though this finding was not statistically significant. Nevertheless, participation in the CfW scheme translated into supplementary income – income which contributed to other income sources a given household may already access – which effected positive behavioural change elsewhere.²¹

Adaptive

Crucially, participation in the CfW scheme appears to increase the probability of adoption of new and improved farming practices by 18%, with over 40% of households reporting adoption of two or more new practices. This is not simply cash assistance alleviating financial stress and enabling investment in change; the CfW scheme is embedded within a wider set of bundled services which incentivise these behavioural adjustments. Though receipt of cash does not necessarily translate into immediate gains in adaptive capacity, it does incentivise the adoption of advice which does build adaptive capacity.

Similarly, a higher proportion of participating households (60%) reported access to and use of improved seed varieties than non-participating households (43%), indicating a reduction in the risks that participants face. Benefits include reduced risk of crop failure, strengthened food security, improved production capacity, and higher incomes over the medium-to-long term. This increased use of improved seed varieties is likely due to greater

purchasing power and preferential access to the service through the CfW programme. Where the transfer alleviated liquidity constraints, it empowered households to invest time and resources in the adoption of sustainable practices which they would not have otherwise had the capacity to carry out.

Much as with the Zimbabwe case study, however, a striking but non-significant consequence of participation in the CfW scheme was reduced livestock ownership in comparison to non-participating households. Participants owned an average of one animal per household at the time of the assessment, whilst non-participants owned 1.3. Similar to Zimbabwe, this may have been a consequence of extension advice which counselled disposal of livestock to prevent disease and deaths. Overall, this can be considered a positive coping behaviour as the risk of keeping cattle during a drought would have likely incurred costs when the asset devalued or died as a result of the drought.

Transformative

An interesting feature of the Niger programme is its stated objective of both building and facilitating access to local governance institutions. A comprehensive analysis of the success and sustainability of this initiative is beyond the scope of this study, but the data does allow us to infer how and whether cash assistance increases the probability of participation or improves access.

For instance, a higher proportion of participants (41%) than non-participants (34%) participated in the development of local laws and conventions on resource governance, an unequivocal positive for transformative capacity. Though a correlation is present, attribution remains difficult. It may be that participant households were prioritised and sensitised to take part in the legislative process. Alternatively, higher incomes may have empowered and mobilised participant households to engage by reducing inequality at the local level, the ultimate result being higher capacity to influence decisions which directly affect welfare. In this, the programme succeeded.

Here, we refer to inequality as a multi-faceted concept encompassing inequity of income and wealth and unequal power which accompany and reinforce it. Though the CTP may not directly reduce *structural* inequality, the shorter-term income gains, coupled with the programme's broader work in governance and collective action, results in higher rates of engagement by households at the bottom of the income distribution scale. Higher income grants greater mobility and improved social standing, thus incentivising participation in processes beyond the household. The broader resilience programme which the

²¹ An analysis of how and whether these savings are invested is beyond the scope of this analysis and the data it used. Any such investments would take time to materialise, requiring a longer timeframe.

Niger CfW activities are part of provides an alternative platform for collective action and an *alternative* entry point into the legislative process for households which do not normally participate in local governance, through the formation and mobilisation of local community groups. In this, the programme works to reduce, but likely not eliminate, the inequality we have defined here.

The effect was, strikingly, slightly higher amongst female-headed households participating in the CfW scheme, with 46% of female-headed households reporting participation relative to 38% of male-headed households.²²

Female-headed households were also reportedly more knowledgeable about the rules and conventions governing natural resource management, which was an explicit objective of the overall programme. Indeed, women were prioritised for participation in the programme. Again, this is likely explained, at least in part, by increased incomes effecting greater mobility and freeing up greater resources for engagement in these processes.

This allows us to infer that the success of the programme seems to lie in its ambition. The bundled services the programme offers are complementary and empowering, leading to the positive outcomes we have summarised here. It is not necessarily cash leading directly to improvements in an individual's capacity to influence the broader institutional environment; causality is rarely so linear. Rather, cash assistance can empower, remove restrictions and ultimately incentivise norms and practices which poor, resource-scarce and disenfranchised households may not have otherwise adopted.

²² The finding is not statistically significant, but is indicative and should not be discounted.



