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# The effect of cash transfers on child labour

A review of evidence from rural contexts

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Cover image: Ester Awo Bartey talks about the LEAP (Livelihood Empowerment Against Poverty) cash transfer programme how it has benefited her family, in Abokobi Village, Ghana on October 12, 2015. Photo © Dominic Chavez/World Bank

### Acronyms

CCT	Conditional Cash Transfer
CT	Cash Transfer
DFID	Department of International Development
DiD	Difference-in-Differences
FAO	Food and Agricultural Organization
GLSS	Ghana Living Standards Survey
GPRS	Ghana Poverty Reduction Strategy
GSS	Ghana Statistical Service
ICI	International Cocoa Initiative
ILO	International Labour Organization
LEAP	Livelihood Empowerment Against Poverty
NHIS	National Health Insurance Scheme
PMT	Proxy Means Test
PSM	Propensity Score Matching
RCT	Randomized Control Trial
UCT	Unconditional Cash Transfer

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## EXECUTIVE SUMMARY

While poverty is widely considered a “root cause” of child labour, and child labour is prevalent in many countries where cash transfer programmes exist, there has been limited analysis to date of the impact of cash transfers on child labour.

This review examines evidence from 21 studies of 13 cash transfer programmes in rural contexts across Latin America, Africa and Asia, where the effects of cash on child labour were rigorously evaluated. Eligible studies were selected from academic databases and consist primarily of peer-reviewed journal articles.

Conducted as part of an innovation project funded by the State Secretariat for Economic Affairs (SECO) of the Swiss Confederation and Nestlé, the aims of the study are threefold: a) to provide an overview of the available evidence on the effects of cash transfers on child labour; b) to understand how impacts differ by age, gender and poverty level of the children receiving the transfer; and c) to understand the effects of different cash transfer modalities to inform the design of a cash transfer programme in cocoa farming communities in Ghana.

### Summary of key findings:

In many of the programmes covered in this review, cash transfers resulted in lower rates of child labour, as well as other positive outcomes for children’s education and wellbeing, suggesting that they could be a promising policy option for actors aiming to address child labour.

However, the relationship between cash transfers and child labour is complex. A third of the studies reviewed found *unambiguous decreases* in children’s work; a third found *reductions in work only for specific groups* of children or households; and a third showed *adverse effects for some children*, such as increased participation in work in the household or on the family farm.

This diversity of findings underlines how cash transfers can affect children differently depending on their sex and age, the level of household poverty, and the type of work they do. Based on the available evidence, trends observed include:

- **Age:** in most of the studies examined, reductions in work were larger for older children than younger children. Since older children tend to participate more in work to begin with, the margin for improvement in child labour outcomes is greater. However, older children can also earn higher wages or make a larger contribution to the household income, making it harder for the cash transfer to provide an equally valuable substitute.
- **Gender:** cash transfers tend to lead to larger reductions in work among boys than among girls, while reductions in household chores were more common for girls than for boys. Studies from Kenya and Mexico show decreases in work for boys, but no significant effect on girls’ overall (Asaf et al., 2014; Behrman et al., 2011), with the latter showing an increase in work among older girls. As with age, differential effects by gender occurred where there was a greater margin for improvement: at baseline, boys’ participation in any work was generally higher than that of girls, while girls’ participation in household chores was generally higher than that of boys. Effects of cash transfers on schooling tended to be slightly larger for girls than for boys.

- **Household poverty:** cash transfers affect poorer and less-poor households differently, but the evidence is mixed. Some studies find that cash transfers were more effective for the poorest income strata (Sparrow 2007, Galiani & McEwan 2013), while in Pellerano et al. (2019) the transfer only reduced child labour among less-poor households.
- **Type of work:** cash transfers appear to be more effective in reducing children's participation in paid work outside the household, than reducing unpaid work at home or on the family farm or business, although the evidence is limited. Studies from Ecuador, Nicaragua and Malawi show that while children's work outside the home decreased, their participation in household chores and work on family farms or enterprises increased.

While this review helps to consolidate what is known about the impact of cash transfers on child labour in generally, many gaps remain. In the context of this project, evidence from cocoa-growing contexts is particularly scant. We cannot conclude that either conditional or unconditional transfers are more effective in reducing child labour, based on the available evidence. Further research is needed to better understand the role of conditionality, as well as other design features, such as the timing and frequency of transfers, and how offering cash transfers alongside other 'complementary services' affects outcomes for children.

This review identified two main ways in which cash transfers can lead to an increase in child labour. First, if cash is invested in productivity, such as in a family farm or enterprise, this can result in an increased demand for labour, which is often provided by children (De Hoop et al., 2019). Second, if the transfer is conditional, for example on school attendance, but the associated costs are greater than the value of the transfer, then increased child work may be needed to fill the gap (De Hoop et al., 2017). It is important to note that even in situations where child labour increases, there may be benefits to children in other dimensions – for example increased access to education, better supervision of work, or improved working conditions. These findings underline the importance of designing cash transfer programmes with care, in order to reduce the likelihood of adverse effects and evaluate harms and benefits in a holistic way.

More robust evaluations are needed to strengthen the available evidence base around the impact of cash transfers on child labour. The findings from this review demonstrate the importance of measuring children's time use consistently, accounting for both paid and unpaid work, and measuring the different experiences of girls and boys. Several studies covered in this review effectively measured both children's participation in work (the extensive margin) and how much they work (the intensive margin), providing a more granular understanding of how children's time use may change as a result of a cash transfer. Ensuring future policies are evaluated taking these factors into account would allow us not only to better understand the impact of different design features on outcomes for children, but to strengthen the evidence base around the effectiveness of cash transfers as a policy tool to address child labour.

## INTRODUCTION

Cash transfers are a type of social protection programme for the poor that typically address two main objectives: to provide immediate poverty relief and to contribute to long term poverty reduction, for example through increasing access to healthcare and education (Lindert, 2013; Mishra, 2017; ODI 2016). There is a growing body of evidence to show that cash transfer programmes are an effective means of poverty reduction and can have further reaching benefits for recipients (Palermo, 2019), notably for children living in the recipient households.<sup>1</sup> Cash transfers have been recognized as a useful policy tool to reduce child poverty and improve children’s welfare on many fronts, including nutrition, health and education (UNICEF-ESARO 2015).

While poverty is widely considered a “root cause” of child labour, and child labour is prevalent in many countries where cash transfer programmes exist, there has been limited analysis of the impact of cash transfers on child labour to date. One reason is that while most cash transfer programmes explicitly target outcomes for children within an overall strategy for poverty reduction and social development – reducing child labour is typically not among the main aims of these programmes.

Two published reviews have sought to address this gap. In 2014, de Hoop and Rosati reviewed empirical evidence on the impact of cash transfer programmes on child labour, focussing on examples from both urban and rural contexts, primarily in Latin America. They conclude that cash transfers tend to reduce child labour on average and that there was “no evidence that cash transfer interventions increase child labour in practice”. They also highlight a lack of evidence on the impact of cash transfer programmes on the worst forms of child labour, and on how the design of cash transfer programmes affects child labour. In 2016, a review by ODI considered child labour as part of a broader review of evidence on cash transfers. Using less stringent inclusion criteria, they found that less than half the studies reviewed showed any significant impact on child labour, but where there was a significant impact, child labour decreased. A third review of evidence on the impact of income changes and child labour in smallholder agriculture (ICI & ITC, 2020), presents a more nuanced picture: while six of the ten cash transfer programmes reviewed showed unambiguous reductions in child labour, the remaining studies showed more mixed results, including some increases in children’s exposure to hazardous work, excessive working hours and increased work in family businesses.

