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The Effectiveness of Cash and Cash Plus Interventions on Livelihoods Outcomes

Evidence from a Systematic Review and Meta-analysis

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Background

Cash transfer programs have become increasingly popular tools for fighting chronic poverty and food insecurity in low- and middle-income countries (Fiszbein and Schady, 2009; USAID, 2022; WFP, 2023). Cash transfers offer recipients flexibility by permitting them to finance immediate consumption needs or to increase future income streams through investments and savings. Moreover, these programs are generally feasible to implement and scale across diverse contexts. While studies consistently show cash transfers effectively reduce poverty in the short term, the evidence on their long-term impact is less clear.



Photo credit: Mikkel Ostergaard / Panos Pictures

In response to these concerns, “cash plus” interventions couple cash transfers with complementary interventions aiming to help households enhance their existing livelihood activities or to diversify into new activities to break the cycle of chronic poverty and build resilience. The use of these interventions is often motivated in part by the goal of making the effects of cash more sustainable (FAO, 2018). Examples of complementary interventions include training programs in financial literacy or business management, or the provision of productive assets like livestock or larger lump-sum cash transfers to facilitate the launch of new or improved income-generating activities.

Over the last two decades, a growing body of research has analyzed the impact of both cash and cash plus interventions in a wide range of settings, using both experimental and non-experimental methods. We conducted a systematic review and meta-analysis to examine the effectiveness of cash and cash plus interventions on livelihood outcomes (consumption, food consumption, income, and labor force

participation) across diverse settings, including in fragile and conflict-affected areas. While additional measures of self-reported food security were not included in the protocol, food consumption effectively captures the quantity and quality of households' food supply. The review was part of the 'Learning Support for a Sub-Saharan Africa Multi-Country Climate Resilience Program for Food Security', a joint initiative of the Norwegian Government, the World Food Programme (WFP), and CGIAR.

Methods and Data

We employed a systematic search strategy across development economics and social policy databases to identify studies rigorously evaluating the impact of cash or cash-plus programs in low- and middle-income countries. Included studies used robust quantitative methods like randomized controlled trials, regression discontinuity designs, difference-in-differences approaches, or statistical matching. All studies compared the program's effects to a control group that did not receive cash transfers.

In total, the review included a sample of 104 studies, encompassing 155 different treatment arms. We then extracted information from the studies about the context, interventions, and impacts of the interventions. We define interventions as follows. An unconditional cash transfer is a transfer disbursed to households without any required conditions that they must meet in order to access cash; a conditional cash transfer is disbursed only if households meet required conditions (typical requirements include school attendance and/or the use of preventive health services for children). Both unconditional and conditional cash transfers can be implemented in conjunction with additional interventions (for example, training, asset transfers, savings groups, nutrition behavioral change counseling, or a wide range of other interventions). Additional interventions are defined as either livelihoods-related (training, savings groups, assets, etc.) or health-related (behavioral change counseling, psychosocial support, etc.)

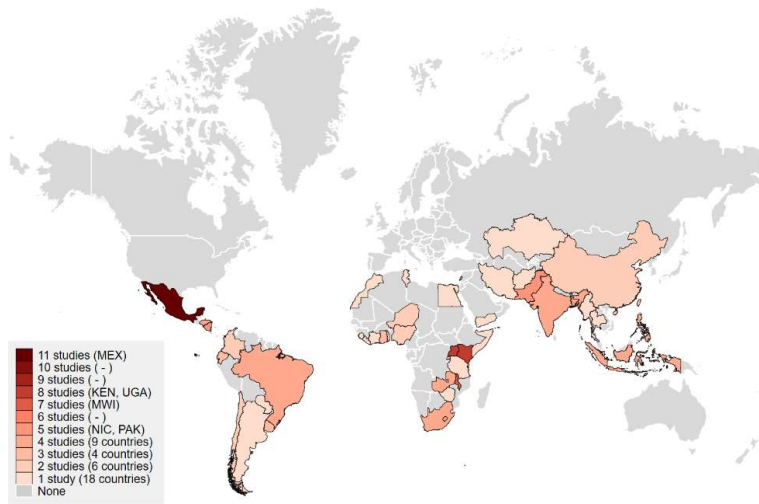
Within our sample, 117 interventions were pure cash transfer interventions, 26 combined cash with livelihood interventions, and 11 combined cash with other, typically health-related, interventions. Six studies evaluated programs by the WFP, encompassing nine pure cash interventions; three cash plus, non-livelihood interventions; and no cash plus livelihood interventions.