4 Conclusion

Our analysis has shown that CTPs can have applications which extend well beyond the often narrow, targeted objectives to which they have been deployed thus far. We observe effects which, to varying degrees, extend to all four capacities of CARE’s resilience framework and argue that cash-based interventions can and should be deployed more ambitiously, both solely as CTPs and in support of more complex, bundled interventions in service of CARE’s work.

The most clear-cut effect is, as expected, on absorptive capacity, a trend which held across both case studies. Receipt of the cash transfer correlated positively with dietary diversity, increased investment rates and a trend towards positive coping behaviours such as livestock destocking. In Zimbabwe, our findings indicate that the CTP contributed to increased purchasing power and to arresting, but not reversing, the growth of food insecurity; we also note that this was due to external factors and not necessarily because the transfer itself was ineffective. In Niger, beneficiaries saved nearly twice as much as non-beneficiaries, with a disproportionate gain amongst female-headed households; women saved an estimated 1.2 times as much money as their male counterparts.

The effect of cash on adaptive capacity was somewhat less conclusive, though we do note that a relationship

nonetheless exists and can be strengthened. For instance, our findings suggest that in Zimbabwe, the receipt of cash was positively correlated with income diversification and a shift towards off-farm income generation. This may have been due to external factors such as the seasonal contraction of farm labour, with the transfer playing a supporting role. The most striking effects were on productive asset ownership, where receipt of the transfer correlated positively with the retention of assets including farming machinery and tools. Furthermore, anecdotal evidence from Zimbabwe does suggest the *potential* for a greater effect on adaptive capacity, with nascent levels of investment in productive, drought-resistant activities by a small subset of beneficiaries. The modest rate of this phenomenon can be attributed to the small transfer value, and is discussed in the recommendations.

In Niger, the effect of participating in the CfW scheme was more definitive. Our findings suggest an increased probability of adoption of improved farming practices and improved seed varieties. Though the transfer alleviated monetary problems and as such increased the likelihood of making use of advisory services, we also attribute this to the other components of the programme which made extension and advisory services explicitly available to beneficiary households.

Similarly, our analysis demonstrates a significant and positive effect on access to and use of information and

advice in decision making by beneficiary households in Niger, directly contributing to their anticipatory capacity. This extended from the use of climate and weather information in sowing and harvesting decisions, to land management practices. The same held true for access to and use of livestock management advice. We therefore argue that the receipt of CfW payments alleviates credit constraints and increases the probability of accessing advisory and information services, whilst also increasing the probability of integrating these into decision making around future income and food generation.

Finally, and most interestingly, the study demonstrated the application of cash in improving transformative capacity. Our findings are by no means conclusive, but they show the potential for cash to incentivise and support beneficiaries in engaging in collective action. In Zimbabwe, women were the most significant beneficiary group. By providing a financial reprieve, the transfer contributed to a significant growth in the engagement of women in community groups and vehicles such as VSLAs. In this, the transfer contributed positively to both social capital formation and the capacity of women to engage in processes which had a direct impact on their welfare. Similarly, we found that in Niger, participation in the CfW scheme was positively correlated with participation in local governance processes. Again, the effect was most pronounced for women.

Overall, a key, overarching conclusion is that cash can effect change on multiple levels. At the household level, it translates into an income premium and strengthens purchasing power, leading to tangible gains in the short term. More broadly, though it does not automatically translate into positive, adaptive behavioural change, it does incentivise it and increases the probability of adopting new, more sustainable practices, especially in livelihoods management. Finally, it also testifies to a key strength of CTPs: their flexibility. Cash can complement and should be complemented by more complex programming, and this is an avenue we discuss in greater detail in the recommendations.

5 Recommendations

The following is a set of recommendations designed to strengthen the manner in which CTPs can be used to support resilience building. All recommendations are evidence-driven and drawn explicitly from the analyses presented here. With that, they primarily apply to CARE's cash transfers and resilience programming, but the lessons and insights they are based on can be adapted and applied elsewhere. Finally, given that our analysis shows the potential for impact across all four resilience capacities, our recommendations cut across all four

capacities as well. The recommendations are by no means a panacea and are not programmatic requirements; they represent a guiding vision of what could or should happen if CTPs are to become more effective in how they strengthen resilience-building interventions.

