

**Cash or In-Kind, Electronic or Manual  
Transfers?  
Evidence from Field Experiments in West and  
Central Africa**

The Fletcher School, Tufts University  
FAO-UNICEF Transfer Project Research Workshop  
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# Motivation

- How should society (donors, governments and NGOs) redistribute wealth to the poor?
- Cash transfer programs are an increasingly important part of social protection programs worldwide
- Some social protection programs are still “in-kind”
  - Food aid, food stamps, medicines, inputs, vouchers
  - Especially in conflict countries

# Motivation

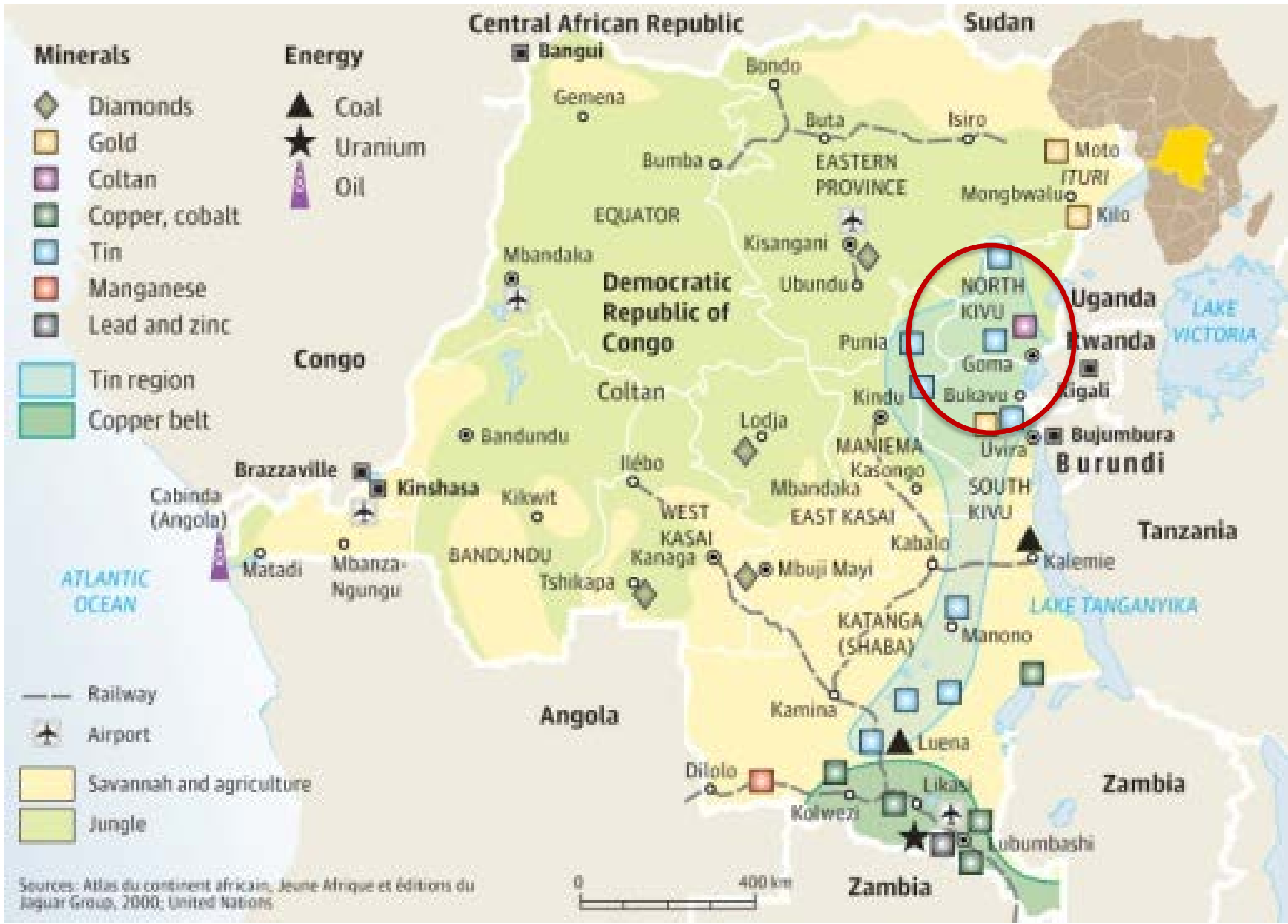
- If program recipients would weakly prefer an equal-valued cash transfer, why not always use cash?
- Cash might not be the preferred modality for redistributing wealth (targeting, local supply, political feasibility, "paternalism")
- Substantial evidence of the impact of each modality alone, but limited evidence of the *relative* effects of each modality
  - (Gentilini 2014, Cunha 2014, Hidrobo et al 2014, Hoddinott et al 2014, Aker 2015)

# Motivation

- Regardless of the modality, social protection programs present logistical, operational and security challenges
- This can reduce the *(cost) effectiveness* of these programs
  - It can also result in substantial direct and indirect costs to program recipients.

