



Send money directly to the extreme poor.

Research on Cash Transfers

Cash transfers have been thoroughly and rigorously shown to reduce poverty and improve lives.

Overview of the evidence

Cash transfers have arguably the strongest existing evidence base among anti-poverty tools, with dozens of high-quality evaluations of cash transfer programs spanning Africa, Asia, and Latin America and including both unconditional and conditional cash transfer. These studies include many randomized controlled trials (RCTs) and also include studies that measured impacts 4–5 years out,^{1,2} evidence which exists for hardly any other interventions.

Specific impacts vary across studies, since—by design—cash transfers give the poor the flexibility to pursue their own goals. There are three consistent themes, however:

1. Cash transfers have positive impacts, including on children.

Cash transfers have positive impacts, including on children. Many studies find positive effects on the health of children—for example, large increases in height-for-age and weight-for-height in South Africa, large reductions in HIV infection rates and psychological distress in Malawi, and large reductions in the incidence of low birth weight in Uruguay.^{3,4,5,6,7,8,9,10,11,12,13} Several studies also find that unconditional cash transfers (UCTs) substantially increase schooling and decrease child labor.^{14,15,16}

2. Cash transfers have long-term impacts.

Recipients often save or invest a large proportion of cash transfers, generating increases in future income.^{3,17,18,19,20,21} One study found that men's annual income five years after receiving transfers had increased by 64%–96% of the grant amount.¹ Another found that four years after youths received one-time

grants, they earned 41% more on average than those who had not received grants.² Only one other development intervention—deworming in Kenya—has been studied over a longer time horizon.

3. The poor do not systematically abuse cash transfers (e.g. on alcohol).

Despite stereotypes that poor households will use cash transfers to buy alcohol, tobacco and other “temptation goods,” studies consistently show no significant impact or a significant negative impact of transfers on such spending.^{4,18,19,22,23,24,25,26,27} Similarly, most studies find no effect on the number of hours worked. Some studies show increases in working hours as household members migrate to obtain better jobs.^{23,28,29,30,31}

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Data

30–49%

rate of return on grants to poor,
unemployed youth in Uganda

(Blattman et al, 2013)

15%

reduction in incidence of

REDUCTION IN INCIDENCE OF
low birth weight in Uruguay

(Amarante et al, 2011)

64–96%

rates of return on grants to male
entrepreneurs after five years in Sri Lanka

(de Mel et al, 2008)

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no significant impact or a
significant negative impact of
cash transfers on temptation
goods spend

(World Bank, 2014)

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