This synthesis builds upon the reviews above, incorporating several new studies published in the last six years. Since agriculture accounts for more than 70% of child labour worldwide (ILO, 2017), the study focuses specifically on rural areas in developing countries, where this type of work is most common.

## OBJECTIVES OF THE STUDY

The study is conducted as part of an innovation project funded by the State Secretariat for Economic Affairs (SECO) of the Swiss Confederation. In addition to updating the available evidence base on the effects of cash transfers on child

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<sup>1</sup> For instance, for a review of the positive impact of cash transfers on schooling and educational outcomes, see Baird et al. (2013)

labour, this literature review aims to inform the design of a cash transfer programme in cocoa farming communities in Ghana.

Child labour in cocoa is particularly widespread. In Ghana, 44% of children aged 5-17 in cocoa-growing areas are involved in child labour, accounting for around 900,000 children, including 880,000 in hazardous work (Tulane University, 2015).

This review analyses the existing evidence on the effect of cash transfers on child labour to understand if these interventions could be used as a policy tool to prevent and reduce child labour.

The research questions examined in this study are:

1. What evidence already exists regarding the effect of cash transfers on various forms of child work and child labour?
2. How do these impacts differ by age, gender and poverty level of the children receiving the transfer?
3. What considerations emerge from this literature in terms of the design of cash transfer programmes (for example, the use of conditions, and the amount, timing and frequency of payments)?

The report is organized as follows. The Methodology section explains the criteria used for selecting studies for inclusion in the review. The following section briefly introduces the two types of cash transfers considered: unconditional and conditional. The Findings section discusses in detail the results of the selected studies, including visual summaries of the evidence. Lastly, the report presents some evidence-based considerations for the design of cash transfer interventions that aim to prevent or reduce child labour. A more detailed overview of cash transfer programmes in Ghana – LEAP and LEAP1000 – is provided in the Annex.

## METHODOLOGY

This review focuses primarily on peer-reviewed articles, as well as policy briefs and reports particularly relevant for cash transfers and child labour in Ghana and other cocoa-growing countries in West Africa.

The key selection criteria were:

1. The evaluation of a cash transfer programme (conditional or unconditional) that measured some form of child labour or child work as an outcome, with comparison to a suitable control group
2. The sample of the evaluation must include at least some rural households

Randomized control trials (RCTs), in which households are randomly assigned to the cash transfer treatment or to a control group, were considered the gold standard for evaluation, but evaluations using other techniques we also included – for instance lotteries as instrumental variables, or propensity score matching, a methodology that links recipients to a counterfactual group on the basis of observable individual characteristics.

The search was performed mostly through Elsevier's Scopus, one of the largest repositories of abstracts and citations of peer-reviewed literature and cross-

checked with Google Scholar and other databases of impact evaluations for further studies.<sup>2</sup> A total of 20 studies meet the selection criteria described above. This report provides a short summary of each and discussed their results in relation to child labour.

The main outcomes of interest were child labour/work and schooling/education. However, since there are numerous studies evaluating the impact of cash transfers on educational outcomes, but not on child labour, this review is restricted to the articles that have some measure of child labour supply, and then if they report also on schooling outcomes (which happens in most of the cases), these results are included, as well.

## TYPES OF CASH TRANSFERS

### Conditional Cash Transfers

Conditional Cash Transfers (CCT) are programs that transfer money, generally to poor households, on the condition that those households fulfil certain obligations. Households must comply with these conditions in order to continue to benefit from the monetary transfer. Such conditions typically relate to health and nutrition (for example attending appointments to monitor child growth, receive child vaccination/immunizations); education (child enrolment, school attendance); participation in awareness-raising workshops; and other complementary activities like caregiver engagement in productive activities (Fiszbein and Schady, 2009; Lindert, 2013).

### Unconditional Cash Transfers

In Unconditional Cash Transfer (UCT) programmes, there are no conditions or requirements attached to the transfer. UCTs typically have a core poverty reduction objective and may also seek to promote human capital accumulation. Once selected, recipients continue to qualify for the transfer irrespective of how the money is used (Fiszbein and Schady, 2009; ODI, 2016). UCTs are common in Sub-Saharan Africa, for example the Lesotho Child Grant and Malawi's Social Cash Transfer Programme (ODI, 2016).

For this review, reforms on social protection schemes, such as old-age pensions, that led to a sudden windfall of cash for certain members of the family are not considered equivalent to standard UCT (see for example Edmonds 2006 in South Africa, De Carvalho Filho 2012 for Brazil, and Chong and Yanez-Pagan 2019 on Bolivia). While studies on old-age pension reforms, for example, can be useful to understand how elderly family members transfer money to their grandchildren, the transfer is expected during a given life period, or under specific circumstances, and is usually received regularly over a long period of time, so the changes in expenditure and consumption patterns are not easily comparable to unconditional cash transfers lasting only few years.

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<sup>2</sup> These included the World Bank Development Impact Evaluation Initiative (DIME) database, the Poverty Action Lab and the Social Science Research Network (SSRN). The query for "child lab\*r" (with a wildcard for British or American spelling) AND "cash transfer" yields in Scopus 61 articles as results (20 January 2020).



## FINDINGS

This section compares the main findings from ten studies of unconditional cash transfers (UCT) and ten studies of conditional cash transfers (CCT) that, according to the criteria detailed in the methodology, have been selected as solid evaluations that illustrate the effects of cash transfers on child labour. Where available, this section also reports the main findings of these studies regarding educational outcomes following the cash transfer, as well as any other relevant changes for the children of the eligible households.

### Unconditional cash transfers

Starting with unconditional cash transfers, this review compares ten studies relevant to understanding child labour impacts: two evaluations of a programme in Ecuador – Latin America being a region where most cash transfer programmes are conditional – and seven evaluations of cash transfers in Sub-Saharan African countries, where unconditional transfers are more common: the ones discussed here were implemented in Zambia, Malawi, Kenya, and Lesotho.

For **Ecuador**, the studies of Schady and Araujo (2006) and Edmonds and Schady (2012) assess the effects on children of the *Bono de Desarrollo Humano*. The evaluation consisted of a lottery for the random assignment of eligible households with children to a treatment and control group, then used as an instrumental variable for the take-up of the cash transfer. Compared to the control group, which did not receive the cash transfer for the first two years, children's participation in economic activities was 17 percentage points (pp) lower (for 6-17 year olds), with an even greater reduction for 11-16 year olds, for whom child labour was 25pp lower. These substantial results were achieved despite the fact that the cash transfer was relatively small, amounting to about 7% of monthly expenditure, and equivalent to less than 20% of the foregone earnings of children. For the older cohort of 11-16 year olds, the cash transfer resulted in a 10pp reduction in *paid* employment (from a counterfactual mean of 24%), and a 19pp reduction in *unpaid* economic activities (from a counterfactual mean of 55%) – equivalent to a 41% reduction in paid and 34% reduction in unpaid work. In the poorest households, children shifted from paid into unpaid work, but total hours still declined. For students already enrolled in school at baseline, the effects were even larger: a 78% reduction in paid work and a 32% reduction in unpaid work, coupled with a small increase in household chores. The programme had a greater effect at the extensive margin (reducing participation) rather than at the intensive margin (hours worked), since households used the cash transfer to postpone the entry of their children into working activities. The authors also note that those children who stopped working earned less than average, so the programme reduced child labour at the lower end of the earning distribution.