# Research Questions

- What are the relative effects of different transfer **modalities** (cash versus in-kind) on household purchases, consumption and well-being?
  - What is the cost *effectiveness* of each modality?
- How does the transfer delivery **mechanism** (physical versus electronic) affect the costs of implementing such transfers?
  - Are there any additional benefits from “cashless”?
- Two randomized control trials (DRC and Niger)



# Why Vouchers?

- Market supply
- Security
- Encourage consumption of particular goods

# Social Protection Interventions: DRC

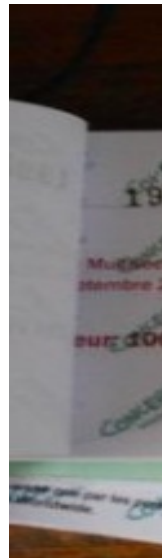
- Implemented by Concern Worldwide in an **informal camp for internally displaced persons (IDPs)**
- **US\$130 transfer provided in three installments** between September 2011 and March 2012
- The objective was to increase households' asset ownership and help them to meet their food needs



# Research Design

- Households were *randomly assigned* to one of two transfer modalities
- **T1: Unconditional cash transfer.** Cash transfers provided in three installments
- **T2. Voucher.** Vouchers provided in three installments
  - First voucher could be spent on food and non-food items at a “multisectoral fair”
  - Second and third vouchers could only be spent on food items
- Equivalently-valued transfers provided at same time and same amounts
- Both groups had to travel to main urban center (15 km from camp) to pick up their transfer

