



International
COCOA
Initiative

Can cash transfers reduce child labour in cocoa?

Key findings

24 February 2022



Agenda

- **Welcome and introduction**
Megan Passey
- **Opening remarks from the Swiss Platform for Sustainable Cocoa**
Christian Robin
- **Presentation of the project and results**
Anna Brüderle
- **Complementary perspectives**
Frank Asuamah, Darrell High
- **Questions and discussion**

The cash transfer project



Background and context

Pilot project to test two “innovative” approaches:

- Create a **predictive model** to identify households at higher risk of child labour
- Test **cash transfers** as a means of support to reduce child labour prevalence

Location: Asunafo South & Suhum districts

Duration: May 2019 – December 2021

Partners: Financed by State Secretariat for Economic Affairs (SECO), Nestlé. Implemented with Ecom.



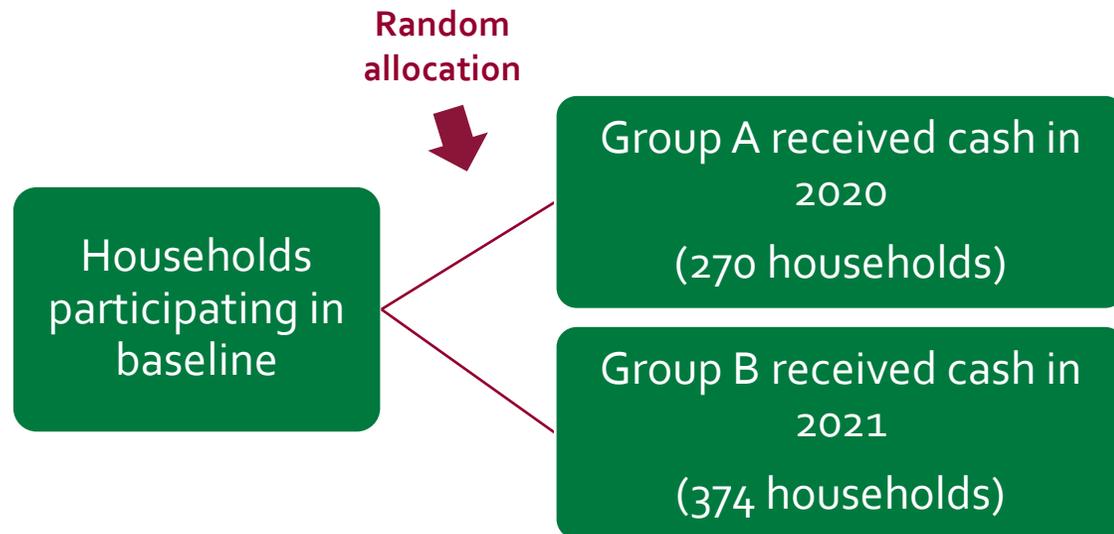
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Set-up of the experiment



Conditionality: Unconditional cash, accompanied by a communication campaign: "Project aims to benefit children"