For **Zambia**, Handa et al. (2016) and De Hoop et al. (2019) evaluate the *Zambia Child Grant Programme* and the *Zambia' Multiple Category Target Programme*, respectively, using cluster-RCTs at the village level. The first study assigned poor families with children younger than three years old for the cash transfer, which corresponded to roughly one additional meal per day for one month. The families in the sample were extremely poor, so the cash transfer of 70 Kwachas was almost double of average household expenditure of around 34 Kwachas. The evaluation shows that the programme did *not* achieve a significant reduction in child labour

overall, considering children aged 7-14 years old. However, for 11-14 year old children, it induced a reduction of 4-5pp in the probability of *paid* work (defined on the basis of a 2 weeks recall by the survey respondent, who was the primary caregiver, thus typically the mother) while increasing schooling by 6-8pp. The impact on *unpaid* work was not presented. There was no effect on schooling or work for children 7-10 years old. At baseline, more than half of the children were involved in some form of work (paid or unpaid, although paid work was rare, with only 2.3% involved in it at baseline). Families spent part of the transfer purchasing shoes and school uniforms.

The study of De Hoop et al. (2019) focuses instead on a sample of vulnerable households (female- or elderly-headed with orphans, or including people with disabilities, or critically vulnerable). It demonstrates that child *work increased* for certain activities: caring for livestock rose by 4pp, household non-agricultural enterprise activities rose by 3pp. Paid economic activity outside the household did not change significantly (but as noted above, it was quite infrequent to begin with). The evaluation finds that the probability of engaging in economic activities overall increased by 6pp, household chores increased by 3pp, and excessive working hours (defined following the ILO standard age-based definition) increased by 5-6pp in all age groups. Despite these disappointing results on child work, schooling and children's welfare (nutrition, ownership of shoes and clothes, and sleeping under an insecticide-treated mosquito net) both increased. School attendance increased by 7 and 8pp, respectively, among the older age-groups, with no change among the youngest age-group.<sup>3</sup>

In **Malawi**, the *Social Cash Transfer Program (SCTP)*, targeted at ultra-poor households with high dependency ratios,<sup>4</sup> is evaluated by Covarrubias et al. (2012), Miller and Tsoka (2012), the Endline Report (2016) and again by De Hoop et al. (2019), who compare it with the Zambian *Multiple category Target Programme* described above. The transfer was about 18% of the average consumption of recipient households, but the exact transfer size depended on the household composition. The first two studies use a village-level RCT (suffering from some methodological issues due to the small number of randomized units and some baseline differences between treatment and control group). They find a 7% decrease in child labour outside the house for children younger than 18, and larger magnitudes for 13-18 year olds, but also an increase in housework of 0.16 hours per week. In parallel, school enrolment rose by 5pp (at baseline, 84% of children aged 6-18 were enrolled in school), while educational expenditure increased, and absences fell. The Endline Report (2016) and De Hoop et al. (2019) both confirm a fall in economic activity for pay outside the household (by 6pp), however they identify an increase in hazardous work by up to 4pp (from a 25% incidence at baseline), especially for higher age groups (12-14 and 15-17). Moreover, non-livestock agricultural activities rose by 6pp, caring for livestock rose by 7pp, and household chores rose by 10pp. The increase in child work could be linked to the investments made in agricultural assets (tools and livestock), and to the shift by adults from work for pay outside the household towards work on household farms or businesses, which resulted in increases in land cultivation, increased crop sales,

<sup>3</sup> About 73 percent and 66% of children in Malawi and Zambia, respectively, were in school at baseline.

<sup>4</sup> The number of dependents divided by the number of household members fit to work, indicating that fewer working individuals must support a larger number of non-working ones.

and increased profits from non-agricultural businesses. These effects could explain the increase in household chores (collecting water and firewood, taking care of children, cooking and cleaning and taking care of elderly and sick family members) and the extra hours on the family farm or business, especially during the harvest season. De Hoop et al. (2019) also find that school attendance rose by about 8pp among the two younger age-groups (<12 and 12-14) and by 15pp among the older age-group (15-17 years old).

For **Kenya**, Asaf (2014) evaluates the *Cash Transfer for Orphans and Vulnerable Children Programme* with a cluster-RCT. The transfer amounted to about 14% of average household expenditure. Despite being an unconditional transfer, it included some suggestion to use the money on children, health, and improved nutrition. The study finds a reduction of 12% in work in the farm, starting from a 42% incidence of child work at baseline for boys. There was no significant effect for girls. The impact increases with greater isolation of the treated households, measured as the distance to the local market. The evaluation also finds an increase both in primary and secondary school enrolment.

In **Lesotho**, Pellerano et al. (2019) and Sebastian et al. (2019) assess the impact of the *Lesotho Child Grants Program* targeting rural poor households with orphans or vulnerable children, using a district-RCT. Eligibility was determined with proxy means testing and community validation. The cash transfer consisted of a flat rate equivalent to about 16% of the monthly consumption of eligible households at baseline, except for the last payment, in which families with more children received more money. Additionally, households received a Food Emergency Grant after the first year, in response to a poor harvest, thus reaching a total transfer of about 42% of the monthly consumption expenditure of eligible households prior to the transfer. The cash was disbursed every quarter, but some payments were made irregularly. The first study finds that participation in child work fell by 17pp in child work. The amount of work fell by three hours a week (equivalent to almost one day per week less), but only for the least poor households. Extremely poor households possibly did not get enough money, so while they increased expenditure on uniforms and shoes for children, child work did not change significantly. There was no identifiable spill over effect on non-eligible children. Sebastian et al. (2019) break down the effects by gender of the children and of the head of the household: they show that girls benefit more in terms of schooling (enrolment, days missed, fewer household chores—almost 48 minutes per day less), even if they already had a better position before the transfer. However, girls do not experience any significant work reduction, although the effect is slightly larger in male headed households. For boys, there was a reduction of one day per week in farm work, and schooling improved especially in female-headed households.

