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Strengthening Social Protection for Children

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Child poverty: a role for cash transfers in West and Central Africa?

Cash transfers have become a powerful mechanism for the reduction of poverty and vulnerability in developing countries. Their benefits for children have been particularly important: improvements in nutrition, school attendance, use of health services and birth registration and reduced use of child labour. In turn, the improvements in child development have improved life-course capacities contributing to chronic poverty reduction over the long term.

However, there has been little experience of cash transfers in West and Central Africa, despite the fact that poverty rates are among the highest in the world. In many countries, more than half the population lives below the officially defined absolute poverty line and often a quarter of the population lives in extreme (food) poverty. Monetary poverty puts at risk the survival and development of children, who constitute just over half (51%) of the population. Of all regions in the world, West and Central Africa has the highest under-five mortality rate (169 per thousand live births in 2007) and the lowest net primary school attendance (60% in 2000-2007). Progress towards the Millennium Development Goals has been frustratingly slow.

Based on the findings of a research report commissioned by UNICEF, this briefing paper discusses the role that cash transfers could play in reducing child poverty and vulnerability in the region[1].

Key points

1. Cash transfers could play a major role in the reduction of child poverty in West and Central African countries, helping to improve child nutrition, health and education and reduce abuses such as child labour.
2. Universal schemes, such as a universal child benefit, would contribute most to reducing child poverty and would be affordable in a few oil-rich countries.
3. While targeting poses several major challenges, including the risk of high exclusion rates and a heavy administrative burden, only more modest targeted schemes would be feasible in the low-income countries.
4. In all cases, cash transfer schemes require capacity building for effective delivery and need to be accompanied by improvements in the provision of basic social services.

[1] The study was part of a broader research programme on social protection and children in West and Central Africa, sponsored by the West and Central Africa Regional Office of UNICEF, and carried out by the Overseas Development Institute (ODI) in London, with the participation of researchers from the region. This briefing paper is based on a report by Rebecca Holmes and Armando Barrientos, which was published jointly by UNICEF and ODI in June 2009.

odi Overseas Development Institute

unicef

Box 1. **Existing cash transfer programmes in West and Central Africa**

Cape Verde: The government has established two cash transfer programmes: a Minimum Social Protection scheme and Social Solidarity Pensions, which were launched in 1995 and 1992, respectively, providing transfers and free access to basic social services to about 17,000 extremely poor elderly, chronically ill and persons with disabilities.

Ghana: In early 2008, the government launched a pilot cash transfer programme, called Livelihood Empowerment Against Poverty (LEAP), which aims to supplement the incomes of 'dangerously poor households' through the provision of cash transfers and to link them up with complementary services so that they can, over time, 'leap out of poverty'. The programme was reaching 26,200 households by May 2009 and aims to reach one-sixth of the extreme poor within five years, at a cost of 0.1% of GDP.

Nigeria: A small conditional cash transfer programme, In Care of the Poor (COPE), has been launched by the National Poverty Eradication Programme (NAPEP), using debt relief funds from the Heavily Indebted Poor Countries (HIPC) initiative. It provides cash transfers to extremely poor and vulnerable households, on the condition that adult members attend training sessions, keep their children in school and utilise health services. It has recently started operations with 12,500 beneficiary households in 12 states and the Federal Capital Territory.

Sierra Leone: In 2007, the government launched a pilot cash transfer programme, the Social Safety Net (SSN), which targets the elderly with no other means of support. Around Le 200,000 (approximately US$ 62) is transferred every six months using community-based targeting methods through SSN committees. The programme aims to reach 16,000 households.

Cash transfers in West and Central Africa

The use of cash transfers as a tool for poverty reduction has not yet been widely adopted in West and Central Africa. In-kind transfers, such as food distribution in emergencies and school feeding programmes, are more common. However, based on experience in other developing regions, there has been growing interest among policy makers and development partners about the potential of cash transfers as a more flexible and empowering form of assistance that allows beneficiaries to meet a wider range of needs, including education and health care. Recently, in response to the global food price crisis, some voucher-based programmes have been set up, notably in Burkina Faso. These enable extremely poor households to exchange vouchers for specific goods (often limited to basic food products and soap).

