Social protection and resilient food systems

Summary 1: The role of cash transfers

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Introduction

Social protection has emerged rapidly as a key development and humanitarian policy issue in the last decade. At the same time, there have been major food price shocks in many countries in the last 5 years. As a result, interest in social protection and food systems is converging and many donor agencies and governments are looking at how different social protection instruments might better support or enable the different components of food systems and maintain their resilience in the face of major shocks and stresses. These summaries, based on a series of reports, explore the impacts of different social protection instruments on resilient food systems and provide a set of key messages for policy makers and programmers working on social protection and food security.

Defining a food system

We conceptualise a food system by drawing on a shared and common definition of food security ('when all people at all times have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life' FAO 1996) and we focus on four specific dimensions of food security:

- The availability of food: the supply of food at the macro national (global) level
- People's entitlement to food (henceforth called 'access to food'): households' ability to produce and/or purchase food
- The utilisation of food: the intake of sufficient, safe and quality food
- Crisis prevention and management: maintaining availability, access and utilisation in contexts of emergencies, shocks and stresses

Cash transfers – a form of social protection which includes conditional or unconditional income transfers to poor households – have been increasingly used as a tool for reducing poverty and vulnerability in middle and low-income countries over the past decade. More recently, cash transfers have also been used as an alternative to food aid in humanitarian contexts.

What do we know about the impact of cash transfers on availability?

Through increasing household income, cash transfers can theoretically contribute to all four pillars of a resilient food system (see Table 1). Increased household income can increase **food availability** if it is invested in increasing agricultural production and productivity, through for example, lifting credit constraints that farmers face and facilitating the purchase of seeds, fertiliser and other agricultural inputs; increased household income can also increase demand for goods at the local level, stimulating a market supply response. However, few cash transfer programmes have an explicit objective to enhance agricultural productivity and as such, few have been assessed on their impact on increasing productivity or on their effects on markets. Three studies from Latin American CCTs in Mexico and Nicaragua do however find some positive impacts on agricultural productivity. PROCAMPO in Mexico (targeted to farmers) reports positive multiplier effects (Sadoulet, de Janvry and Davis, 2001 cited in Barrientos and Scott, 2008) and 12 % of transfers to beneficiaries are invested in productive assets in the case of Mexico's Progresa – the transfer allowed beneficiaries to overcome credit constraints and take on more risky investments (Gertler et al., 2006). Evidence from Nicaragua however showed little investment in agricultural equipment (Maluccio, 2008). The author notes that in this case the context is important to consider as the study was conducted during the economic downturn in Nicaragua and in rural areas with limited opportunities. Moreover, programme orientation matters as we find that RPS in Nicaragua was focused towards food expenditures, Progresa towards human capital development, whereas PROCAMPO focused on agriculture.

There is some evidence that cash transfers have a positive effect on food markets (e.g. South Africa, pensions) by stabilising demand for food and reducing market risk for producers and traders (Samson et al.,

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2007). These programmes tend to be longer-term predictable transfers to households (such as pensions). However, one study from Ethiopia also found that cash transfers can have a negative effect, pushing up food prices in remote food-deficit areas (Kebede, 2006).

Table 1: Theoretical role of cash transfers in supporting a resilient food system

Components of a resilient food system	Role of cash transfers
Food availability	
• Production and productivity	Cash transfers can facilitate investment in agricultural inputs, relieve credit constraints, allow more (and fitter) labour to engage in agriculture
• Markets	Cash transfers can increase demand for food and stimulate local supply of food
Food access	
• Increased income	Cash transfers directly increase household income, enabling access to increased quantity of food if available on market
• Increased household production	Cash transfers can increase subsistence production by investing cash income in agricultural inputs
Food utilisation	
• Increased income	Cash transfers directly increase household income, enabling improved diversity and quality of diet
• Existing health status	Cash transfers can increase expenditure on health services, and, if linked to complementary services (e.g. CCTs) increase uptake of health services, immunisation etc. and decrease the likelihood of diseases
• Caring practices	Cash transfers, if linked to complementary awareness and training services, such as education, health and nutrition, can improve caring practices for children
• Improved intra-household decisions and resource allocation	Cash transfers can increase women's economic status and decision-making within the household, leading to increased nutritious food intake within the household
• Water and sanitation	If linked to education and awareness raising cash transfer programmes can improve water and sanitation hygiene practices.
Crisis prevention and management	
• Smoothing income and consumption	Cash transfers can smooth household income and therefore consumption in times of crisis, but maintaining the purchasing power of cash in such contexts can be a challenge

What do we know about the impact of cash transfers on access?