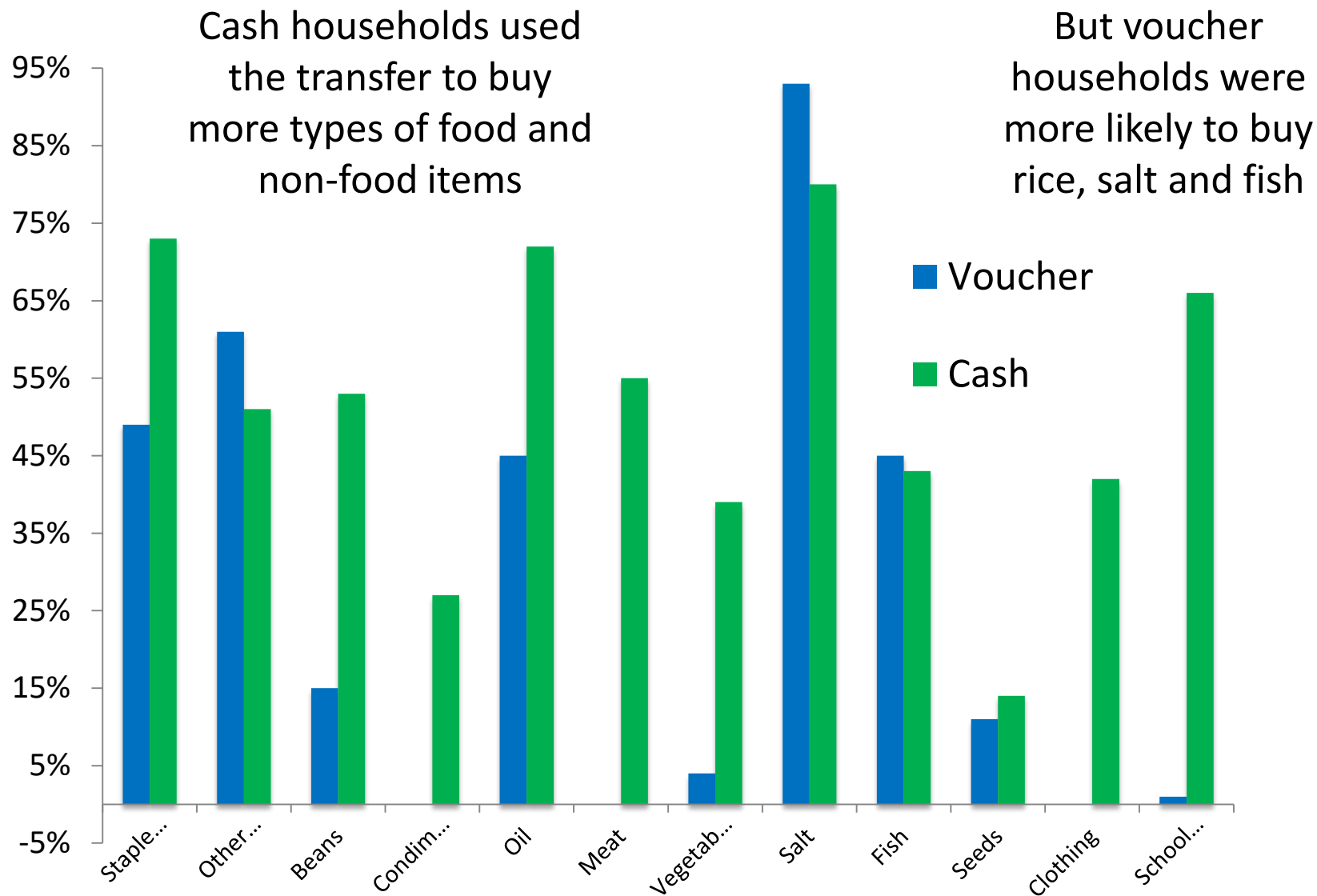
# Voucher Fair



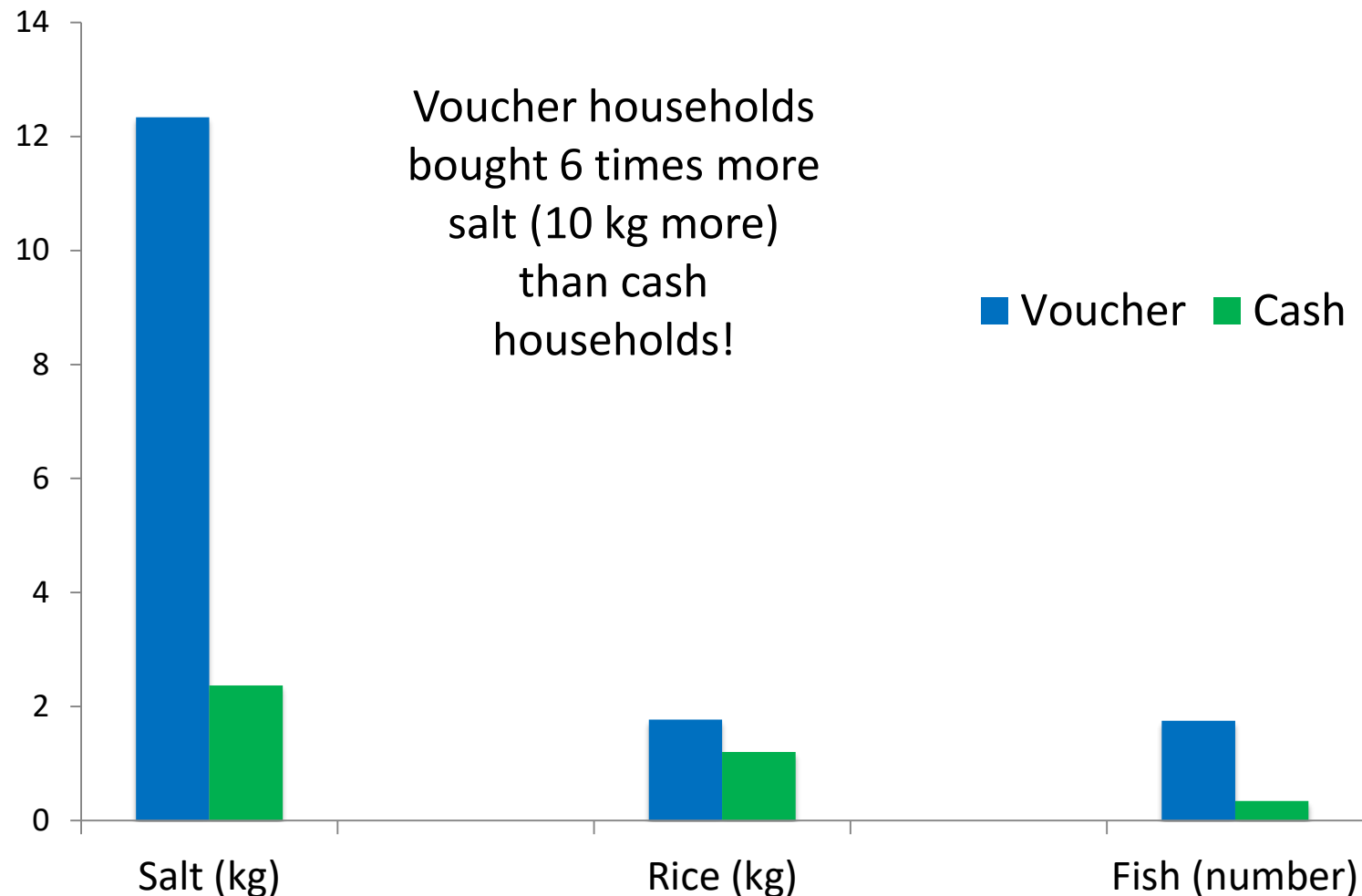
# Is this like other voucher programs?

