



Overseas Development
Institute

Cash Transfers

New Research Programme

Evidence on how cash transfers can reduce poverty has made them the new hot topic in both development and relief circles. Some development agencies have gone so far as to make them the central plank of their social protection strategies.

However, cash transfers are far from a panacea, and new research at ODI drawing on a number of country case studies will examine questions of affordability and sustainability, administrative capacity, targeting and conditionality, preconditions and sequences, and the role of cash transfers in progressions from relief to development contexts.



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Notable successes have been achieved by targeted and conditional cash transfers in Latin America, which have helped not only in raising and smoothing consumption but also in longer term investments in human capital.

But they raise as many questions as answers: can the kinds of conditionality found in Latin America be adapted to countries having much weaker delivery mechanisms? How can targeting systems be made simple yet fair and robust? How far can cash transfers substitute for transfers in kind, and how far do these have to complement each other? How can the balance between enhancing the demand for goods and services through cash transfers and improving the supply of them best be struck so as to achieve objectives without inflationary pressures? What vested interests work against the introduction of cash transfers and how can they best be understood and, if need be, overcome or circumvented?

These and other questions drive the new ODI research programme. Working closely with national partners in the collection and analysis of new field evidence from Africa

(Malawi, Kenya, Ethiopia and Sierra Leone) and from Asia (India and Cambodia), this programme will ask how and how far the design of cash transfer programmes there will have to differ from those in Latin America, and what different outcomes might be expected. A particular strength of the programme is that it will bring together perspectives from development and humanitarian experience.

The study has a dedicated webpage on the ODI site (www.odi.org.uk/plag/projects/cash_transfers) where periodic reports and briefings will appear. Watch the same space for announcements of seminars and workshops.

The programme is funded by a small consortium of interested bilateral donors, and ODI will be working closely with them to explore how approaches to cash transfers can best be harmonised across humanitarian and development departments within their own organisations.

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Forthcoming parallel issues of two professional journals, *Development Policy Review*¹ and *Disasters*² review the evidence on cash transfers in developmental and humanitarian contexts, respectively.

¹ *Development Policy Review*, Vol. 24(5), Sept '06

² *Disasters*, Vol. 30 (3), Sept '06