



Save the Children

## **Lasting benefits: The role of cash transfers in tackling child mortality**

### **Policy brief**

**An estimated 8.8 million children under five died in 2008, most of them from easily preventable or treatable diseases and medical conditions. Almost all of these deaths were in low or middle-income countries. Policies that aim to strengthen the quantity and quality of health systems are important but the fact remains that many of the poorest people face a range of economic barriers which prevent them from being able to protect their children from early death. Save the Children UK argues that cash transfers can play a critical role in accelerating reductions in child mortality. Having estimated the costs of different forms of cash transfers, we find that child and maternity benefits are possible on a large scale.**

### **The poorest children are most at risk of dying**

At the UN Millennium Summit, the world's governments committed themselves to eight targets for poverty reduction and development. Millennium Development Goal 4 called for a two-thirds reduction in the under-five mortality rate by 2015. Although there has been progress in some countries, global progress remains shockingly slow and uneven.

Across and within countries, the poorest and most marginalised children are less likely to have access to social services known to reduce child mortality. As a result, poor children are more likely to die from preventable causes. In Nigeria, for example, children in the poorest 20% of the population are more than three times as likely to die before their fifth birthday as those in the wealthiest 20%.

The main causes of child mortality are poor nutrition and illness, which in turn have a number of secondary causes such as poor access to quality healthcare; poor access to nutritional food; an unhealthy environment; and the inability of households to care for women and children. Economic, political and social factors, such as household

poverty, women's empowerment and women's education often determine which children survive.

In order to meet Millennium Development Goal 4, both developing country and donor governments need to do much more. There is growing consensus on which healthcare and nutritional solutions work. Success in reducing under-five mortality partly depends on better coverage of these solutions.

However, economic barriers can render nearly all of these solutions inaccessible to poor people. In particular, access to healthcare services can be limited by direct and indirect costs, such as travel to a clinic and of drugs. We need to remove these barriers and tackle the underlying causes of child mortality – poverty, inequality and discrimination – to ensure that healthcare services are affordable to poor people.

### **Cash transfers are critical to reducing child mortality**

Cash transfers are regular transfers of cash to individuals or households by governments for the purposes of addressing poverty, vulnerability and children's development. Save the Children argues that well-designed cash transfers can play a critical role in accelerating reductions in child mortality by increasing access to healthcare, and reducing malnutrition. Further social protection measures – including provision of free healthcare services, access to food in times of crisis, and systematic birth registration to enable access to social protection mechanisms – can all improve the lives of poor and vulnerable people. These policies need to be complemented by wider policy reforms to address the causes of poverty, improve the quantity and quality of health services, and promote social equity and inclusion.

Save the Children believes that maternal and child benefits could be used more frequently to address child mortality. Benefits for all children under two and maternity benefits for pregnant women during their last two trimesters would ensure that resources reach children early, which is essential for the promotion of good nutrition.

### **Evidence of success**

Cash transfers have been effective in reducing the overall incidence of illness in countries such as Mexico (4.7% reduction for those enrolled in the scheme)<sup>1</sup> and Malawi (illness reduced by 23% among participants compared to 12.5% among non-participants).<sup>2</sup> Cash transfer programmes in sub-Saharan Africa resulted in improved access and greater affordability of healthcare, including increased use of preventative healthcare. Women and children benefited from a cleaner environment and better hygiene as a result of access to safe water and improved sanitation. Cash transfers have also contributed to substantial improvements in children's nutrition. Out of ten cash transfer programmes that report on stunting, seven show positive and sizeable impacts.<sup>3</sup>

There is strong evidence that cash transfers also combat the underlying causes of child mortality. Programmes in Ethiopia, Nicaragua, Mexico and Malawi all

contributed to increased income, and in Brazil cash transfers reduced the rate and severity of income poverty.<sup>4</sup> They have also been found to increase women's decision-making power and have consistently had positive effects on girls' education.