- Differs from “traditional” voucher transfers by:
- Timing – had to be spent in one day
- Location – could only be spent at voucher fair (rather than vendors, kiosks or markets in different locations)

# Did the type of transfer change purchasing patterns? Yes.



# Vouchers households bought more salt, fish and rice



# Did the Type of Transfer lead to Different Well-Being? No.

- **Food security** (household diet diversity, number of meals per day, number of months of adequate household food provisioning)
- **Asset ownership and savings** (durable and non-durable goods categories)
- **Agricultural assets** (land, livestock)
- **Coping strategies**

# Why did purchases differ...but well-being didn't?

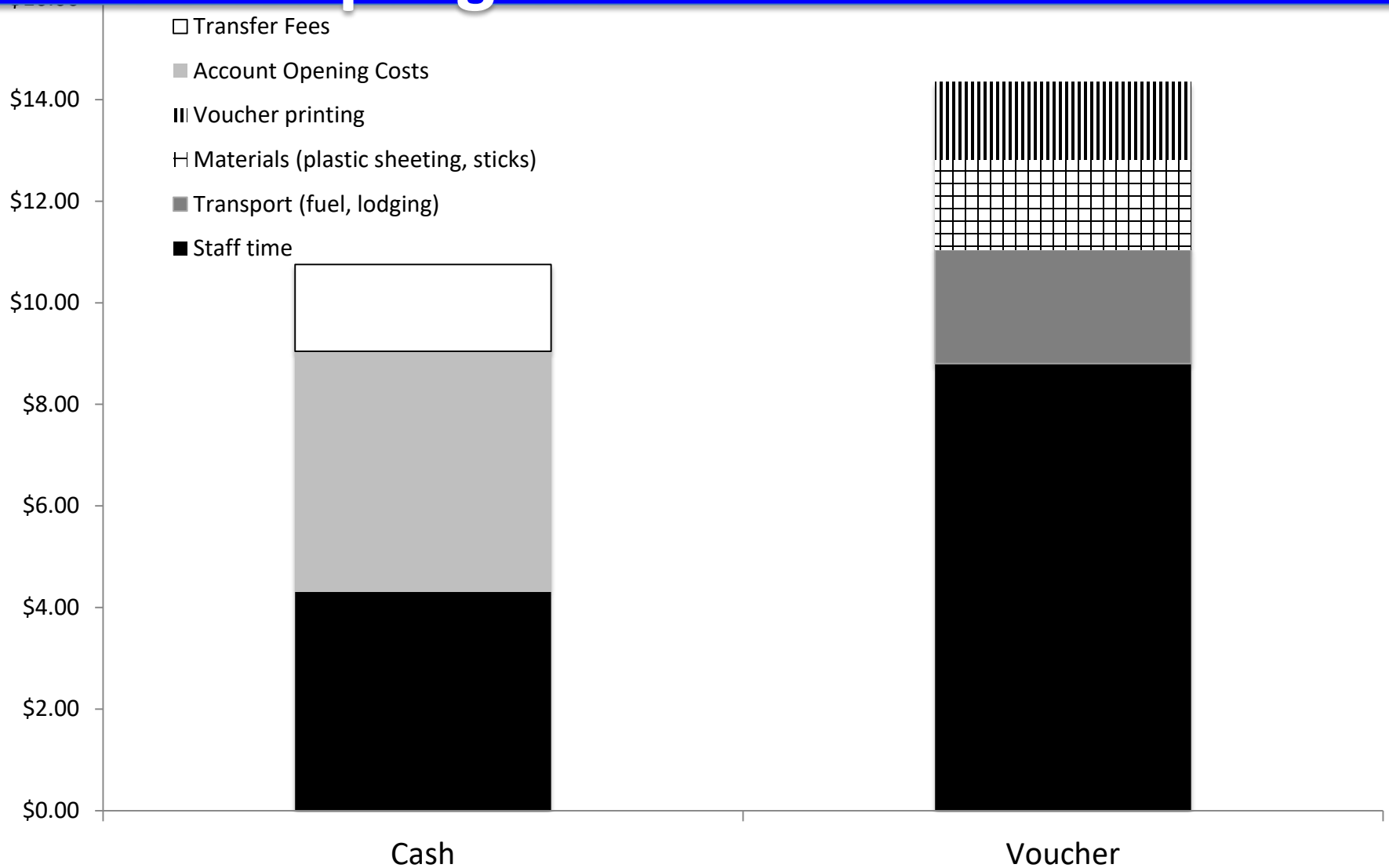
## Different Purchases

- Vouchers were restricted to food
- Household had to purchase those items on a specific day
- To use the full value of the transfer, they bought more non-perishable food