## Summary table: Unconditional cash transfers

Country and policy	Study	Effects on child labour and education
<b>Ecuador</b> , Bono de Desarrollo Humano  <i>Amount: 7% of monthly expenditure</i>	Schady and Araujo (2006)	↓17pp participation in economic activities. No significant effect on schooling.
	Edmonds and Schady (2012)**	↓25pp work. ↓10pp in paid employment overall (from a counterfactual mean of 24%), and ↓19 pp unpaid economic activity (from a counterfactual mean of 55%) in previous 7 days. For students, ↓78% paid work and ↓32% unpaid. ↑ household chores (small).
<b>Zambia</b> , Zambian Child Grant Programme  <i>Amount: one extra meal per day for average household</i>	Handa et al. (2016)*	↓4-5pp probability of paid work for children 11-14 years old (at baseline, 50% children did some form of paid or unpaid work, but only 2.3% worked for pay). ↑6-8pp schooling No effect on aggregate of all ages, or 7-10year olds.
	Covarrubias et al. (2012)*	↓7% child labour outside the house (larger effect for 13-18 year olds given their greater involvement in this type of work ex-ante) ↑0.16 hours/week housework.
<b>Malawi</b> , Social Cash Transfer Program  <i>Amount: 18% of pre-programme consumption</i>	Miller and Tsoka (2012)*	10pp↓work outside home. 5pp↑ in school enrolment, ↑educational expenditure, ↓absences (at baseline, 84% of children aged 6-18 were enrolled in school)
	Endline Report (2016)	↑0.1pp hazardous activities. Most child labour was in the higher age groups (12-14 and 15-17) due to hazardous work.
	De Hoop et al. (2019)**	<b>Zambia:</b> ↑ school attendance (↑7pp 12-14 year olds; 8pp 15-17 year olds). <b>Malawi:</b> ↑ school attendance (↑ 8pp <12 years and 12-14 years, ↑15pp 15-17 years). ↓work for pay. <b>Zambia:</b> no change in economic activity <b>Zambia:</b> ↑5-6pp in excessive working hours (all age groups). ↑4pp participation in caring for livestock. ↑3pp work in household non-agricultural enterprises. ↑6pp probability of engaging in economic activities. ↑3pp household chores <b>Malawi:</b> ↑4pp exposure to hazardous work (25% at baseline). ↑7 participation in caring for livestock. ↑6pp participation in non-livestock agricultural activities (not measured in Zambia). ↑10pp household chores
<b>Kenya</b> , Cash Transfer for Orphans and Vulnerable Children Programme.  <i>Amount: 14% household expenditure in 2011</i>	Asaf et al (2014)*	↓12% child labour for boys (baseline: 42% child work in family farm at baseline). The impact increases with greater isolation (distance to local market). ↑ school enrolment. No significant effect for girls.
	Pellerano et al. (2019)	↓17pp participation in child labour, among children in less poor households. (↓3hours/week and almost 1 day/week less work); ↑ expenditure on uniforms and shoes by extremely poor households No decrease in child labour for children from extremely poor households, who possibly did not get enough. No spill over effects on non-eligible children.
<b>Lesotho</b> , Lesotho Child Grants Program.  <i>Amount: in total, 42% of monthly expenditure of eligible households</i>	Sebastian et al. (2019)*	Girls: ↓household chores. ↑ schooling (↑school enrolment, ↓days missed) Boys: ↓1 day in farm work. ↑ schooling, especially in female-headed households.

**Notes:** \* = published studies, \*\* = published studies in high-quality outlets, no asterisk = studies not published in peer-reviewed journals. ■ = positive effect (ie. reduced child labour) ■ = no effect, ■ = adverse effect.

## Conditional cash transfers

Conditional cash transfers have primarily been implemented in Latin America. This section examines seven studies for Latin America (on programmes in Nicaragua, Honduras and Mexico), two studies in Asia (Philippines and Indonesia) and one study for Ghana.

In **Nicaragua**, Dammert (2009) and Gee (2010) evaluate the conditional cash transfer called *Red de Protección Social* through a cluster-RCT randomized at the level of localities (“comarcas”). The conditions for cash-transfer recipients with school-age children who had not yet completed the 4th grade were (i) regular health checks and (ii) regular school attendance (85%, no more than five absences every two months without valid excuse). Promotion at the end of school year was also part of the conditionality, but it was not enforced. The cash transfer amounted to about 13% of total annual household expenditures in beneficiary households before the start of the program. The two studies examine children 7-13 years old, who worked at baseline an average of three hours per week (measured in the previous seven working days, excluding Saturday and Sunday). Overall, the probability that a child engages in work activities decreased by 10.7%; working children saw a reduction of about 3.65h per week. Dammert (2009) looks also at heterogeneities for specific sub-groups: finding a reduction in child labour of 11-14pp for boys and of 1pp for girls, paired with an increase in school attendance by 18pp for boys and 12pp for girls (at baseline, 77% of children had regular school attendance and 15% were involved in child labour). Schooling rose by 8pp for the poorest children in the sample, while for the richest recipients it increased by 19pp. Differently from other contexts, the effects on older children were smaller but still significant in terms of work participation and hours worked.

Again in **Nicaragua**, Del Carpio et al. (2016) examine another programme, *Atención a Crisis*, based on a cluster-RCT in which the treated a group consisted of (i) households that received a classic conditional cash transfer and (ii) a subgroup that additionally received a business grant and some business training. They find that child work fell by 1.8 hours per week (from activities like housework and farming), but less so in households that received the business grant – only by 0.9 hours per week, because children were involved in enterprise work. The study did not examine the extensive margin: overall participation in child work. The authors argue however that the *type* of child work improved, because the activities needed for the family business were more skill-enhancing (for example in terms of numeracy or interpersonal skills when working on the family shop).<sup>5</sup>

In **Honduras**, Galiani and McEwan (2013) study the *Programa de Asignación Familiar (PRAF)*, which consisted of a school transfer for each child between 6-12 years old (up to three per household) and a health transfer for every pregnant mother or child younger than three years old (up to two per household). The transfers were conditional on school enrolment and attendance, as well as health

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<sup>5</sup> The authors define skill-forming activities as work in commerce, manufacturing, food production for sale, and services, because they involve reading, writing, basic arithmetic, and interpersonal relationships, which are all basic skills in a modern economy.

clinic attendance (but the conditionality on attendance was not enforced in practice). The evaluation was based on a municipality-level RCT. With one of the lowest cash transfers in this review, equivalent to just 5% of median per capita expenditure, the programme achieved the strongest effect in the two poorest strata, while it had no significant impact on the three strata just above: specifically, among the poorest children child work reduced by 3pp (from a mean level of 14% of control-group children working outside the home), through a 50-55% reduction in work outside the home (mostly driven by boys, not significant for girls), and a 38-46% reduction in work inside the home (driven by girls, but still significant for boys). The programme also led to an 8pp increase in school enrolment, equivalent to a 16-32% increase relative to the control group. School effects were the same for both genders.

For **Mexico**, one of the most famous cash-transfers in Latin America, the *Programa Nacional de Educación, Salud y Alimentación* (PROGRESA), renamed *Oportunidades* in 2000 has been evaluated with randomized control trials by Skoufias and Parker (2001), Janvry et al. (2006) and Behrman et al. (2011). The cash transfer was equivalent to 20% of average household expenditure but was also increasing with child age and slightly higher for girls. The cash transfer programme was coupled with supply-side interventions, in terms of educational and health facilities. The conditions for this cash transfer programme were based on health checks and regular attendance between third grade primary and third grade secondary – children could not miss more than 3 days of school per month (85% attendance). Moreover, high school students had to attend health talks once a month. Students could fail a grade at most once. The first study finds significant reductions in child work: for boys, there was a 4pp reduction from a baseline incidence of 55%, but no effect on working hours. For girls, the probability of work decreased by 2pp, from a baseline value of 17%, and domestic work decreased by almost 6 pp from a mean pre-treatment incidence of 58%. Most effects were larger for the 12-17 age group. School participation increased by 4pp for boys and by 7pp for girls.

Similarly, Janvry et al (2006) find a reduction in child work, defined as productive activities—including wage work, unpaid work outside of home, and work in the family business or farm—in the week preceding the survey by 2-7%. However, child labour in response to shocks did not change significantly: they consider shocks both of climatic origin (drought, earthquake, hurricane, flood, or plague, which caused households to lose land, harvest, or an animal as a consequence), of health origin (illness of the household head or illness of younger siblings) and unemployment of the household head, and note that recipients of the cash transfers increased child labour in response to these shocks as much as households in the control group. From their study, it appears that the cash transfer only mitigated the fall in enrolment following shocks.