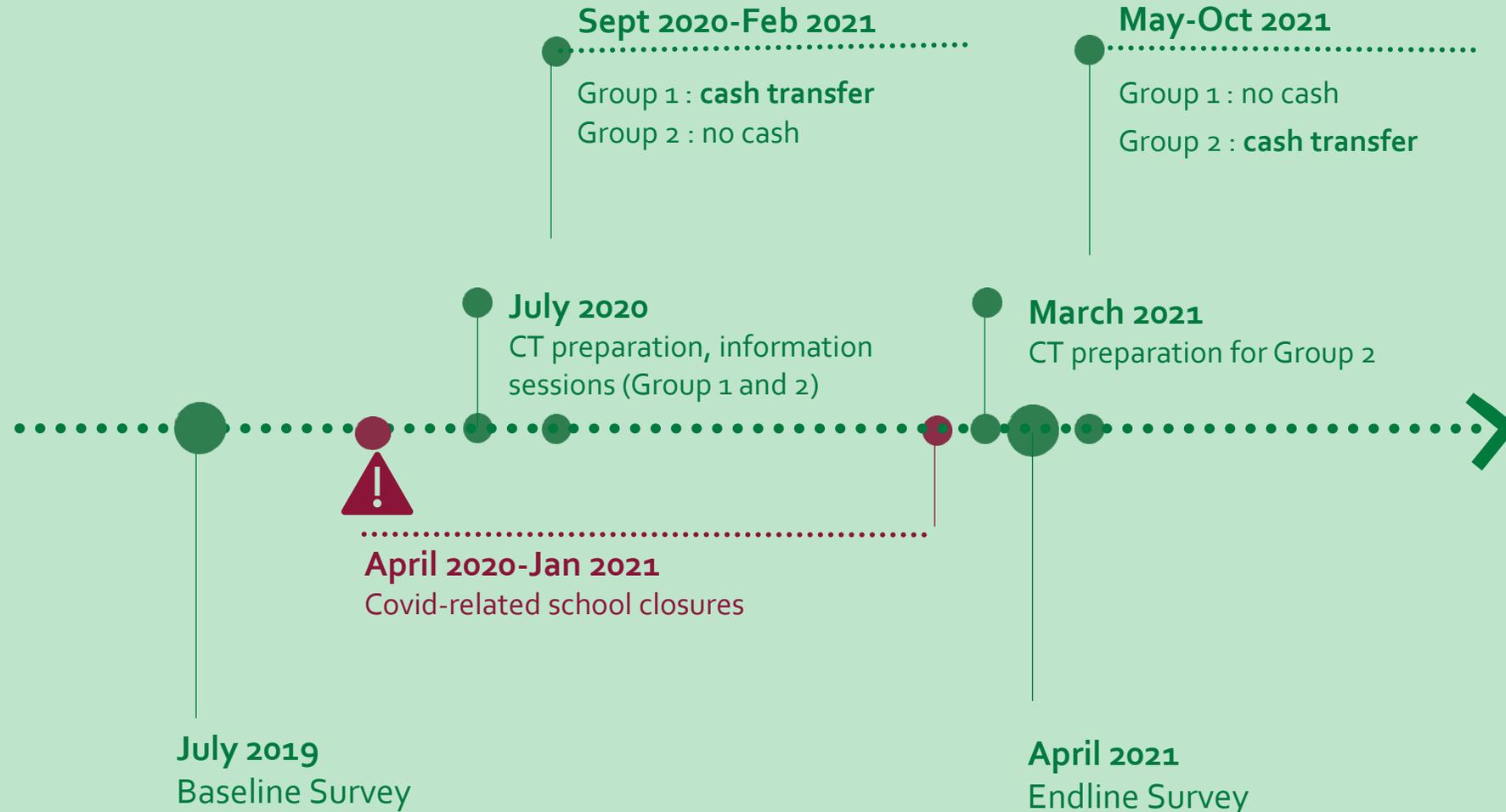
Duration: 6 months

Payment means: mobile money

Amount:

- GHC 114 (USD 18) per month, plus GHC 15/30 for each child of primary/secondary school age; capped at **GHC 228 (USD 37)** per month per household
- Corresponds to **34%** of monthly household income, **28%** of monthly expenditure, at baseline

Timeline: Cash payment period overlapped with Covid crisis



Results



The randomization has yielded two balanced groups

Baseline outcomes on key household characteristics

Variables	control group	cash recipient group	mean difference
share of female-headed households	0.187	0.148	0.0390
household head's level of education on scale 1 – 6	2.648	2.677	-0.0290
age of household head	51.87	52.29	-0.423
# of years lived in the community	34.35	32.34	2.013
household size	6.388	6.733	-0.346*
# of children age 5-17 in the household	2.545	2.626	-0.0800
# of nonbiological children in the household	0.821	0.796	0.0250
index of wealth assets (PCA)	0.00500	-0.00700	0.0120
index of wealth assets (sum of assets)	6.051	6.019	0.0320
cocoa farms size (acres)	8.893	8.350	0.543
bags of cocoa produced last year	20.38	19.73	0.651
total income past year (GHC)	9692	9711	-18.51
amount spent on labour past year (GHC)	778.8	835.6	-56.74

- Only variable with a statistically significant mean difference: household size.
- To account for the difference, this variable is added as control variable in the regression analysis

Cash transfer feasibility and use

- Only 16 households (6% of cash recipients) reported challenges receiving the cash
- 35 households (13% of cash recipients) were asked to care for additional family members
- 33 households (12% of the cash recipients) have been asked for help from community members in financial need
- 140 control households had already spent money in anticipation of the cash transfer

To conclude:

- **Overall, mobile money channel has worked well**
- **Some of the cash trickles through to a wider group of beneficiaries, making it more difficult to measure effects**

Covid and other shocks during the experiment

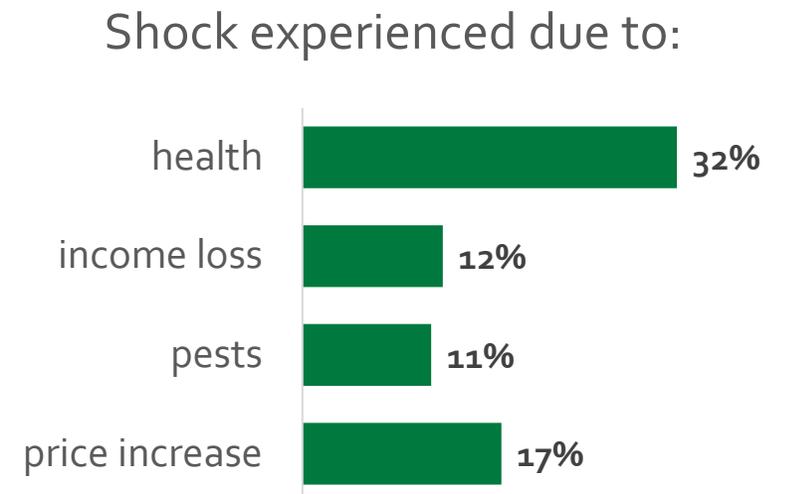


Covid

- **46%** of all households have experienced an income loss due to Covid
- Average amount lost: GHC 1'700 (CHF 260), or 21% of annual income, mostly because
 - hired labour was difficult to find / inflated price
 - small business activities suspended / reduced
 - access to markets impeded
 - cocoa payments were delayed (up to several months)