Increased household income can also increase **access to food** directly by enabling households to purchase food, increasing calorie consumption, and more indirectly by investing income in subsistence farming, through for example, agricultural inputs. There is strong and consistent evidence that cash transfers increase household access to food, increasing household actual and share of expenditure on food: for the poorest households, a 10% increase in income can improve household food security by 5%, as measured by calories available for consumption (HLPE, 2012). Evidence suggests that the size of the transfer and programme orientation matters: where programmes have not increased food access, small transfers and lack of short-term poverty alleviation goals are key factors. It is also important to note that once access to calories reaches some threshold level, attention switches to food quality and household caloric acquisition may continue to rise but at a much slower rate. As such, households diversify their diet, increasing their consumption of fruits, vegetables and animal products (HLPE, 2012: 46).

There is much less evidence on the role of cash transfers contributing to increased subsistence production. The main evidence here comes from BONOSOL in Bolivia which increased food consumption by almost 165% of the value of the transfer because part of the transfer was invested in agricultural inputs. Important programme features to note here are the timing of transfers (once a year); the level of transfer (large – at US$246) and its targeting (to pensioners with land) (HLPE, 2012; Martinez, 2007 cited in Barrientos and Scott, 2008).

What do we know about the impact of cash transfers about utilisation and nutrition?

Increased household income can also increase **food utilisation and nutrition** directly by improving the quality and diversity of diet, resulting in improved stunting, wasting and BMI indicators. Cash transfers which are implemented as part of broader package of interventions, such as CCTs which link beneficiaries to health care, knowledge and information on health and nutrition, and / or nutritional supplements also have the potential to address the other causes of malnutrition, such as disease, behaviour, knowledge gaps and intra-household inequalities (particularly through women's empowerment).

There is strong evidence from Latin America and Africa that cash transfers improve the quality and diversity of diet. A number of programmes have resulted in reducing stunting and wasting indicators (e.g. Latin America, South Africa, Malawi, see for example Fiszbein and Schady, 2009; HLPE, 2012). However, it is also important to note that a number of programmes have not improved nutritional status (as measured by anthropometric indicators). The literature suggests that positive results are a result of the following factors: the size of transfer (although we are still unclear of specific thresholds); the length of beneficiary programme participation (where better impacts are found when beneficiaries have been in the programme for longer); the age of recipient (targeting young children results in better child nutrition indicators); and the availability of nutritional supplements (although this is the case in Mexico but not in Nicaragua, suggesting other factors such as health status and nutritional education are important).

The evidence on CCTs in particular, where cash transfers are implemented as part of a wider programme of interventions suggests that other programme activities, such as social marketing campaigns, nutritional education and women's empowerment, are important. However, there is limited evidence on the extent that these factors contribute to improved outcomes as opposed to the other programme components.

What do we know about the impact of cash transfers on crises and emergencies?

Finally, cash transfers can help minimise the negative impacts of **crises and emergencies** by smoothing income and therefore consumption. However, maintaining the purchasing power of cash transfers in the context of volatile markets is a key challenge and consideration should be given to index-linking cash transfers or using combinations of cash / food / vouchers. We know relatively little about the role of long-term cash transfers in dealing with economic downturns or crises although evidence from Nicaragua and Mexico do suggest that they help smooth consumption in the face of income fluctuations (Fiszbein and Schady, 2009). We know more about short-term cash transfers in emergency contexts, although methodologically, capturing and attributing impacts can be even more difficult in humanitarian contexts (Bailey and Hedlund, 2012). However, evidence across a number of emergency cash transfer programmes suggest that transfers can help increase access to food, in particular expenditure on food items, and also utilisation through diversity of diet and better quality food. There is also some evidence of positive outcomes on children's nutrition through complementary cash transfers and therapeutic feeding (as an incentive to ensure children receive the supplements) and behaviour change as a result of combining awareness raising on nutrition education (Ibid.).