To understand the longer-term impacts of the Mexican cash transfer, Behrman et al. (2011) compare a treated group to a delayed-entry control group that received the cash transfer only one and a half years later. Moreover, they compare the recipients of the cash transfer to a group of households that never received any

cash transfer, defined as a long-term control group by propensity-score matching (PSM). Five and a half years after the start of the first treatment, the cash transfer reduced child work for boys by 4.1%, but not for girls (note however that at baseline, 18% boys and 8% of girls worked), compared to the delayed-entry control group that received the cash transfer later. Schooling for boys increased by 2.4% and for girls by 2.7%, with the largest effect occurring for those children about to end primary school. Compared to those who never received the programme, the cash transfer increased schooling even more (by 13-15% for boys and by 10% for girls). However, while it reduced the probability of child work by almost 30% for boys, it had no effect for younger girls, and for older girls who were 13-15 pre-programme it increased the probability of working by 20%.<sup>6</sup>

In the Philippines, De Hoop et al. (2017) assess the effects on children of the *Pantawid* cash transfer with a cluster-RCT evaluation design. Eligible poor households had at least one child younger than 14 years old (or a pregnant woman) and to receive the transfer needed to ensure that children attended primary or secondary school regularly – at least 85% of school days per month, plus some health conditionalities: regular attendance of health clinics, deworming treatment, and the household member receiving the cash transfers (or spouse) had to attend “Family Development Sessions”. The transfer lasted about 10 months and amounted to around US\$55 a year in the evaluation sample, however it did not cover all primary school costs (around US\$86 in treated areas). In total, the cash transfers accounted for 20% of the average beneficiaries’ monthly household income. The study finds that the incomplete coverage of schooling costs caused an increase in some forms of child labour: work for pay increased by 5pp relative to a mean of 12% in the control group, especially because children increased their schooling, but had to work more to afford the extra-schooling costs. They find a 6pp increase in children declared to be “both in school and working”, while the number of those “inactive” (neither at school nor at work) decreased by 4pp.

In Indonesia, Sparrow (2007) assesses a cash transfer implemented as a scholarship to protect students from the '97 Asian crisis. The study relies on a natural experiment due to regional mistargeting to match treatment and control households. The conditions for the transfer were that students from above third grade had to be enrolled and pass each grade at the end of the school year. The cash transfer amounted to about 7-18% of average per capita consumption, with increasingly higher transfers for higher grades. Transfer amounts were always higher than schooling costs for the poorest households: for primary school, the transfer was Rp. 10,000 compared to a schooling cost of Rp. 4,881, for junior secondary Rp. 16,123 compared to cost of Rp. 20,000, and for secondary senior Rp. 30,401 compared to cost of Rp. 25,000 per month (in 1999 prices). The baseline incidence of child work in activities that contribute to household income, including farm activities, was 16%, for at least 1 hour per week. This was much higher for non-enrolled children, around 47%, but overall school enrolment rates exceeded 90%.

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<sup>6</sup> Note however that this latter comparison is not based on random assignment to the treatment and control group, but on creating a counterfactual control group by matching treated households with “similar” ones based on observable characteristics.

The author estimates that 13% of programme participants would have dropped out of school without the cash transfer, especially among children 10-12 years old. The transfer was most effective for children in the poorest income strata. For the 13–15 age group, there was a larger impact on boys. Overall, the programme led to a 27% decrease in the incidence of child work, and the absolute size of the effects on child labour increased with age, partly because child labour tends to be higher amongst older students, partly due to the higher grants.

In Sub-Saharan Africa, unconditional cash transfer programmes have been more common than conditional ones. In **Ghana**, the **LEAP** programme – discussed in detail in the Annex – is one of the few programmes that required some actions from its participants (although not all of them: eligible households with disabled or elderly individuals did not face any conditionality). In practice, recipient households with orphans and vulnerable children, pregnant women and children below the age of one signed an agreement that they would comply with some health and schooling measures. Conditions included registering the birth of new-born babies, attending post-natal clinics, ensuring that children under the age of five received all vaccinations and, for school-aged children, that they regularly enrolled in school. Moreover, the programme required adults to ensure that the children were not victims of trafficking or participated in the worst forms of child labour. Additionally, households had the opportunity to be enrolled in the National Health Insurance Scheme as a complementary service. In practice, none of the conditions were monitored or enforced, so LEAP was effectively equivalent to an unconditional cash transfer.

The cash transfer amounted to 11% of consumption within the target group at baseline, dropping to 7% at midline, and reaching 18% of average consumption by endline, due to variation in the transfer amount and to inflation. Handa et al. (2014) and Handa et al. (2017) evaluate the LEAP programme, but without using a randomized assignment to treatment and control group. Instead, they rely on a Propensity Score Matching (PSM) methodology that matches households on the basis of their observable characteristics. PSM cannot control for unobserved characteristics that affect the prevalence of child labour (preferences, local norms, family needs, traditions, etc.), and therefore cannot identify a clear causal nexus between the cash transfer and resulting child labour outcomes. Moreover, the study only briefly mentions child work: they observe a reduction in *hired* child labour by female headed households but find no effect for child labour hired by male headed households or overall. They also find no effect on total days spent by children on their family's own farm in the previous agricultural season. For education, they show no effect on primary school enrolment, although primary school absenteeism dropped by 10pp overall (with larger impacts for girls than for boys). Secondary school enrolment rose by 7pp for boys, but there was no effect for girls. Grade repetition decreased at primary level, secondary level and overall.



## Summary table: Conditional cash transfers

Country & Policy	Conditions	Study	Effects on child labour and education
<b>Nicaragua</b> , Red de Proteccion Social.  <i>Amount: 13% of total annual household expenditure</i>	Health checks and regular school attendance.	Dammert (2009)*	↓child labour by 11-14pp (boys), only 1pp (girls); ↑school attendance by 12pp (girls) and by 18pp (boys). Poorest children ↑8pp, richer ones 19pp↑ more schooling. Older children= less effect both on schooling and work.
		Gee (2010)*	↓10.7% probability that a child works in past 7 days (excl. weekend); ↓3.65h/week work for working children.
<b>Nicaragua</b> , Atencion a Crisis.  <i>Amount: 45% of income (basic + grant)</i>	School attendance, regular health checks.	Del Carpio et al. (2016)*	↓1.8h/week child labour (housework, farming), only ↓0.9h/week if CCT + business grant ↑ enterprise work.
<b>Honduras</b> , Programa de Asignación Familiar.  <i>Amount: 5% of median per capita expenditure</i>	School enrolment & attendance, health clinic attendance. (not enforced)	Galiani and McEwan (2013)**	3pp↓ in child labour, strongest effects in 2 poorest strata. 50–55% ↓ in work outside the home (driven by boys), 38–46%↓ in work inside the home (driven by girls). 8pp↑ school enrolment (16–32%↑ relative to the control group). School effects don't vary by gender.
			Insignificant effects on child labour in less poor households.
<b>Mexico</b> , Programa Nacional de Educación, Salud y Alimentación (PROGRESA)/Oport unidades  <i>Amount: 20% of average household expenditure, increasing with child age</i>	Health checks and regular school attendance.	Skoufias and Parker (2001)	Boys: 4pp↓ probability of work, from baseline of 55%, 40%↓ in market work, no effect on hours (boys). Girls 2pp↓ work, from a baseline value of 17%. Domestic work ↓10% for girls. Most effects larger for 12-17 age group. School participation: ↑4pp (boys); ↑7pp (girls).
		Janvry et al. (2006)**	↓2-7% child work. The programme buffered falls in school enrolment following shocks. No change in the child labour response to shocks (climatic, illness, or unemployment of HH head).
		Behrman et al. (2011)**	↓4.1% child work (boys), At baseline, 18% boys and 8% of girls worked. Schooling: ↑2.4% boys, ↑2.7% girls. Largest effect for those about to end primary school. Relative to those who never received the programme, work↓30% (boys). Schooling ↑13-15% (boys) and ↑10% (girls). No effect for girls overall, no effect for young girls ↑20% in work for girls aged for 13-15 at programme start
<b>Philippines</b> , Pantawid  <i>Amount: 20% average monthly income</i>	School attendance, deworming, family development	De Hoop et al. (2017)**	↑5pp work for pay relative to a mean of 12% in control group. ↑6pp in “both in school and working”. ↓4pp in “neither at school nor at work”,
<b>Indonesia</b> , 1998 Scholarship  <i>Amount: 7-18% of average consumption</i>	Student enrolment and grade completion.	Sparrow (2007)*	At baseline, 16% work at least 1 h/week (for non-enrolled children, 47%). ↓27% incidence of child work. Greater reductions in child labour with age. ↓13% of participants would have dropped out of school without CCT, esp. 10-12 years old. Most effective for poorest group.
<b>Ghana</b> , LEAP  <i>Amount: 11% consumption at baseline, 7% at midline, 18% endline.</i>	Multiple, but conditions not monitored or sanctioned in practice.	Handa et al. (2014),	Overall, no effect on hired child labour. ↓ in hired child labour (female headed households). Secondary school enrolment ↑7pp (boys), Primary absenteeism ↓10pp (larger for girls), reduced repetition.
		Handa et al. (2017)	Overall, no effect on hired child labour. No change in hours spent on own farm work. No effect on school enrolment for girls.

