

Evidence at Your Fingertips Series

Evidence Briefs on Cash Transfers: Overview and Ten Key Messages

To help policy makers make practical programmatic design choices, this series summarizes recent literature on cash transfers and explains how the design of cash transfer programs can **affect outcomes**.

The series is launched with an initial set of five thematic briefs on **benefit size**, **timing** (frequency and duration), **transfer modality** (cash versus in-kind), **payment mechanism** (physical versus digital), and **gender**. The evidence is largely based on impact evaluations published in the past decade.¹ Although the impacts of cash transfers can vary depending on the context, this overview brief aims to present main key take aways on how design features can impact cash transfer outcomes.

1. **Broadly speaking, greater impacts come with higher costs.** Making larger or more frequent transfers or providing complimentary support² to beneficiaries are often associated with greater impacts but also cost money. Policy makers must consider cost and complexity when designing programs and the confluence of these key design parameters (e.g., number of beneficiaries, amount per beneficiary). With a given budget, they must make these decisions based on the program objectives and context.
2. **The evidence favors cash over in-kind or vouchers.** Although there is some evidence that in-kind transfers increase food consumption, overall,

1 The analysis relied on heavily [Bastalgi and colleagues \(2016\)](#). Select references from older studies (dating back to 2009) are included where newer evidence is not available. These can be found in the topic specific briefs.

2 Some programs provide complimentary support (sometimes called cash plus) such as training or asset transfer to improve the development outcome of the programs. Also, communication on key development issues, such as increase awareness on using health and education services, shown to be key for some context.

cash transfers appear to be more effective than in-kind transfers or vouchers at improving a range of outcomes,^{3,4} including decreasing monetary poverty, improving health and nutrition, and increasing food security across various contexts, objectives, and design features. In some cases, a combination of modalities or adding more support, “plus elements,” such as behavior change communication in addition to cash, are the most effective at improving primary outcomes. In terms of cost efficiency, 83 percent of every donor dollar goes straight into people’s hands when it is delivered as cash, compared with 54 percent for in-kind food (WFP 2022).

3. **High-value transfers have a greater impact than low-value transfers on a range of outcomes, including consumption, savings, investment, and specific health and nutrition outcomes.** (High value is defined as more than 30 percent of household income or consumption of the bottom 40 percent of the population.) For example, based on a review of 15 cash-transfer programs, high-value transfers resulted in greater food expenditure than low-value transfers (Bastalgi et al. 2016). **Nevertheless, small-value transfers still work.** Small transfers (even less than 10 percent of annual income) can have measurable impacts, particularly **when cash is combined with accompanying measures such as behavior change communication.**
4. **Accompanying measures can also close gender gaps and empower women and girls by building skills and social capital, but it is important to consider care burdens when designing them.** In a randomized controlled trial of a cash-plus program in Bangladesh, sustained reductions in gender-based violence were achieved when transfers were combined with nutrition training sessions (Roy et al. 2019).
5. **Higher transfers paid in a lump sum can push a household to make long-term investments and lead to greater asset accumulation.** Not just the amount, but also how the amount is paid (lumpsum vs. accumulative) can influence the impact on investment; lumpsum transfers may enable households to invest more substantially than payments made over time.
6. **Cash transfers distributed over a longer period (more than two years) were associated with greater impacts related to human capital, such as children’s health, nutrition, education, employment, and labor.** Predictability allows households to plan for the future, as shown by greater impacts on investments, allowing beneficiary households to engage in more profitable income-generating activities. **Timing is another critical factor;** for example, higher impacts were confirmed when benefits were timed to pivotal periods in early childhood development, such as the first 1,000 days.
7. **Digital payments offer more opportunities to increase program impacts and cost-effectiveness.** The type of payment mechanism can affect recipients’ use of cash and welfare indicators, including consumption, food security, gender equity and empowerment, and financial inclusion. Digital transfers can also lower transaction costs for implementers and beneficiaries. Ultimately, a country’s financial or payment ecosystem, including availability of payment service providers, know-your-customer frameworks, digital barriers, and literacy, determines choice of payment modality. For digital payments to be inclusive and help close gender gaps, it is critical to consider women’s mobile phone ownership and digital literacy. Cash transfer programs are increasingly subsidizing mobile phones