## ...But Similar Well-Being

- Voucher households resold some goods purchased
- Voucher and cash households shared goods (and cash)

# Per Recipient Costs were higher for the voucher program









Jenny C. Aker

Cash, In-Kind, Electronic, Manual



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# Cash Transfer Interventions: Niger

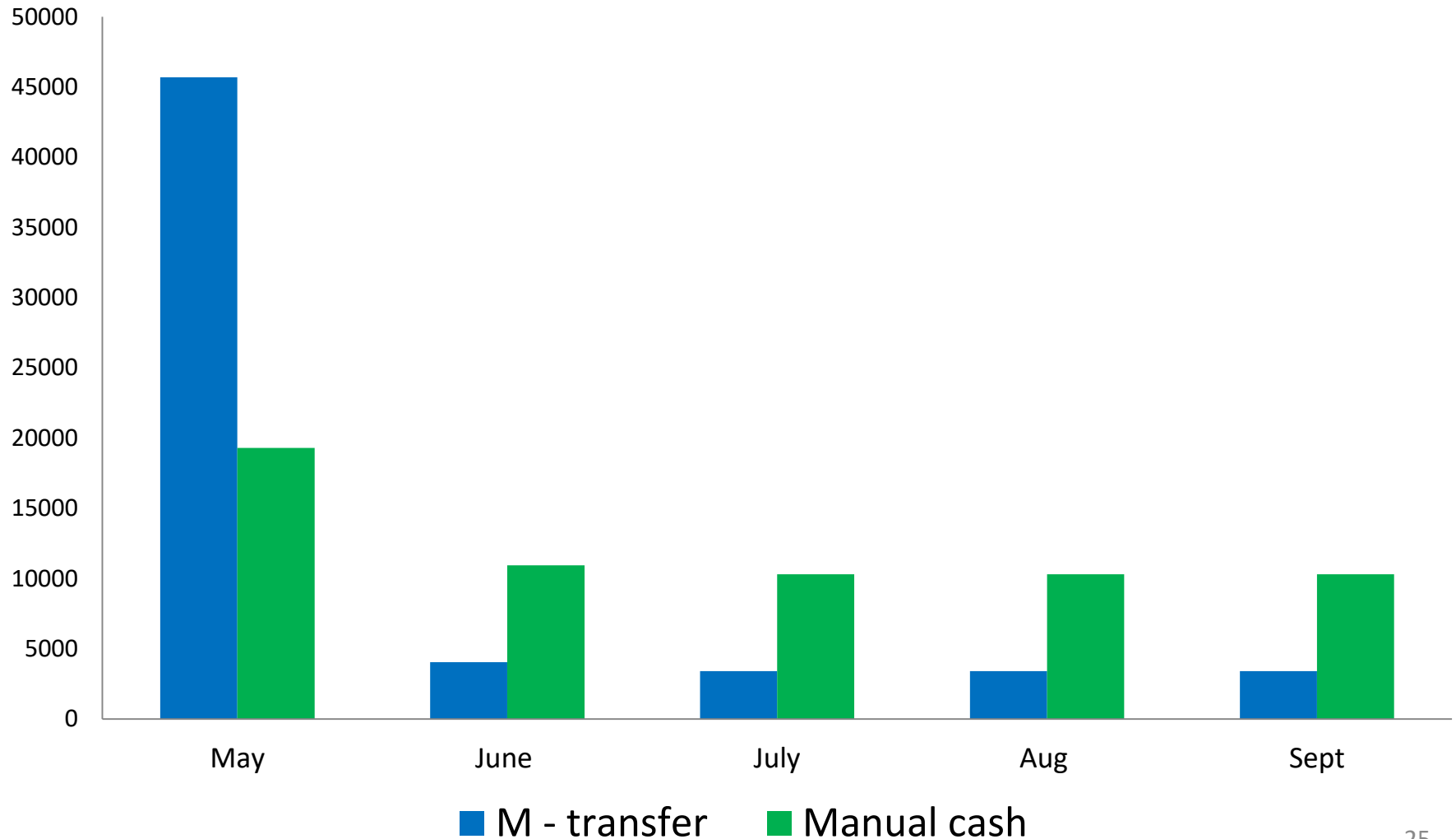
- Implemented by Concern Worldwide in response to 2009/2010 food crisis
- Monthly (unconditional) cash transfer of \$USD45 for 5 months (\$USD 225 total)
  - 2/3 of annual per capita GDP
  - Provided during hungry season (May through September)