Other types of shocks

- **66%** of households experienced some unexpected shock
- shocks have affected cash recipients and non-recipients equally



Impact of the cash transfer on households



1. Cash transfer has helped households build up wealth

- Cash recipients acquired **significantly more new household wealth assets** than non-cash recipients

Result from regression analysis

	cash recipients
# of wealth assets acquired since June 2019	+0.35*** (25% increase on sample average of 1.4 new items)

For details, see report.

- mainly driven by motorcycles, fridges, furniture, phones, TVs, radios.

2. Cash transfer has made household more resilient to shocks

- When households experienced a shock, cash recipients were less likely to reduce food consumption in order to cope.

Result from regression analysis

	cash recipients
Likelihood that shock resulted in reduced food consumption	- 21 perc points*** (31% decrease from average likelihood of 66%)

For details, see report.

3. Data do not show increased spending on any specific area

- Cash recipients spent on average less money on adult labour, and also on children's education; not stat. sign.
- Data suggest that lower spending on labour may be due to additional family members joining cash recipient households.
- No effects observed on other areas of spending.

Result from regression analysis

	cash recipients
Amount spent on labour last year	-126 GHC (not stat. sign.)
Amount spent on education / child last year	-57 GHC (not stat. sign.)

For details, see report.

Impact of the cash transfer on children



4. The cash transfer has reduced hazardous child labour

- **Based on a 6 month recall period, the cash transfer significantly reduced children's engagement in hazardous child labour**
- No statistically significant effect on severity of child labour, as measured in # of hazardous tasks child has done

Result from regression analysis

	cash recipients
Likelihood that child has engaged in hazardous child labour last 6 months	- 9,3 perc points** (16 % reduction on a prevalence of 58% in the sample)
Number of hazardous tasks child has done last 6 months	-0.2 (not stat. sign)

For details, see report.

5. Cash recipients spent more money on children's material wellbeing

- Index constructed based on whether a child has her own blanket, bed and mattress, shoes, and two sets of clothes.
- **Children in the cash beneficiary group have increased their score by 5%.**

Result from regression analysis

	cash recipients
Child's basic material needs index [0;1]	+ 0.05*** (5% increase on an average score of 0.93)

For details, see report.

7. Improved resilience to adverse shocks has translated into protection against child labour

- In the event of a shock:
 - hazardous child labour increased amongst control households, but not among cash recipients.
 - positive effect of the cash on children's material wellbeing is still felt in cash recipient, but not in control households.

	Child engaged in hazardous child labour	# of hazardous tasks child has done	Child's basic material needs index
cash recipients # shock	-0.6 pp (not stat. sign.)	+0.2 (not stat. sign)	+0.03*
non-cash recipients # shock	+10.3 pp **	+0.4 **	-0.03

For details, see report.

Conclusions and limitations

Conclusions

- Cash has allowed households to **build up wealth**, and has made households more **resilient to adverse events** such as health or income shocks.
- Cash has helped to **reduce the prevalence of hazardous child labour**.
- Cash has protected households from resorting to using child labour when facing adverse events.

Limitations

- **Timing:** cash coincided with Covid
- Effects measured are **short term**; to be seen whether they can be sustained beyond the period of cash payment.
- Unclear whether **longer-term cash payments** would result in stronger or different effects.

What next?

- We recommend that unconditional cash transfers to farmers should be considered as one component of strategies to reduce the use of hazardous child labour in cocoa
- Cash transfers are particularly relevant whenever households face increased risk of health shocks, income fluctuations or loss of agricultural production due to weather or pests.

Complementary perspectives

Frank Asuamah, ICI Ghana

Darrell High, Nestlé



“I gave part of the money I received as allowances to my children when they were going to school and to also cover educational expenses like buying of books and pens. I didn't have much problem taking care of my children in school within the period, despite the fact that we were in the lean season.”

Emmanuel Obeng, Suhum





"I was seriously sick. I had some issues with my eyes...If not for the funds, I have no idea how my children and I would have survived that period. I didn't even know how I could afford to continue sending my children to school because I could no longer work."

Yaw Donkor, Sankore

“During the first four months of receiving the cash transfer, I saved the money I received so that I could invest in my business – I bought stock for my grocery shop. The profits from my business have benefitted my whole family. Later, when schools reopened, I used the cash to purchase school uniforms and shoes for my children.”

Mariama Agyei, Sankore



Complementary perspectives

Frank Asuamah, ICI Ghana

Darrell High, Nestlé



Questions & Discussion



[Read the full report:](#)

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