Wherever possible, integrate resilience into all CTPs in protracted or cyclical crises

For chronic or protracted crisis interventions, one should work to ensure that two or more resilience capacities are integrated into the programme design. This analysis has demonstrated that the impact of cash assistance can extend beyond short-term improvements in consumption, and future programme design should reflect this evidence. In doing so, we need to ensure that there is also a concerted effort to integrate and measure resilience in CTPs, therein strengthening the case for the use of cash in resilience-based interventions in the future.²³

Unconditional cash assistance is most appropriate at building shorter-term absorptive resilience

Despite its limited scope, our analysis has shown that unconditional cash transfers, delivered in multiple instalments, are best suited to the shorter-term objective of strengthening a household's ability to manage and absorb shocks. Acting as makeshift welfare nets, unconditional transfers support short-term consumption and effectively deliver gains in key areas of household welfare. Sustainable, longer-term gains in resilience require more complex programming.

Unconditional cash should be delivered in complex emergencies or immediately after the onset of crises to arrest further spiralling of vulnerability. Ideally, these transfers should:

Prioritise female-headed households or female household members as recipients to maximise impact

The Niger case study demonstrates that rates of saving are higher amongst female-headed households, a trend recognised across the developing world. Our analysis also shows higher rates of dietary diversity amongst female-headed households. By prioritising this group, the impact on basic welfare outcomes is likely to be higher. This is most appropriate in contexts similar to Zimbabwe, where building absorptive capacity through a basic CTP is the priority.

Maximise the duration of transfer programmes

A nascent evidence base from our case studies supports the hypothesis that not only do multiple tranches

²³ See for further recommendations CARE (2017) *Monitoring and evaluation of cash transfer programmes for resilience*.

delivered for longer stretches at monthly intervals strengthen absorptive capacity, they also support positive, adaptive behavioural change and can lead to lower rates of negative coping strategy use. In Niger, this correlated with higher rates of savings; in Zimbabwe, it showed the potential for supporting graduation to adaptive behaviour through investment in productive assets and sustainable livelihoods practices. Where it is not feasible to deliver cash to cover needs over six months or more, transfer values should be increased to reflect the full cost of basic needs in real market prices. This will ensure that transfers service the totality of basic needs, provide households with disposable income in times of crisis, attenuate short-termism and incentivise higher rates of investment in inputs and capital goods.

Replicate the Zimbabwe programme and integrate cash transfers with the provision of advice and access to key information

In Zimbabwe, this took the form of a nutritional information campaign in tandem with the CTP, which likely contributed to higher rates of dietary diversity. Where arresting spiralling food insecurity and strengthening absorptive capacity is the primary objective, this practice should be replicated. This can take the form of nutritional advice provided at the point of distribution, as well as a referral mechanism to detect and treat malnourishment amongst beneficiary households where absorptive capacity is the priority. Nevertheless, the same approach can be applied to other forms of advisory and information services, too. Our analysis clearly shows that CTPs incentivise higher rates of access to and usage of key information. Access to extension services and livestock management advice in Niger is a case in point. Where droughts are recurrent, for example, CARE should make use of its extensive experience in strengthening rural livelihoods by offering free information and counselling on sustainable livelihoods practices, even if a complex livelihoods intervention is beyond the scope of the CTP. This can take the form of an information campaign managed and delivered by CARE, or simply by pointing beneficiaries in the right direction and making them aware of the existence and availability of advisory and/or extension services elsewhere.

Use robust formulae to calculate transfer values

CfW programmes carried out in Ethiopia and Niger designed wage rates according to the real cost of labour. In Niger, this was drawn from labour market assessments. In Ethiopia, two approaches were used. The wage rate used in the government Productive Safety Net Programme (PSNP) was adopted in regions where it was felt that this amount was a reflection of market rates. When it was deemed that the PSNP rate was inadequate to