3 Recent data underscore previous findings that cash transfers increase consumption and may increase asset accumulation.

4 Recent studies also show that cash transfers provide greater agency over time-use decisions. They do not necessarily discourage work while offering the possibility of substituting wage work for personal or family care, self-employment, and education for children.

where ownership levels are low, especially among the poorest women.

8. Cash transfers help close gender gaps in human capital, increasing women’s access to jobs, assets, financial inclusion, and entrepreneurship opportunities and thereby empowering them.

Many social assistance programs deliberately consider gender in their design and implementation to narrow gender gaps. For example, this includes prioritizing female members of the households to be the grantees/recipients of cash transfers, and engaging men and community leaders to encourage more-equitable gender norms and prevent backlash against women’s empowerment. Impact evaluations have begun to establish the contribution of cash transfers to more complex outcome areas, including curbing gender-based violence, shifting harmful social norms, and building women’s resilience to shocks, be they climate, disaster, or health related.

9. In addition to design, implementation is important in terms of actual impacts.

The implementation process and arrangements must be established, carefully considering the existing institutional capacity and structure in the country and the program areas. Some of the decisions on these design features have direct implications for cost and implementation complexity (e.g., whether a program will have conditionalities that will be monitored, whether the monitoring results will be linked to the transfer amount).

10. While the body of evidence continues to grow, the review has revealed several gaps in the evidence base.

Most of the studies evaluate the program impact by comparing beneficiaries and non-beneficiaries, and there are limited studies which compare the different design features within the same program, keeping other parameters constant. In addition, compared to the short-term impacts on consumption, health, and education which have been

extensively evaluated, the evidence becomes thinner for the long-term impacts on different outcome indicators. Below highlights the areas in need of further investment as future research topic:

Further research directly comparing cumulative low-value transfers with high-value transfers over time, thereby combining analysis of size, duration, and frequency, would buttress the current body of evidence. There is also limited evidence of the impact of different values of cash transfers on education and empowerment. Notable regional and contextual gaps are also present in the existing literature; research from Asia, Europe, Western Africa, and North America is needed to complement current analyses.

Further research is needed into the long-term effects of digital cash transfers to determine whether greater control over resources, bargaining power, ease of access, and availability of financial products and services have long-term impacts on household welfare indicators such as health, nutrition, education, and empowerment.

Further research is also needed to determine the conditions under which different modalities—and their composition—are more or less effective. For instance, the composition of food transfers has a significant effect on outcomes such as dietary diversity and calorie intake. There are also gaps in assessing modalities for outcomes beyond health, nutrition, and food security.

Few studies isolate the impacts of different design features or program components to determine diverse impacts on intimate partner violence, including trade-offs between transferring cash to men versus women and whether in-person or digital payments are most likely to remain within the recipient’s control. Frequency combined with size (or value) of disbursements may also have gender-related impacts, such as women’s ability to control cash, but more rigorous evidence is needed.

References

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Evidence at Your Fingertips Series

This note provides an overview and main messages found in the following thematic briefs in the series:

- Cash transfer **values**: How much is enough?
- Cash transfer **timing**: How transfer **duration** and **frequency** contribute to outcomes?
- **Payment mechanisms**: Do outcomes vary according to payment type?
- **Cash versus in-kind transfers**: Do outcomes vary according to modality?
- Can cash transfers reduce **gender-based violence**? How?

The series is launched with the aim that these be living documents. In that spirit, the team welcomes suggestions on materials and topics to be covered in subsequent installments that can serve as useful, practical references for practitioners of social protection.

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