**Notes:** \*= published studies, \*\*= published studies in high-quality outlets, no asterisk=studies not published in peer-reviewed journals.   =positive effect (ie. reduced child labour)   =no effect,   =adverse effect.

## CONSIDERATIONS FOR THE DESIGN AND EVALUATION OF CASH-TRANSFER PROGRAMMES TO ADDRESS CHILD LABOUR

The existing literature on cash transfers shows that overall these programmes can be successful at decreasing child labour outcomes and increasing schooling, however the ultimate results are often quite heterogeneous, depending on the age and gender of the children, income level of the household, and type of work activity considered. Unfortunately, the current body of evidence does not allow for a substantial exploitation of these variations to better target cash-transfer programmes. This section presents several considerations that can be extrapolated from the results of the studies analysed above.

### Conditionality

Overall, it remains unclear if unconditional or conditional cash transfers are preferable in terms of child labour impacts: while substantial evidence exists that conditional cash transfers increase educational and schooling outcomes more than unconditional transfers (Baird et al. 2013), a similar body of evidence is lacking regarding child labour. Also, this review illustrates that the evidence on conditional cash transfers is predominantly from Latin American Programmes, with a few studies on South-East Asia. Most evaluations for Sub Saharan Africa apply to unconditional cash transfers. It is therefore hard to compare the two types of interventions in such different geographic contexts. Lastly, one important knowledge gap is in terms of the cost-effectiveness of these interventions (as also noted in the review of De Hoop and Rosati 2014). Beyond the amount of the cash transfer, most studies do not report other costs of project implementation (like monitoring the conditionalities), so it is hard to compare unconditional and conditional cash transfers on the grounds of cost effectiveness.

### Age

With respect to the age of children, as De Hoop and Rosati (2014) note, the effects can be mixed: older children tend to participate more in work to begin with, thus making the margin for improvement in child labour outcomes greater. However, they can also earn higher wages or make a larger contribution, making it harder for the cash transfer to provide a sufficiently valuable alternative. In most of the evaluations examined, older children seem to reap greater benefits from cash transfers than younger children (Edmonds and Schady 2012, Handa et al. 2016, Covarrubias et al. 2012). This effect could be particularly significant when children transition between primary and secondary school, as in the case of Mexico (Behrman et al. 2011). It should also be noted that usually secondary school is more expensive, and some cash transfers explicitly compensate for the higher costs with larger monetary transfers (as in the case of Indonesia's CCT illustrated by Sparrow 2007 or for PROGRESA in Mexico). An example of the opposite effect of age can be found in Nicaragua in the study by Dammert (2009), which finds smaller reductions in child labour for older children. The study shows that wages increase with children's age and thus transfers might not be high enough to compensate for

forgone earnings, which for older children were higher. Furthermore, the case of Malawi illustrates that older children are also exposed to more hazardous activities (De Hoop et al. 2019).

### **Gender**

Most studies that separate their analysis for boys and girls find that males reduce work for pay outside the home more significantly, while females reduce household chores (Asaf et al. 2014, Galiani and McEwan 2013, Dammert 2009). The study of Sebastian et al. (2019) for Lesotho even examines the difference in impacts for the gender of children in combination with the gender of the head of the household: they find that girls benefit more in terms of education, especially in male-headed households, while boys benefit in terms of reduced child work, particularly in female-headed households. Often the effects of cash transfers on boys have substantially larger magnitudes. For Mexico, in the long run, Behrman et al. (2011) find a large reduction of child work for boys but not for girls – their study provides some evidence of an increase in work for older girls.

### **Poverty**

The poverty level of recipients can also generate some heterogeneous effects in the effectiveness of cash transfers. The evidence however is mixed. Some studies find that cash transfers were more effective for the poorest income strata (Sparrow 2007 for Indonesia, Galiani and McEwan 2013 for Honduras - using a proxy for poverty given by height-for-age). Instead Dammert (2009) finds no significantly different effect by income quartiles. Edmonds and Schady (2012) in Ecuador find that in the poorest households, children shifted from paid into unpaid work, but total hours of work still declined. Lastly, some studies found that the poorest households did not reduce child labour: in Lesotho, Pellerano et al. (2019) find that the UCT did not reduce child labour for the poorest strata of eligible households. De Hoop et al. (2017) find for the Philippines that, since the CCT did not meet all costs of schooling, it even increased some forms of child work.

### **Type of work**

The evidence regarding the type of work activities performed by children is still relatively scant: some studies find that programmes that reduced paid child labour outside the home induced some increase in household chores or work on household farms or businesses (Edmonds and Schady 2012, Covarrubias et al. 2012, De Hoop et al. 2019). De Hoop et al. (2019) argue that moving from paid work outside the home to work within the family could be beneficial for children in terms of supervision and working conditions, but at the same time work on the family farms is often hazardous work, especially in the case of some commodities like cocoa.<sup>7</sup> Also, unpaid work is likely to be more flexible and compatible with schooling, while paid work with an external employer may be more likely to substitute for schooling (De Hoop et al. 2017).

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<sup>7</sup> In the case of child labour in cocoa in Ghana, 96% of children in child labour are involved in hazardous work (Tulane University, 2015).

The detailed study of De Hoop et al. (2019) for Zambia and Malawi identifies numerous areas of work that *increased* following the cash transfers (especially long-hours and hazardous work), however they also find that children's well-being increased in numerous other dimensions. In Malawi, even though children's exposure to hazardous work increased, other health measures for children improved (De Hoop et al., 2019). This underlines the importance of examining changes to child labour in a broader context, so as to understand the risks and benefits for children (either directly as a result of a cash transfer, or indirectly as a result of increased child work), as well as taking into account that the balance of risks and benefits may change over time.