meet CfW objectives, the Ethiopia team carried out a wage rate assessment of skilled and unskilled labour at village, rural and peri-urban levels, taking into account market prices of key commodities, beneficiary needs and how much of the Minimum Expenditure Basket (MEB) could be covered by households' own resources. Using real labour/commodity prices, the Niger and Ethiopia programmes maximised absorptive capacities. Conversely, the Zimbabwe case study demonstrated that the transfer values did not initially reflect the real market prices of basic, key consumer goods; therefore, there was the risk of greatly diminished impact. Our analysis suggests that because of the manner in which transfer values were calculated in Zimbabwe – using average household expenditure on food (from the demand side) during the first phase of the programme, and not real food prices through market assessments (the supply side) – the effect on per capita expenditures, food consumption levels and in turn, negative coping strategy use, remained modest and uneven.²⁴ As such, the transfer likely failed to strengthen absorptive and adaptive capacity to the extent that it could have if the transfer had been calculated using a different, more robust method grounded in real market prices.

As such, we propose using the Minimum Expenditure Basket methodology,²⁵ developed by the Cash and Learning Partnership, to address this effectively and ensure that the transfer bolsters household purchasing power in line with real prices. The MEB formula:

1. Reflects real prices;
2. Can be adapted to any consumption basket across any geography and context;
3. Requires minimal data collection and investment of resources to calculate;
4. Can be monitored at regular intervals, enabling real-time, data-driven changes to management and transfer values.

Transfer values should be calculated at the outset of a programme following a market assessment and adapted according to changes in the operating environment, such as increased inflation or needs, warrant a change

Market price monitoring, conducted at regular, monthly intervals, would allow CARE to detect price inflation

²⁴ In the second phase, when it was noted that prices rose, the transfer value was increased to ensure that the gain in purchasing power was maintained, although this still used the prices of the food basket for its calculation.

²⁵ For a full methodology on how to calculate and deploy the MEB formula, please refer to the annex of this report.

and adjust transfer values accordingly to ensure that the transfer continues to cover basic needs. This would avoid the initial pitfalls observed in the Zimbabwe case study and would serve to strengthen absorptive capacity. It would also increase the probability of beneficiaries investing any disposable income in more productive ventures and assets, especially if combined with the above recommendation on the provision of advice and counselling.

Where contextually appropriate, avoid pegging the size of the transfer to household size if there will be multiple transfer tranches to the household. Evidence from the Zimbabwe midline evaluation suggests changing family sizes and compositions over the course of the programme, heightening the risk of fraud. To mitigate this, the recommended approach is to use a baseline survey or pre-existing census data to calculate an average household size, and calculate the value of consumption requirements according to this figure.²⁶

Conditionality is more appropriate for strengthening adaptive capacity and should be deployed through Cash for Work programmes

Cash for Work programmes are most appropriate in economically depressed, labour scarce settings where more sweeping, macro changes are sought

This type of CTP still addresses acute vulnerability and absorptive resilience, but prioritises investment in infrastructure provision and rehabilitation such as irrigation systems, road construction and maintenance, shelter construction, etc.

This programme is best suited to post-crisis settings where no large-scale change (such as imminent mass displacement, for instance) is expected as the gains being sought are longer-term. Protracted displacement settings such as established displacement camps, where the beneficiary population is largely fixed and not mobile, are also appropriate for this form of intervention. They bring about adaptive change by investing in infrastructure resources which precipitate alternatives to rain-fed agriculture, enhance market access and increase incomes by reducing transaction costs. Improved road access, for example, reduces the cost of transport, including time spent in transit, goods lost during transit, and money invested in transporting. This then translates to an income gain over the medium and long term at both household and, ultimately, community level.

Cash for Work interventions are best suited to crisis-affected or at-risk areas where spiralling food insecurity

and the risk of famine is not prevalent. For such contexts, easily deployable, flexible and effective CTPs akin to the Zimbabwe programme are the most appropriate. CfW interventions act at two separate but related levels, the household and the community.

As a form of public investment, they increase demand for labour and generate employment in impoverished communities, directly benefiting individual households through wages for services rendered. Our analysis has shown that these wages increase purchasing power and thus strengthen absorptive and, potentially, adaptive capacity. Secondly, CfW schemes tend to support the provision of public goods, including basic, communal infrastructure such as irrigation systems and roads; both were part of the Niger programme, for example. The multiplier effect of these is broad. The construction of roads reduces transport and transaction costs for farmers, easing access to markets for the sale of surplus, and improving profits. Access to irrigation systems reduces the risk from rain-fed agriculture, improving sustainability of production, increasing incomes, securing food supplies in lean seasons and improving adaptive capacity at the community and household level. The potential gains are widespread.