Finally, we aggregated the impact estimates using a random-effects meta-analysis methods, accounting for the dependence across multiple treatment effects estimated for the same program. We focus on estimating the shifts in consumption and income generated by a USD\$100 transfer, in purchasing power parity (PPP). We also present results from meta-analysis regressions that analyze how characteristics of the context, transfer, and study moderate the observed effect sizes.

Findings

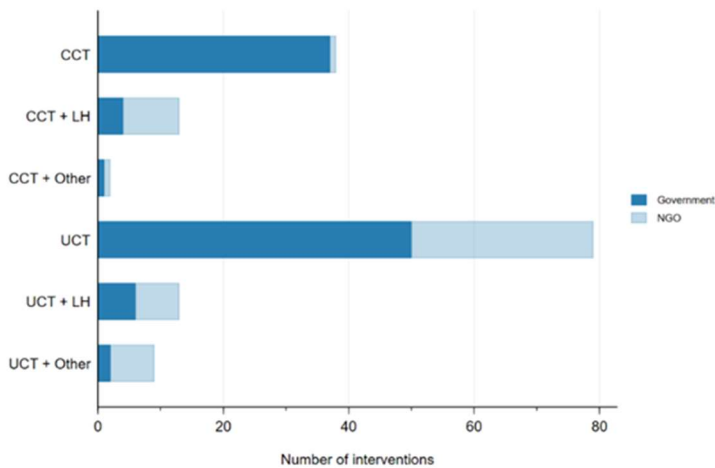
The review encompasses evidence from a wide variety of cash transfer programs implemented around the world by various actors, including studies and programs from 43 countries (Figure 1). Mexico is the most represented site, included in 12 studies, thanks to the extensive research conducted on the country's flagship conditional cash transfer program, Progresa. This is followed by Kenya (eight), Uganda (eight), and Malawi (seven). There is a notable absence of evidence from many conflict-affected and fragile sub-Saharan African countries such as the Democratic Republic of Congo, Mali, and Mozambique. Indeed, only 14 studies and 42 cash or cash plus interventions took place in a fragile and/or conflict-affected setting, highlighting a clear evidence gap.

Figure 1: The geography of evidence



More than half of the interventions were unconditional cash transfers, and one-fourth were conditional cash transfers, neither of which had complementary programming (Figure 2). Two-thirds of all interventions were implemented by governments, with the rest typically implemented by non-governmental organizations (NGOs).

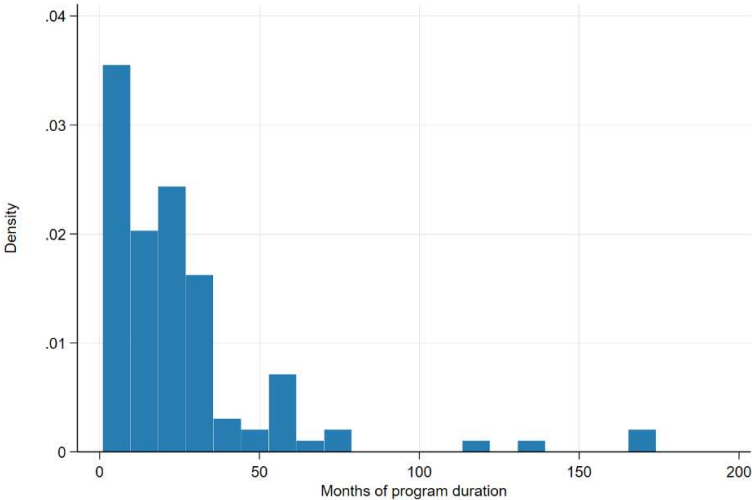
Figure 2: Interventions and their implementors



Note: The NGO category also includes a total of five interventions implemented by UN agencies and researchers themselves. UCT = Unconditional cash transfer, CCT = Conditional cash transfer program. LH refers to livelihood-related complementary interventions.