Meanwhile, four governments in the region – Cape Verde, Ghana, Nigeria and Sierra Leone – have launched pilot cash transfer programmes, targeted at households in extreme poverty (Box 1), and some other small pilots have been initiated in regions of other countries (Mali, Burkina Faso and Niger), sometimes with the support of NGOs. Several of these programmes have a strong child focus, and UNICEF has been directly involved in supporting the government-led cash transfer programme in Ghana and localised pilots in Burkina Faso and Mali. UNICEF is also supporting the preparations for a cash transfer programme to be launched by the government of Senegal.

As these cash transfer programmes are all very recent, it is still early to draw lessons regarding their impact and the appropriateness of their design. Preliminary evidence, however, does suggest that these programmes can bring significant benefits. In Mali, for example, a recent evaluation of the pilot *Bourses Mamans* cash transfer programme in Mopti and Kayes, which has been supported by UNICEF and the local education authorities, showed that the impact on school enrolment and attendance has been 'real, dramatic and sustained' (see Box 2).

Box 2. **Increasing school attendance and empowering women in Mali**

The *Bourse Mamans* cash transfer programme has been set up in Mopti and Kayes, two regions of Mali with persistently low school enrolment, with the aim of encouraging school attendance and stemming drop-out. Modelled on Brazil's *Bolsa Família* programme, it provides women in poor families with a cash transfer (about US$ 10 a month) on condition that children attend school at least 80% of the school year. It promotes gender equity by providing the grant to mothers and benefiting more girls than boys. The programme is contributing to positive schooling outcomes for children, leading households to adopt modern schooling as a normal pattern for their children, particularly for girls. In Sénossa, in Mopti region, school enrolment tripled between 2002 and 2007. In addition, the transfers are helping to transform women's lives by providing extra resources that women can directly control.

Further, the programme has been accompanied by the development of a small savings and loans association among beneficiaries, which has been very useful in raising resources for specific purchases and even small investments. Women allocate a small share of their monthly grant to this fund and, with the contributions from everyone, sufficient resources are generated to pay for more significant expenses. Managing this system and making decisions on how to use these resources shows evidence of increased empowerment among women in the community.

Source: P. Pereznieto et V. Diallo (2009), La Protection sociale et les enfants en Afrique de l'Ouest et du Centre: le cas du Mali. Bamako: UNICEF, ODI and Ministere du Développement Social, de la Solidarité et des Personnes Agées.

Given the small scale of the existing programmes, it is important to consider the potential impact of scaled-up national programmes on child poverty, as well as their cost and implementation capacity implications.

Potential impact of cash transfers

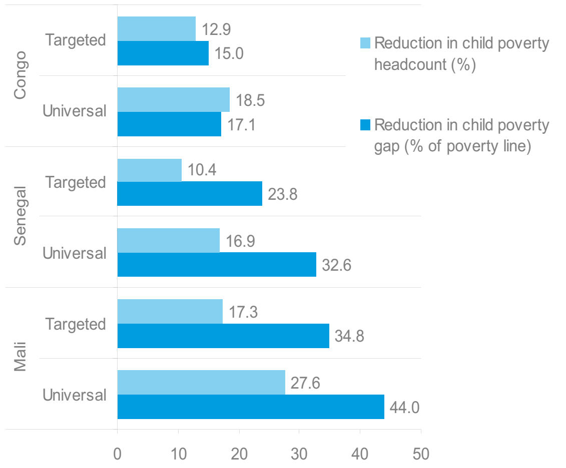
To assess the impact and cost of national cash transfer programmes, ex ante simulations were conducted in three countries: Mali, Senegal and the Republic of Congo[2]. Cost simulations were also conducted in Equatorial Guinea and Ghana[3]. Among the policy options investigated, two were child benefits: a universal scheme and a scheme targeted at children in households below the poverty line (using a proxy means test). In both cases, the benefits were for children 0-14, an age range selected to cover the period of greatest vulnerability for children's survival and development (0-5 years) as well as a period long enough to ensure the completion of primary school. Transfers were set at 30% of the extreme (food) poverty line.

The results show that both schemes would significantly lower the poverty headcount and poverty gap for children, although the targeted schemes would have a smaller impact because of the exclusion of some poor households owing to targeting errors (see Figure 1).