### **Complementary services**

Complementary services and interventions are rarely evaluated rigorously in the context of child labour outcomes: the only study that systematically tests their effect is Del Carpio et al. (2016) in Nicaragua, where the conditional cash transfer was coupled with a business start-up grant. Since the grant generated more earning opportunities for the eligible families, the reductions in child labour from the cash transfers were less substantial for recipients of the business grant.

### **Additional considerations**

A few further suggestions emerge from this literature, but without being the outcome of a systematic comparison between treated and control groups – rather as “best practices” typically emphasized in this literature.

One example is the collection of baseline and endline data: most studies collect data in the same months, or at least in the same agricultural season and at similar times of the school year, to avoid seasonality effects.

Another important element is a detailed collection of information regarding household expenditure: the cash transfers that had somewhat adverse effects for child labour outcomes were often linked to increased expenditure on productive assets, as in the case of Malawi (Covarrubias et al. 2012) or again Nicaragua's business grant (Del Carpio et al. 2016).

In order to understand the change following a cash transfer, it is necessary to report the initial level (for example the incidence of child work) before the transfer, or at least in the untreated group. Most studies do this, recognizing that it is easier to achieve large reductions in child labour if a group (for example boys) already works a lot, rather than pushing to zero the amount of a given type of work that is already rare (e.g. paid work outside the house for girls).

A final consideration, is that the cash transfer size should be compared to the foregone income of children: they find that even if the transfer is smaller, it can still be effective, but most other studies do not report how much children are directly or indirectly foregoing by stopping to work. Indeed in the case of unpaid child labour on family farms, this is very difficult to quantify.

## ANNEXES

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## Cash transfer programmes in Ghana

This section reviews the literature on cash transfer programmes in Ghana. It first looks at the background of the Ghanaian economy and the government flagship programme (LEAP) and the UNICEF LEAP 1000, introduced in 2015.

### Context

Ghana has experienced impressive economic growth in the past two decades which has reduced poverty prevalence rate in the country, albeit, with growing inequality and increased exclusion (GSS, 2014a).

To address concerns of social exclusion, since the early 2000s the government has implemented a number of social protection programmes to help reduce the impact of economic shocks as well as promote equity and create opportunities for the vulnerable. In 2007 the government drafted the National Social Protection Strategy, revised in 2012, which aimed at creating an inclusive society by providing sustainable mechanisms to protect the vulnerable and the excluded in the society. The strategy seeks to improve the implementation of social protection interventions. These include a social assistance cash transfer programme for the poor commonly known as LEAP; in-kind assistance programmes such as the school feeding and free uniforms and exercise book programmes; a labour-intensive public works program (LIPW) for the poor unemployed; education and health insurance fee waivers; scholarship programs; a three-tier social security system, which covers both the formal and informal sectors; and a number of youth employment programs (FAO, 2013; Thome et al., 2014; Handa et al., 2014; Davis et al., 2016).

As a way of improving the wellbeing and ensuring all-inclusive development in Ghana, a National Social Protection Strategy (NSPS) was developed under Ghana's Growth and Poverty Reduction Strategy II (GPRS II) in 2007. The primary objective of the NSPS was to reduce poverty in line with the Millennium Development Goals agenda of halving extreme poverty by 2015. The NSPS also sought to provide an all-inclusive society through the provision of sustainable mechanisms for the protection of persons living in situations of extreme poverty, vulnerability and exclusion.

### Livelihood empowerment against poverty (LEAP)

The Livelihood Empowerment Against Poverty (LEAP) cash transfer programme aims at providing a safety net for the poorest and most marginalised groups in the Ghanaian society who are the bottom 20% of the extreme poor. To this end it seeks to protect and empower extremely poor families meeting certain conditions, which are described in more detail below.

### LEAP 1000

The original LEAP covered some categories of the extreme poor but excluded other vulnerable groups and households who could also benefit from support, particularly poor households with infants and young children. In 2015, the Ministry of Gender, Children and Social Protection, UNICEF and USAID introduced LEAP 1000 to address early childhood development challenges in poorer households with pregnant women and infants. In ten piloted districts in Northern and Upper East

regions. The programme aimed to reduce stunting by supporting households with children in the first 1000 days of their life and the size of the transfer was aligned with the original LEAP programme.

Originally a three-year pilot in ten districts, LEAP 1000 was integrated into the LEAP programme by the end of 2015. The original eligibility criteria were expanded to include households with pregnant women and children under 12 months (de Milliano et al, 2019).

### Objectives

The broad objective of the LEAP Programme is to reduce poverty prevalence by increasing consumption and promoting access to services and opportunities among the extreme poor and vulnerable in the country. The programme aims to make the following changes for recipient households:

- To improve basic household consumption and nutrition;
- To increase access to health care services;
- To increase basic school enrolment, attendance and retention;
- To facilitate access to complementary services (such as welfare, livelihoods and improvement of productive capacity).

### Funding

The programme is largely funded from the general revenues of the government of Ghana as well as by the World Bank and DFID, with technical support from the social protection unit within UNICEF. A team of technical experts in the area of Social Protection and Social Policy from different parts of the world including Brazil, Turkey, South Africa, Uganda and Ghana designed the implementation manual for the Programme. Implementation started in 2008 with the first disbursement of cash grants to 1,654 households in 21 pilot districts. The 21 districts were districts originally adopted for the implementation by the Department of Social Welfare with support from UNICEF to provide health insurance coverage for Orphans and Vulnerable Children especially those orphaned by HIV/AIDS.

### Target beneficiaries

LEAP targets the extreme poor. Being within the extreme poverty range is the first key criteria considered in selecting a household as a beneficiary. Extreme poverty according to the Ghana Living Standards Survey of the Ghana Statistical Service is defined as *the inability of a household to meet its daily nutritional requirements even if it devoted all its income to consumption*. Once a household is confirmed to be eligible via the proxy means test (PMT)<sup>8</sup>, it must also contain at least one member who is either: an orphan or a vulnerable child (e.g. of HIV positive parents),

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<sup>8</sup> The Proxy Means Test includes variables relating to household health status; education of household head; dependency ratio, housing condition; access to water and sanitation; ownership of household assets; livestock; access to land; ownership of agricultural inputs; subsistence cropping; household income sources; access to external support; and child labour (FAO, 2013 : 4)

an elderly person above 65 years without productive capacity, a person with severe disabilities, or a pregnant or nursing woman, in order to qualify to be a beneficiary.

Theoretically, the selection of a household as a beneficiary of the LEAP programme goes through a deliberative and consultative process. Selection begins at national level where data from the Ghana Statistical Service (GSS) is used to identify the poverty prevalence in each region, then to select the poorer districts in the region for primary data collection. Communities within each district are then selected based on locally identified poverty criteria, which include service access, the prevalence of health conditions, registration to the National Health Insurance Scheme and the degree of isolation, although “there does not appear to be a clear or consistent methodology for weighting these various poverty criteria” (FAO, 2013 : 2). Within selected communities, primary data is captured from households using the proxy means test (PMT). The test is conducted by a private entity (ESOKO) to determine households that are eligible for the programme. The results submitted to the Ministry of Gender, Children and Social Protection.

In practice, slightly different cut-offs for the proxy means test may be used between regions, and some households may qualify, despite not containing an individual that meets the additional vulnerability criteria.

