Do cash transfers increase resilience? Evidence from rural Niger

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INTRODUCTION

Cash transfer programs are widely promoted and implemented as an efficient development tool to foster household current and future well-being. While their positive impacts have been acknowledged, their effects on resilience specifically have been rarely examined. This knowledge gap is at odd with the explicit objective of cash transfers to increase well-being by protecting households against shocks. This study aims at filling this gap in the literature by studying the impacts of a cash transfer project on consumption, productive investments and resilience in rural Niger.

PROJECT AND DATA

We study a large-scale unconditional cash transfer program led by the Government of Niger. Rural households received monthly payments of 10,000 CPA (20 USD) for 24 months. Households were targeted via PMT, but there is a gap in PMT scores between the PMT survey (treatment villages only) and the baseline survey (all villages). This forces us to employ quasi-experimental methods, even though the intervention was randomized. Detailed information has been collected among 4,330 households in 244 villages at baseline (2012) and endline (2015). In addition, longitudinal meteorological data have been matched to sample villages to identify exogenous shocks.

METHODOLOGY

- Basic ITT effect estimated via DID -- low precision
- ATE estimated via PSM/DID combined -- more precise

CONCLUSION & NEXT STEPS

Preliminary results suggest that transfers were efficient in raising consumption and increasing food security, but not at generating productive investments (livestock). Besides, they do not seem to increase household resilience to (self-declared) shocks. Consequently, the next steps of this research are:

I. Unpack the use of the transfers: where did the cash go? Did beneficiaries invest the transfers in human capital, agriculture, or household enterprises?

II. Are the results different when considering exogenous shocks, instrumented by satellite weather data?

FINDINGS

- We find positive impacts on food consumption and total consumption using PSM-DID.
- The impacts are positive but significant for food only when using DID without PSM.

- No impact is found on livestock, regardless of the metric or specification used.
- This contrasts with results from the pilot project and needs to be unpacked.

- Significant increase of the food consumption score (FSC) was found. This result is significant in all specifications.


References


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