The median duration of cash transfers across programs varied substantially (Figure 3), with most programs offering regular payments and about one-third including a large one-off lump sum (Figure 4). The median monthly, bi-monthly, and quarterly payments ranged between \$55 and \$107 PPP while the median one-off lump sum transfer was \$900 PPP (Figure 5). The median total (expected) amount of cash received per household was nearly \$1,500 PPP, but this average hides enormous heterogeneity across studies (Figure 6). In terms of the duration of follow-up, over half (53 percent) of the evaluations assessed cash transfer programs that were still ongoing at the end of the study period. The median follow-up period for the remaining evaluations that focus on programs that have ended was 13 months after the final transfer. This suggests that most studies quantify short-term effects.

Figure 3: Transfer duration



Note: This summarizes the average program duration (inclusive of the period of cash disbursement and the period of any cash plus implementation).

Figure 4: Payment intervals

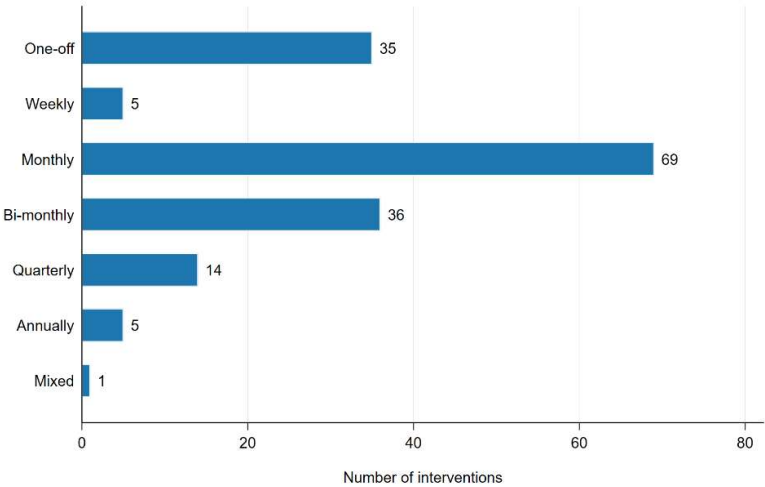
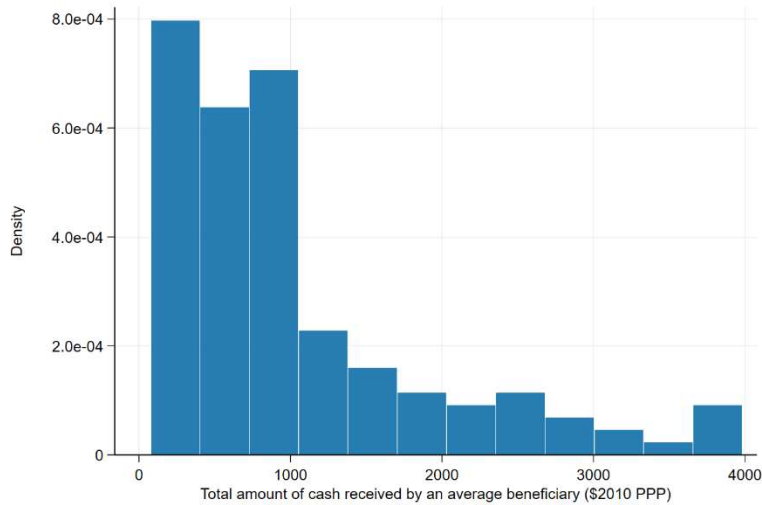
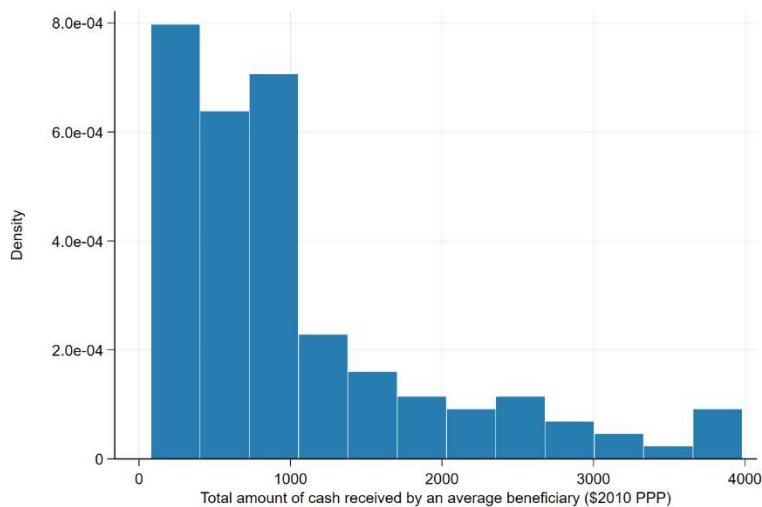