2 G. Notten, B. Buligescu and A. Mpoue (2008), Policy Options to Reduce Child Poverty and Improve Access to Education and Health Care in the Republic of Congo, UNICEF, Brazzaville, Republic of Congo; and A. Barrientos and L. Bossavie (2008), 'The Poverty Reduction Effectiveness of Child-Focused Social Transfers in Mali and Senegal: Ex-ante Simulations', paper for ODI, London, UK, and UNICEF WCARO, Dakar, Senegal.

3 A. Barrientos (2008), 'Cost Simulations of Child Transfer and Social Pension Schemes in Equatorial Guinea and Ghana', paper for ODI, London, UK, and UNICEF WCARO, Dakar, Senegal.

Figure 1. **Impact of child benefits on child poverty headcount and child poverty gap**



Targeting

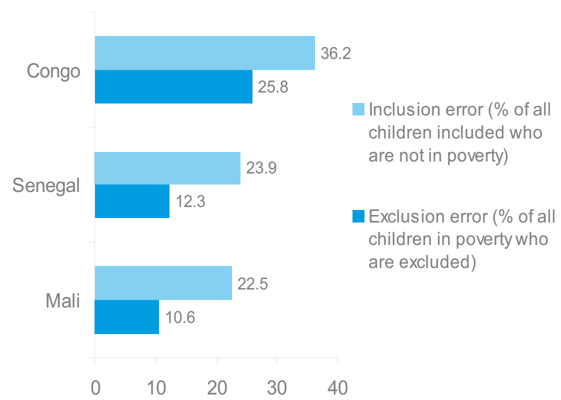
Targeting cash transfer programmes is difficult in countries where most people work in the informal sector and direct means testing is therefore impossible. It can also be costly and place heavy demands on administrative capacity, which is weak in most countries in West and Central Africa. Most of the pilot schemes set up to date have opted for a mix of categorical targeting, community-based targeting and proxy means testing.

Categorical targeting has involved the selection of especially vulnerable categories of households, such as those with orphans and vulnerable children (Ghana, Nigeria), elderly persons with no means of support (Cape Verde, Ghana, Sierra Leone) or persons with severe disabilities (Cape Verde, Ghana). However, such narrow categorical targeting is often criticised because of the poor correlation between poverty and these limited categories, which results in many of the poorest being excluded. While in some countries this approach also involves the selection of geographical districts that are deemed to be the poorest or most vulnerable, continued exclusion from government social protection coverage of some deprived areas remains a problem, for example in Ghana.

Community-based methods are used for targeting in countries such as Ghana, through the Community LEAP Implementation Committees (CLICs), and Sierra Leone, through the Social Safety Net Committees. In some cases, such as Ghana's LEAP programme, this is then combined with more formal proxy means testing, using the scores generated by a formula of weighted proxies for poverty, to identify beneficiary households.

Very little is known yet about the efficiency of these targeting methods in the countries in the region where they have been applied. But there are concerns about the limited vulnerability categories used, the risk of bias in community-based selection and the lack of precision of proxy means testing. The simulations for targeted child benefits using proxy means testing showed that, based on the technical properties of the eligibility formula alone (i.e. without taking into account possible manipulation of the testing by administrative officials and potential beneficiaries), there would be large exclusion and inclusion errors: between one-tenth and one-quarter of theoretically eligible children would not be selected, while about a quarter to one-third of theoretically non-eligible children would be selected (see Figure 2).

Figure 2. **Simulated exclusion and inclusion errors of proxy means testing**



Cost and affordability

The high cost associated with universal benefits makes this an unfeasible option for most low-income countries in the region. From a cost-benefit perspective, the proxy means-tested child benefit emerges as a better option. However, the simulations found that, on the assumptions used (regarding benefit levels and the age range of children to be covered), it would be prohibitively costly in these countries even to provide child benefits targeted to all poor households. In Mali, such a scheme would cost 3.2% of GDP, which is equivalent to Mali's total public health expenditure in 2004, while in Senegal it would cost 2.5% of GDP, which is likewise similar to public health expenditure (2.4% of GDP in 2004). This demonstrates a serious resource conflict in these countries, which have persistent fiscal deficits. Increased public investment in health care and education is also critical – especially if the impacts of cash transfers on reducing childhood poverty and vulnerability are to be maximised. Nonetheless, more modest programmes would be feasible. For example, in Ghana, the scale-up of LEAP to reach all households in extreme poverty would cost less than 1% of GDP[4].

