Social cash transfers, generational relations and youth poverty trajectories in rural Lesotho and Malawi

Policy brief 5: Producing sustainable and effective cash transfers

Findings from an ESRC-DFID-funded research project January 2019

Key points

Cash transfers as a poverty reduction strategy more often benefit young people indirectly than directly. This research investigated young people's own views about how policy might best help to improve their lives. This brief highlights that:

- **For cash transfers to be sustainable without donor support, engagement between development partners and the country's politics is crucial**
- **A fragmented policy and donor environment can harm the national ownership of cash transfers**
- **"Cash plus" interventions require a better understanding of perceptions of poverty in beneficiary communities**

This policy brief, number five in a series of eight, looks at some of the main policy issues that have come forward from research among policy-makers in Lesotho and Malawi. Policy Briefs 7 and 8 provide more information on the cash transfers in Lesotho and Malawi respectively. These points should be considered by policy makers if the cash transfers they design are to be sustainable and effective.

The research

Social cash transfer schemes, which disburse cash to poor people, are known to address symptoms of poverty among their target populations, particularly children and the elderly. However, poverty cannot be fully understood by focusing on symptoms alone. Poverty is produced through structural power relations including social relations of gender, age, generation and class. To fully understand the impacts of cash transfers, this research examines how cash transfers intervene in, and are negotiated through, these social relations. It focuses on Lesotho's Old Age Pension and Child Grants Programme and Malawi's Social Cash Transfer Programme. Based on in depth qualitative research in one rural community in each country, the research contributes to a more nuanced understanding of whether, and to what extent, cash transfer schemes are transforming poverty in rural African communities.

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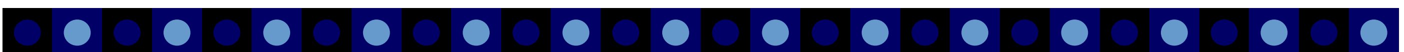
For cash transfers to be sustainable without donor support, engagement between development partners and the country's politics is crucial

Political support is essential to the sustainability of social cash transfers. This sustainability is important in order to achieve some of the long-term benefits cash transfers can create, for example by building human capital. As donors are reluctant to fund cash transfers indefinitely, national political support must be built. For this, development partners should continuously engage with politicians, rather than taking a purely technocratic approach to the programme's design and implementation. Currently, development partners often hold the opinion that programmes are best designed technocratically, and any kind of involvement of politics represents unwanted interference. However, the former Director of Planning at Lesotho's Ministry of Social Development argued that *"Politics don't interfere, politics are leading. [..] You get politics to commit to the broad objectives. Now the rest is left to bureaucrats, to the technocrats".*



It is important for development partners to work from the outset on obtaining political commitment because this research finds that impact evaluations have limited effect in convincing politicians of the merits of specific cash transfers. Key political decisions affecting the cash transfers were not made on the basis of research. One reason for the lack of effectiveness is that impact evaluations often narrowly look at (specific indicators of) one programme while politicians sometimes use different evaluation criteria and make trade-offs between programmes. The risk of insufficient political, and thereby financial, support is that when donors reduce their funding, beneficiaries become the victims. Therefore, continuous direct engagement between donors, other development partners, and politicians is necessary in order to make cash transfers more sustainable.

A fragmented policy and donor environment can harm the national ownership of cash transfers

A sense of national ownership over cash transfers is also essential to their sustainability. This is put at risk when the policy landscape is highly fragmented and involves multiple donors/development partners. Different development partners tend to have their own requirements and policy preferences, which individually do not necessarily pose a problem but when combined create considerable burdens for governments. As each development partner tries to convince government of the merits of its proposal, there is a risk of the programme becoming perceived as a "donors' thing". Problems are created when there are multiple development partners who each push for their own preferred design, which might differ from the government's own ideas. This creates a situation where government needs to convince each individual development partner to abandon their own plans and to adopt the government's vision. These negotiations require a lot of time, skills, and resources from the government without guaranteed success, as the examples below help to illustrate.

In Malawi, most donors to the Social Cash Transfer Programme insist upon using their own way of financing the programme, as well as on how the cash should be delivered to the beneficiaries. This situation makes it difficult for the government to push forward its own preferred model: harmonised funding and delivery through e-payments. Individual donors continue to disagree with each other's and government's models and refuse to wholeheartedly follow the government's lead.

Lesotho's Child Grants Programme, by contrast, had only three main stakeholders: the EU, the government, and UNICEF. The EU's Head of Delegation, Lesotho's Minister of Finance, and UNICEF's Country Representative formed "a kind of triangle which could get the balls rolling", according to the former Head of Delegation from the EU. The fact that just a few actors had to come together and agree helped to create government buy-in. This contributed to the Government of Lesotho taking over the full funding of transfers merely four years after the programme started. This example illustrates that a more harmonised policy environment makes it easier for a government to feel part of the programme as it develops and reduces the burden of negotiating every policy proposal with different development partners. As a result, government can feel more ownership over the cash transfer, which can contribute to its sustainability.

“Cash plus” interventions require a better understanding of perceptions of poverty in beneficiary communities

When developing new interventions at the central level, care needs to be taken to ensure local perceptions of poverty and deservingness are taken into account. This applies in particular to interventions that are meant to complement cash transfers such as humanitarian transfers or so-called cash+ programmes. This is especially acute in contexts where poverty levels are high and when there is little difference within the community in terms of how poor its members are. These communities often have the opinion that many households deserve support. They resent the idea of one household benefiting from multiple interventions because “everyone is needy”.

Households that already benefit from cash transfers can be – and are regularly – excluded from additional interventions because the community feels it is someone else’s turn to benefit. This exclusion is a direct result from the continued strong reliance on community-based targeting approaches. Relying more on proxy means tests, however, is no panacea as these generally fail to account for dynamic and fluid household relations, as discussed in Policy Brief 2, and ignore local power dynamics that shape a programme’s implementation. Moreover, policies that seek to push multiple interventions at one household can negatively affect the social relations of people ‘benefiting’ from them. Within the community, these social relations are important because people strongly depend on each other, so disruption of social relations can create future problems. As a result of these dynamics, programme implementation gets adapted at the local level to reflect local perceptions of poverty and deservingness. Chiefs, for instance, may instruct recipients to share their transfers with their neighbours. Policy-makers therefore need to be cognisant of the impact of community dynamics in designing and implementing programmes. Failure to do so can be harmful to beneficiaries and result in ineffective programmes.

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