Wherever possible, integrate Cash for Work programmes with extension programmes and the creation of resource management committees

This is taken from the Niger programme as a best practice: if the change brought about by infrastructure provision is to last, it must be institutionalised locally. Resource management committees should be created at the outset of a programme and should be involved in its design, management and eventual maintenance to ensure sustainability. Beyond this, mobilising beneficiaries to participate in collective action such as natural resource management has the added impact of strengthening transformative capacity. Encouraging participation directly empowers households to shape and determine processes which have a tangible impact on their welfare and in this, CfW interventions are unique in the opportunities they offer.

CTPs should be coupled with collective action structures wherever possible

Our findings suggest that the receipt of cash incentivises a broad array of behavioural changes. One such change is the little studied capacity for CTPs to increase rates of participation in processes of collective action and local governance; this held true across both the Niger and the Zimbabwe case studies. The changes indicate that the receipt of cash transfers has a positive effect on social

²⁶ A more comprehensive explanation, using a case study, is available in the annex to this report.

capital formation, livelihoods practices and decision making, key facets of transformative capacity.

That said, we recommend that CTPs are coupled with the creation of platforms and vehicles of collective action on the one hand, and on the other, with mobilisation for participation in local governance processes wherever opportunities exist. The former would include the creation of new or expansion of pre-existing VSLAs or cooperatives, whilst the latter would take the form of an awareness campaign or the formation of governance committees, touching on CARE's long-standing experience in VSLA and governance programming. Further, our analysis suggests that the likelihood of engaging in such initiatives is particularly heightened amongst women and female-headed households and therefore we recommend that women are prioritised for any such programme in the future.

Finally, though cash does incentivise changes in transformative capacity, in the short term, this does not automatically translate into broad changes in governance or market forces. It is important to be realistic about the scope for change, and higher participation rates should be considered a positive outcome in and of themselves.

Small investments in changing the way CTPs are delivered or complemented can result in broader changes we do not conventionally associate with cash assistance. Our analysis suggests that an opportunity has presented itself to expand cash transfers beyond their traditional remit of supporting absorptive capacity or humanitarian interventions, and we should be more ambitious in the goals towards which we deploy cash, and consider other interventions within which CTPs can trigger broader resilience building.

Annex: Technical addendum

The following is a technical addendum designed to complement the recommendations outlined in this report. This annex outlines a technical methodology for the design, adaptation and deployment of the Minimum Expenditure Basket (MEB) formula for determining cash transfer values.

The Minimum Expenditure Basket

The Minimum Expenditure Basket (MEB) is a way of establishing poverty lines or the full cost of basic needs for beneficiary populations. It is emerging as the primary tool to develop a monetary and market-based expression of servicing basic needs for a given household in any given context. It broadly follows the notion of a 'cost of basic needs approach' as outlined in the World Bank's 2005 Introduction to Poverty Analysis.²⁷

Poverty is defined as a 'pronounced deprivation in well-being',²⁸ which is related to the command over and access to basic consumer goods and services. The MEB is the expression of the monthly cost per capita of these goods and services. This implies full access to all rights and represents the minimum needed for impoverished households to lead a dignified life.

Determining the MEB serves three functions: a) it is a holistic reflection of need as perceived by crisis-affected populations, including those needs that fall outside of traditional sectors, eg communication, transport, and the like; b) by determining what should be in it, we know which markets for goods and services should be included in market assessments and price monitoring; c) by determining the design of the transfer value, it is flexible and can be aligned or realigned to the objectives of the programme and the vulnerability of the target group; and d) it is adjustable in real time and can be changed to increase/decrease purchasing power in line with rates of inflation. Above all, its contents, and therefore the value it yields, are adaptable to any crisis programmatic objective or context. Where food consumption is the immediate priority, the content of the MEB can be altered to reflect the cost of consuming 2,100 kilocalories (kcal) per person per day, for instance; this is then computed into a monetary value and transferred to beneficiary households.