### **Conditionality**

For households with people with disabilities and people over 65 years of age, the cash transfer is unconditional. Households with orphans and vulnerable children must adhere to some conditions including: enrolment and retention of school-age children in school; birth registration of new born babies; attendance at post-natal clinics; full vaccination of children up to the age of five; and non-trafficking of children and their non-involvement in the worst forms of child labour. Despite the condition for children not to be engaged in the worst forms of child labour, there has not been any intentional research to establish the relationship between LEAP and child labour.

### **Amount**

Households enrolled in LEAP receive bi-monthly payments. The amount transferred to beneficiaries depends on the size of the household as follows: (i) Single member household: GH¢ 64 (ii) Household with two members: GH¢ 76 (iii) Household with three members: GH¢ 88 (iv) Household with four or more members: GH¢ 106. The transfer is approximately 14% of household consumption (Handa et al, 2016a).

### **Implementation**

The LEAP programme has undergone several reforms and innovations, aimed at building more effective and efficient systems for improved outcomes. These reforms include upgrading of the Management Information System (MIS), transitioning from manual targeting and manual payments to electronic-targeting and electronic payments, and implementation of a Monitoring and Evaluation (M&E) framework developed in collaboration with the Oxford Policy Management (OPM). In order to facilitate the transition from a manual to an electronic payment

system, the LEAP Programme conducted electronic payments, through which grants were transferred to LEAP beneficiaries from the third quarter of 2013. Three Payment Service Providers (PSP); AYA Technologies, MTN Mobile Money and the Ghana Interbank Payment and Settlement Systems (GhIPSS) were contracted to facilitate the electronic payments. At the end of the pilot phase in February 2014, an evaluation of the pilot was conducted which culminated in the up scaling of the electronic payments nation-wide in 2016. As of 2019, only the Ghana Interbank Payment and Settlement System is used to disburse the grant to the beneficiaries. Rural Banks in the beneficiary districts are used to effect payment to the various beneficiaries. Each beneficiary household must open an account with the Rural Bank for their grants to be lodged in at the national level.

### **Impacts of LEAP on recipients**

Since the launch of the programme in 2008, studies have shown that LEAP is impacting positively on beneficiaries of the programme. Quantitative research and evaluations include GoG (2013), Handa et al. (2014) and Handa et al. (2017). These reviews are based on propensity score matching (PSM), a methodology that compares outcomes for a group of recipients and one of untreated individuals with similar observable characteristics. Their results should be interpreted with some caution, since this methodology is not based on random assignment and thus is not particularly strong at determining the causal effects of a policy. In fact, numerous unobservable characteristics of these individuals can determine child labour: their preferences, the attitude of the child for schooling or work, the social context, values, norms relative to children's work, unobservable needs of the family, and so on. Without a random assignment to the treatment and control group, it is always harder to attribute differences in child labour fully to the intervention, and not to unobserved differences between treatment and control.

#### **Impacts on child labour**

The evaluations included only limited measures of child labour. Handa et al., (2014) established no effect on the number of days children spent on their own family farms. They find a statistically significant decrease in hired child labour by female headed households, but no effect on male headed households or overall.

#### **Impacts on education**

The programme has positive impact on school level outcomes such as enrolment and attendance. Studies by GoG, (2013) and Handa et al. (2014) revealed that, access to school among secondary school aged children of LEAP beneficiary households increased by 7 percentage points. Also, both studies showed that grade repetition among both primary and secondary aged children reduced. Absenteeism reduced by 10 percentage points. Enrolment for children aged 13-17 increased (by 7 percentage points), driven by boys, as no effect was seen for girls in the same age group. There was reduced grade repetition (by 10 percentage points) for beneficiary children, especially those from larger households. LEAP also reduces the likelihood of older girls missing school (by 11 percentage points).

One explanation for the effects on enrolment and attendance only for older children (at least 13 years), is because enrolment at primary school level was already high at baseline.

### Impacts on health

The LEAP programme offered free registration to all recipient households. This resulted in increased enrolment of children in the National Health Insurance Scheme, although this was lower than expected (Handa et al., 2014). Despite increasing registration, there are mixed results as to how NHIS registration has translated to improved access to health services of beneficiaries. While GoG (2013) suggested that increased numbers of beneficiaries were seeking preventative care, especially young children under 5, Handa et al. (2014) found no statistically significant impact on the use of curative health services by the LEAP beneficiary households, although there was an increase in preventative health seeking behaviour.

### Impacts on food consumption

Access to food has significantly increased for LEAP families (by 25 percentage points) especially for those headed by women (by 32 percentage points) between 2010 and 2012 (GoG, 2013). Some of the beneficiaries are also able to provide three square meals for their families. In contrast, Handa et al (2014) found that “the impact of LEAP on household consumption is essentially zero, likely due to the irregular payments, the lumpy nature of payments when made, and the low level of benefits.”

### Impacts on savings, spending and productive activities

LEAP has led to a significant increase in the likelihood of recipient families having household savings (14 percentage points) and a significant increase in gift-giving. LEAP has also had an impact on debt repayments and reduced loan holdings among smaller households. Households were also able to acquire farm inputs like fertilizer, hoes and cutlass among others or invest in micro businesses at the community levels with the support of the LEAP funds (Handa et al. 2014) which has led to an expansion of investment in targeted communities. The programme resulted in an increase in the use of family labour, presumably in response to spending on productive activities, and a small reduction in the use of hired labour overall (Handa et al, 2014).

### Challenges/gaps encountered

The LEAP programme has faced several challenges in relation to implementation, design, and politicisation.

Factors affecting implementation include the **ability to reach intended beneficiaries**: according to the Operations Evaluation Report, 20 percent of beneficiaries reported never to have received a payment from LEAP, including some who were not even aware of the programme (Handa et al, 2014). Another challenge relates to the **sporadic timing of payments**. In 2012 for example, there were instances payment were not made for eight months (Handa et al. 2014), although by the 2017 evaluation, payments had become much more regular (Handa

et al. 2017). **Inadequate resources** (especially logistics) for the implementation of the programme, which exacerbated the irregular disbursement of the grant to beneficiaries; as well as difficulties eliminating “ghost names” in the programme (Devereux, 2012; Handa et al. 2014; Jaha and Sika-Bright 2015).

Critiques of the design include the **relatively low amount of the transfer**, which was further hampered by failure to adjust for food price inflation. By the follow up evaluation in 2012, the transfer accounted for 7 percent of beneficiary consumption, far lower than many other examples in this literature review. Later on, the payment amount of LEAP was increased considerably, increasing from GH¢ 8-15 per month between 2010-12 to GH¢ 32-53 per month by 2016, depending on household size. Although LEAP included **complementary services** in the form of free NHIS registration, the design did not make provision for any additional income related services to be provided to the beneficiaries, which could have supported income generation (Jaha and Sika-Bright 2015). The **absence of an explicit exit strategy** from the programme is also a challenge in terms of sustainability. In its initial design, the programme did not contemplate that households would ever move out of poverty and made no provision for a household to exit the programme. It appears that once a household is enrolled, they will continue to receive the cash transfer even if the original status change, for instance if the income level of the beneficiary moves above the poverty line, the household would remain eligible. More recently, there have been discussions about how to introduce exit strategies through recertification of beneficiaries, which will be included in the redesign of the next phase of the LEAP programme.

Finally, evaluations noted perceptions that politicians have attempted to use the programme to gain political advantage by trying to influence the selection of communities to favour their political interests. Political influence on the programme has also reportedly resulted in lack of political will to continue providing grant to beneficiaries perceived to be sympathizers of the party in opposition (FAO, 2013).