# Research Design

- 96 villages were randomly assigned to one of three interventions:
- **T1. Cash:** Manual cash transfer each month in the recipient's village or in a nearby village
- **T2. Mobile:** Manual cash transfer plus Zap-enabled mobile phone
- **T3. Zap:** Zap-enabled mobile phone plus the cash transfer via mobile money
- No difference in timing of transfers
- Value of the phone about \$USD 5

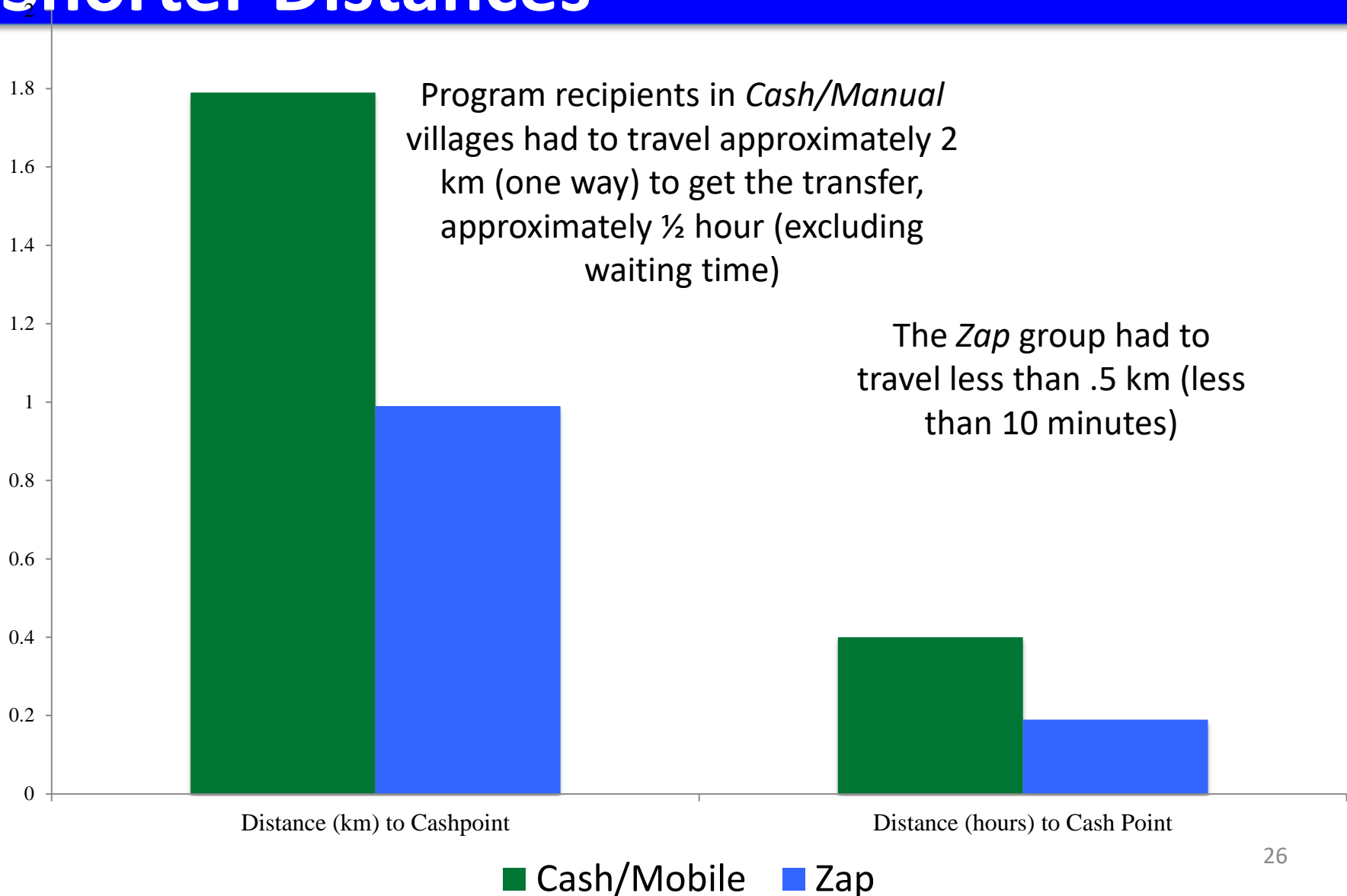
# Mobile Money (Zap) Transfers were Cheaper to Implement