In general, minimum consumption requirements vary from country to country, but a global approach assumes food (embodied in the 2,100-kcal per capita/day benchmark), shelter or the cost of rent, utilities (including water and

electricity), clothing and primary or emergency medical care. The contents of this global consumption basket can then be adapted as CARE sees fit.

Methodology

Once contents are determined, they can be computed in tabular form. An example from the Lebanon Cash Consortium can be found below and reflects **the full cost of living, for a single month, for an average family of five.**

Once computed, a price monitoring exercise is conducted in the pre-determined area of intervention. The cost of each item is surveyed across multiple vendors in markets used by the beneficiary population, and the cost of each is then averaged to yield a monetary expression of the basic cost of living.

Price monitoring exercises using the same consumption basket are then conducted at regular intervals spanning two to four-week periods on a longitudinal basis. This allows us to monitor price fluctuations and/or price inflation and adjust the value of the transfer where needed.

²⁷ World Bank Institute (2005) *Introduction to poverty analysis*, <http://siteresources.worldbank.org/PGLP/Resources/PovertyManual.pdf>

²⁸ World Bank Institute, p8.

	Products	Quantities per capita in grams	Quantities per household	Amount in Lebanese pounds	Amount in US\$	Comments
Food basket	Ration per month					
	Lemon	900		982.1	1	Minimum food expenditure basket per household (HH) with World Food Programme (WFP) ration to meet nutrient needs + 2100 kcal/day
	Lettuce	1950		4,608.0	3	
	Egg	600		2,331.4	2	
	Bread	2100		3,590.1	2	
	Milk powder	600		8,533.0	6	
	Egyptian rice	3000		5,530.8	4	
	Spaghetti	1500		3,664.0	2	
	Bulgur wheat	3900		6,705.3	4	
	Canned meat	1140		10,274.8	7	
	Vegetable oil	990		2,622.9	2	
	Sugar	1500		1,993.4	1	
	Lentils	1800		4,208.0	3	
	Iodised salt	150		76.0	0	
Total food expenditure/person				55,119.8	37	
Total food expenditure/HH				275,599.0	184	
Non-food items	Prices collected by Cash Working Group actors					
	Toilet paper		4 rolls/ packet	1,233.3	1	Quantities harmonised by the Non-Food Items (NFI) Working Group. Minimum NFI required.
	Toothpaste		2 tubes/ 75ml	4,132.4	3	
	Laundry soap/ detergent		Bubbles 900gr	4,073.2	3	
	Liquid dishes detergent		750ml	2,478.8	2	
	Sanitary napkins		3 packets of 20 pads per packet	8,051.7	5	
	Individual soap		5 pieces of 125g	2,461.8	2	
	Hypoallergenic soap		125g per bar	1,298.2	1	
	Disinfectant fluid		500ml	3,891.5	3	
	Shampoo		500ml	4,022.5	3	
	Diapers		90 per packet	14,599.3	10	
Fuel	Cooking gas	1kg		2,733.3	2	
Total NFI expenditures				48,976.0	33	

	Products	Quantities per capita	Quantities per household	Amount in Lebanese pounds	Amount in US\$	Comments
Other NFI	Based on HH surveys					
	Clothes		per month	37,050.0	25	Based on average expenditures collected through post-distribution monitoring (PDM)
	Communication cost		per month	34,095.0	23	Based on average expenditures collected by PDM
Shelter						
	Rent		per month	290,075.0	193	Average rent regardless of type of shelter. Weighted according to % of population residing in shelter.
WASH						
	Water supply		per month	71,250.0	48	Monthly cost of water per HH in normal situation, 35l/person/day according to normal standard
Services	Based on HH surveys					
	Transportation		per month	40,375.0	27	Based on average expenditures collected by PDM
	Health		per month	14,250.0	10	According to health sector, adults will do 2 medical visits per year + drugs and diagnostic test which costs US\$16 per year/adult. Children <5 will do 4 medical visits per year which costs US\$33 per year/child. We took the assumption that a HH was composed of 2 adults, 1 child>5 years and 2 children<5 years. Calculation: (16X3+33X2)/12
	Education		per month	45,487.5	30	Based on average expenditures collected by PDM
TOTAL MEB				857,157.5	571 US\$	



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