Key messages for policymakers and programmers

In summary, the review of literature indicates that cash transfers mainly contribute to resilient food systems by improving access and utilisation. This occurs in both development and emergency contexts, however, in emergency contexts, we know much more about the impacts of short-term relief responses than about those of development-focused interventions.

Cash transfer programme evaluations and research have mostly focused on outcomes relating to food access and utilisation rather than own production or increased availability. This is likely to be a result of the fact that most cash transfer (unconditional and conditional) objectives are to alleviate short-term consumption smoothing or long-term investment in human capital, not increase shorter-term productivity.

The literature points to a number of issues which need to be considered for cash transfers to have a positive impact on food and nutrition security.

1. The level of transfer and programme orientation is critical to achieving positive effects on food security: The amount of cash transferred must be sufficient to make a substantial contribution to household income in order to have a measurable impact on nutrition (Barrientos and Scott, 2008) although we are still unclear of specific income/expenditure thresholds. Programmes which have had a significant impact on food access and utilisation, such as Nicaragua's CCT, South Africa's pension and Bolivia's BONOSOL pension, transfer a relatively larger proportion of household income than other cash transfer programmes.

2. Programme orientation is also important: programmes with explicit food security objectives are likely to have been designed more appropriately to achieve these outcomes. At appropriate levels of supporting monthly household expenditure, regular cash transfers are likely to support improved quantity and quality of food. Larger cash injections (at the correct seasonal time) targeted to households with land / access to productive resources are more likely to have an impact on agricultural productivity.

3. The length of programme participation and age of recipients are also important factors affecting food and nutrition outcomes: better impacts on food security are found when beneficiaries have been in the programme for longer and targeting young children (especially in the "1000 day window") results in better child nutrition outcomes.

4. There is potential to enhance impacts on food security through additional nutrition-focused complementary links and services: A number of conditional cash transfers link programme beneficiaries to healthcare services and increasingly include complementary interventions such as nutritional supplements and nutrition awareness sessions. Initial evidence suggests that these nutritional-focused components have positive effects on nutritional outcomes, especially when they delivered in an integrated programme combining supplements with awareness-raising.

5. Cash transfers may not be the most appropriate instrument in time of food price spikes and weak markets: The purchasing power of cash transfers may rapidly decline in contexts of food price spikes, and in some cases, may have inflationary impacts where markets are weak. These issues need to be assessed when considering the use of cash transfers for food security goals. In this context options, such as index-linking cash transfers (although these are administratively complex and costly) and / or alternatives or combinations of cash / food / vouchers, should be considered.

6. More evidence is needed on the pathways leading to improved food security and nutrition outcomes: While evidence suggests that nutritional supplements and awareness raising enhance nutritional outcomes, we know relatively little about the specific impacts of an integrated approach on food security whereby cash transfers are delivered in combination with other interventions. Improvements in monitoring and evaluation of programmes from a food security perspective could include assessing the relative importance and value of nutritional supplements, health care, social awareness campaigns, nutritional education and women's empowerment.

7. Strengthening implementation capacity and institutional coordination is vital: Programme implementation is as critical as programme design. To maximise the potential effectiveness of cash transfers on food security, the delivery of predictable and regular cash transfers requires implementation capacity, coordination and quality complementary services. Institutional coordination between ministries and sectors, particularly agriculture, food security and health is particularly important. Establishing integrated systems and mechanisms such as unique beneficiary registration, common identification and targeting methods, common monitoring and evaluation systems, and integrated and synchronized transfer modalities, can be seen as best practice here.

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