Figure 5: Total (cumulative) transfer amounts



Note: Transfer amounts above the 95th percentile of the transfer distribution are omitted.

Figure 6: Transfer amounts pre tranche, by most common payment structure



Note: This graph includes only the most common payment structures.

Our meta-analysis findings suggest that cash transfers lead to an increase of around \$1.50 to \$2 in monthly household consumption and income per \$100 transferred, at a median follow-up point of 24 months following the first transfer. While these cumulative transfer effects may initially seem small, they are sizable when benchmarked against the average program duration (19 months), and the average measured post-program follow-up period (13 months). We estimate a total consumption effect in the range of \$50 per \$100 transferred but find no economically meaningful effect (positive or negative) of cash transfers on labor force participation. This effect could arise if, for example, individuals are initially cash-constrained in generating a small business as a source of self-employment or if an infusion of cash facilitates a search for wage employment. This finding holds when we separate the effects for men and women. Moreover, we find no meaningful difference in the results between programs that were ongoing at the point of follow-up measurement and those that had already concluded. This suggests no

pronounced decay in cash effects within the relatively short follow-up periods generally observed in the sample.

When we re-estimated the analysis for a cumulative effect considering \$100 cash transfers delivered as part of cash plus livelihood programs, we found a significantly higher cumulative effect, ranging from \$80 to \$100, and up to \$500. However, these potentially larger benefits come with a significant trade-off: considerably higher costs for cash plus programming. While cost data is often lacking, available estimates suggest that some intensive cash plus programs may have costs equaling or even exceeding their estimated benefits. However, one important caveat is that these findings cannot be extrapolated to draw any conclusions about the long-term effects of cash transfers given that the available body of evidence is primarily short-term.

We find no significant difference in the effects of unconditional versus conditional cash transfers. Lump sum transfers and programs implemented by governments generally show a smaller impact on consumption, although these patterns are not entirely consistent. We also analyze variation in effects by context. Cash transfers appear to have somewhat smaller effects in sub-Saharan Africa, the most common region studied in this review. There is no evidence of differential effects in fragile or conflict-affected settings. However, the limited number of studies in these contexts requires caution when interpreting this finding.

We discuss a range of reasons why the effect of transfers on consumption appears to be other than one-to-one: implementation errors leading to true transfer receipt being lower than estimated transfer receipt; household use of transfers for investments with low returns or returns observed only in the medium-term; and transfers directed to expenditure categories not typically captured in consumption aggregates.

Conclusions

Our findings suggest that cash transfers generate robust positive effects on household consumption and income but no significant shifts in labor force participation. We find substantially larger positive effects for cash plus programs (where cash is supplemented with additional interventions) compared to cash transfers alone.

Our review also identifies a number of evidence gaps. First, the limited number of rigorous studies in fragile and conflict-affected settings hinders our understanding of how cash and cash plus programs perform in such contexts. Second, the majority of studies focus on the short-term effects of cash and cash plus programming. However, given the concerns regarding the long-term sustainability of cash-based programming, there is a need to follow the longer-term welfare trajectories of recipients, particularly after cash payments cease. Finally, to meaningfully assess the relative performance of cash plus interventions against interventions based on cash only, data on program cost are critical. However, program costs are rarely collected and reported.

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