(Euros)

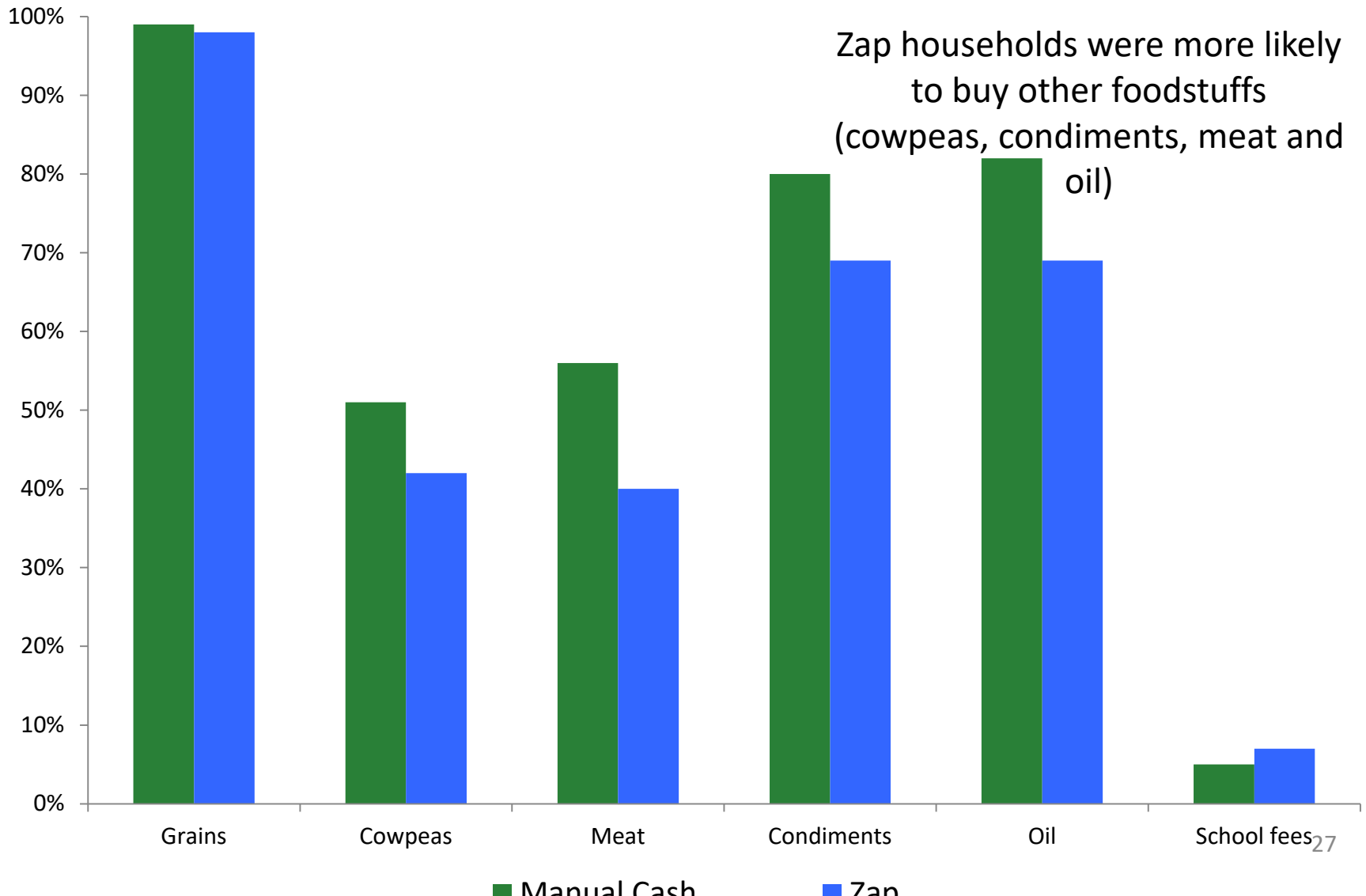




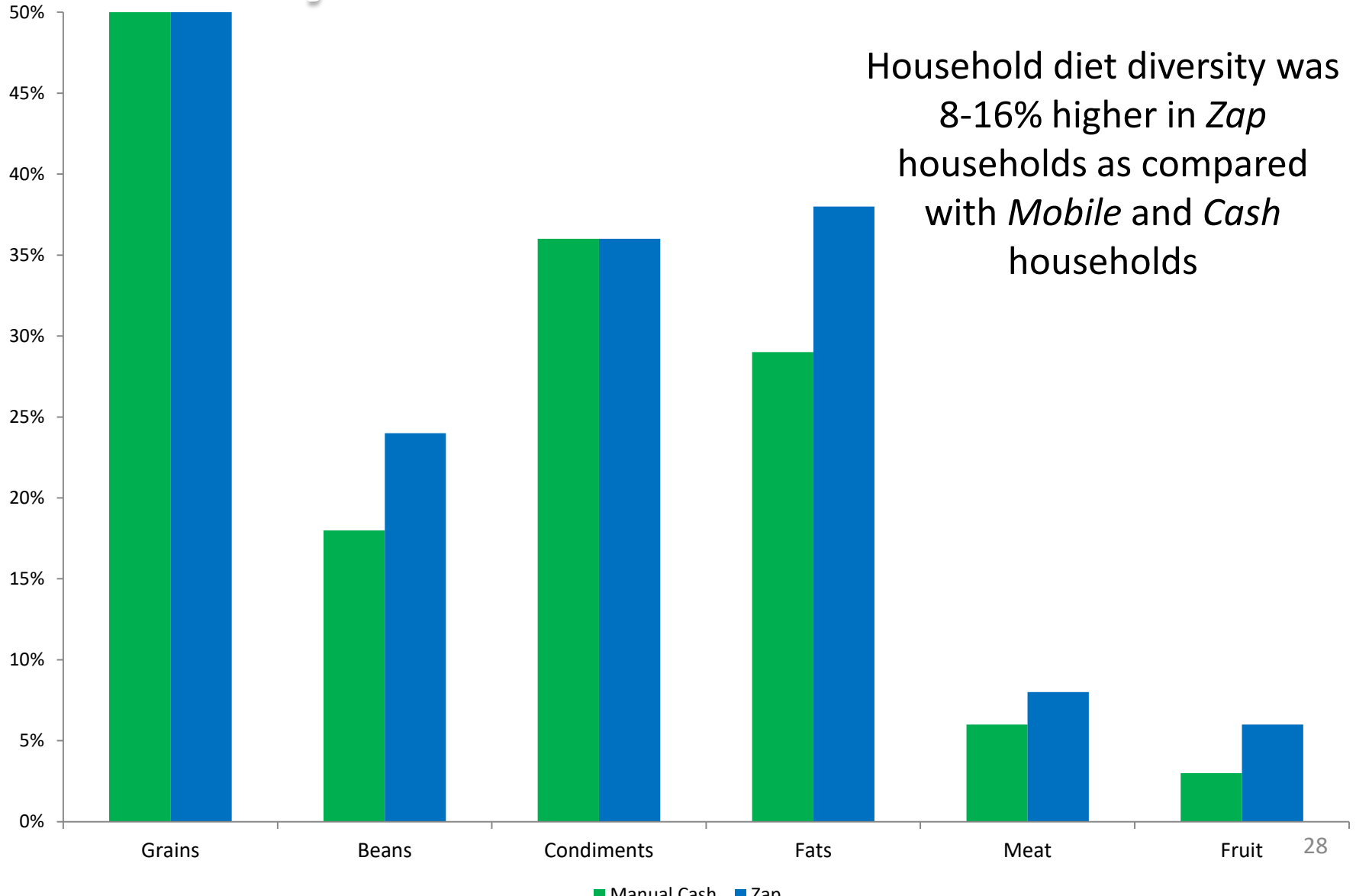
# Zap Program Recipients had to Travel Shorter Distances



# Zap Program Recipients bought more diverse foodstuffs



# Zap Program Recipients Had Higher Diet Diversity



# Why?

- **Reduced costs of obtaining transfer** can increase time spent on productive activities and change the location and timing of purchases
- **Reduced transaction costs associated with informal private transfers** help households better cope with shocks
- **Reduced communication costs** increase access to information and lead to more optimal decision-making
- **Increased privacy of the cash transfer** leaves more income available for the household and affects investment strategies
- **Changes in intra-household decision-making:** Targeting women can improve women's control over resources and investment in public goods

# The Bottom Line

- How should wealth be redistributed? Cash, voucher, in-kind?
  - Body of evidence suggests that while cash is more flexible, in-kind transfers can help to achieve certain objectives
  - Depends upon targeting, local supply and political feasibility
  - ***In eastern DRC, cash was more cost-effective***
- Regardless of the modality, “physical” or “electronic” transfers can be used
  - Electronic can be cheaper, but the necessary infrastructure needs to be in place (can be difficult to set up)
  - Even if infrastructure exists, it could disadvantage the poor (especially if they difficulty in using the technology)
  - ***Few studies comparing cash versus electronic transfers***



Thank you  
Merci!  
Na gode!  
Jalmujef!