Governance and administrative capacity considerations

The implications for programming cash transfers at scale are not just financial but also concern implementation capacity. Setting up sound, accountable and transparent administrative structures, delivery systems and monitoring and evaluation mechanisms is paramount for the success and sustainability of such programmes. The impacts of cash transfers are maximised when complementary services and infrastructure are in place, so the planning for national cash transfer programmes needs to take this into account as well. However, the countries in the region face significant challenges in this area, particularly in rural areas.

More generally, the capacity to deliver public services is low: the World Bank's Government Effectiveness Index[5], which measures 'the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies', demonstrates that, apart from Ghana, all other countries in the region are rated below the global

Box 3. **Maximising programme design to address child poverty and vulnerability**

In Ghana, the LEAP programme aims to link beneficiaries to complementary services and also promote community awareness. The Department of Social Welfare is assisting LEAP beneficiaries to secure birth registration for their children and is negotiating with the Ministry of Health to provide free registration of all LEAP beneficiaries in the National Health Insurance Scheme (NHIS). An information management system, known as the 'single register', has been set up and could be used to link beneficiaries to other complementary services.

LEAP is a conditional cash transfer programme, in the sense that beneficiaries are required to meet a number of behavioural conditions. These include: i) no engagement in harmful forms of child labour or human trafficking; ii) ensuring children are in school; iii) ensuring that children's births are registered; and iv) taking newborns to post-natal check-ups and ensuring children are fully immunised. In practice, these are 'soft' conditions, which are not enforced. However, they provide a mechanism for raising the awareness of beneficiaries, and are complemented by other outreach activities of the Community LEAP Implementation Committees, including the beneficiary forums held on LEAP transfer payment days.

[4] The scale-up of the LEAP programme is currently cautious: 0.09% of GDP and 0.23% of total government expenditure will be required by Year Five, when it will reach just one-sixth of the extreme poor population.

[5] D. Kaufman, A. Kraay and M. Mastruzzi (2007), Governance Matters VI: Aggregate and Individual Governance Indicators 1996-2006. Policy Research Working Paper 4280. Washington, DC: World Bank.

median. The Sahelian West African countries and Benin are rated poorly, but are among the better performers in the region. With the exception of Gabon, all the Central African countries are rated as having particularly ineffective states. Several conflict-affected or ex-conflict countries in West Africa also score very poorly.

Given the limited effectiveness of existing basic social services, in terms of both quality and quantity, in the region, particularly in rural areas, the appropriate sequencing of social protection activities becomes important. Any country in the region developing a national cash transfer programme would need not only to build up the administrative and management capacity to implement predictable and regular cash transfers, but would also have to strengthen the delivery of basic social services in order to meet the increased demand for services that cash transfers are intended to create. These additional costs are necessary, but are often underestimated or omitted in the initial budget discussions of cash transfers. However, it is possible at quite low cost to link cash transfers to some complementary services and awareness raising activities, for example to address problems such as child labour (see Box 3).

Conclusions

Cash transfers have the potential to address child poverty directly, by improving nutrition, health and education and by supporting households to avoid harmful coping strategies such as child labour. Cash transfers can also help to improve families' living conditions more generally and improve their economic productivity. In addition, by improving life-course capacities, the investments in children made possible by cash transfers help to break the long-term cycle of poverty.

So far, only a few small pilot programmes have been launched in the West and Central African region. Developing national cash transfer programmes poses a number of challenges in countries where poverty is so widespread, administrative capacity is weak, there are major deficits in the provision of basic social services and budget constraints are tight.

The oil-producing countries of the Gulf of Guinea could afford to institute universal child benefits, as well as other programmes, such as a universal social pension. In those countries, not only are universal approaches affordable, but they would also avoid the exclusion errors associated with targeting and be less burdensome in terms of their administrative capacity requirements. However, these programmes also would still require substantial investments in capacity building for effective implementation, along with substantial improvements in the delivery of basic social services.

In the poorer, aid-dependent countries, a more cautious approach is required. More modest targeted cash transfer programmes would be viable, but attention needs to be given to strengthening the targeting mechanisms and building the capacity for programme delivery, while not losing sight of the priority of supply-side investments in improving the provision of education and health services.

Finally, all programmes need to develop robust monitoring and evaluation mechanisms so that weaknesses in programme design can be corrected and the evidence of impacts and cost-effectiveness can be generated to justify the resource allocations needed for scale-up.

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