There is compelling evidence that cash transfers help to generate income and improve long-term productivity. Malnutrition in under-two-year-olds has lifelong effects on physical and cognitive development. Children who benefited from cash transfer programmes in South Africa and Mexico have been shown to have higher earnings in adulthood.<sup>5</sup> Despite concerns about negative impacts on productivity, evidence from South Africa and Brazil<sup>6</sup> indicated that cash transfers can actually increase labour force participation. Cash transfers increase families' investment in agriculture, and petty trading as well as spending on food, healthcare and education, and therefore, generate income and increase demand for goods in local markets. In Mexico, 12% of the transfer is invested in agriculture, generating a 17.5% return on income.<sup>7</sup> In Ethiopia, transfers enabled poor farmers to farm their own land and negotiate better terms on agricultural contracts.<sup>8</sup>

## Cash transfers are affordable

The current global financial crisis is placing greater demands on aid budgets and government resources at a time when the need for cash transfer schemes is increasing. Even for the poorest countries, these schemes are not necessarily unaffordable and a growing number of developing countries are reaping the benefits of social protection schemes. The cost depends on the scale of the transfer and other features of the programme. The likely impact of providing cash depends on design factors, such as the size, duration and scale of the transfer.

Estimating current costs, Save the Children UK has found that child and maternal benefits are feasible on a large scale, even in developing countries. In middle-income countries and many Asian countries, universal benefits for pregnant women and children under five are affordable. In low-income countries, although universal transfers are generally unaffordable without external assistance, child and maternal benefits are possible with an appropriate mixture of age-based and geographical targeting. Gradual expansion by age or geography will help to keep costs manageable and allow time for building the systems and the capacity necessary to deliver programmes at scale.

## Recommendations

- 1. Countries with high rates of maternal and child mortality should invest in maternity and child benefits as an integral part of child survival efforts.** National governments should set targets for expanding coverage of benefits over time, in line with national budget and administrative capacity. Size, duration and targeting are central to the success of cash transfer programmes and governments must learn from both high and low-impact programmes in choosing the right programme.

2. **National governments and donors need to implement cash transfers in combination with other policies and programmes, in order to produce mutually reinforcing outcomes.** In particular, we call on national governments and donors to strengthen investment in the availability and quality of healthcare; remove user fees for essential healthcare services; increase birth registration; and implement a broad and inclusive economic development policy.
3. **National governments and donors should introduce equity targets within the existing Millennium Development Goal framework, and into future development commitments, so that the poorest and most marginalised people are not left behind.** Countries should routinely report these statistics disaggregated by wealth, gender, age, disability and ethnic or religious groups.
4. **The Partnership for Maternal and Newborn Child Health should include child and maternal benefits in the package of interventions for reducing child mortality, particularly among the poorest children, in the countries that account for a significant proportion of global child deaths.**<sup>9</sup> Cash transfers are a key intervention that must be an integrated part of the package.
5. **Donors should commit to increase their investment in social protection programmes, particularly in countries with high maternal and child mortality.** They should set aside predictable, multi-year funding for the financing of cash transfers.

## Further reading

Save the Children UK (2009) *Lasting benefits: The role of cash transfers in tackling child mortality*

<sup>1</sup> P Gertler, *Final report: the impact of Progresa on health*, Washington DC, IFPRI, 2000

<sup>2</sup> C Miller, with M Tsoka and K Reichert, *Impact Evaluation Report: External evaluation of the Mchinji Social Cash Transfer Pilot*. Boston University School of Public Health and the Centre for Social Research, University of Malawi, 2008

<sup>3</sup> Mexico: PROGRESA; Nicaragua: Red de Protección; Colombia: Familias en Acción; Malawi: Mchinji Social Cash Transfer Pilot; Zambia: Kalomo Pilot Scheme; South Africa: Pension and Child Support Grant

<sup>4</sup> E Zepedo, *Do CCTs Reduce Poverty?*, IPC One pager 21, Brasilia, IPC, 2006

<sup>5</sup> J Aguero, with M Carter and I Woolard, *The Impact of Unconditional Cash Transfers on Nutrition: The South African Child Support Grant*, Working Paper 39, Brasilia, International Poverty Centre, 2007; E Skoufias, *PROGRESA and its Impacts on Human Capital and Welfare of Households in Rural Mexico: A synthesis of the results of an evaluation by IFPRI*, Washington, IFPRI, 2001

<sup>6</sup> Economic Policy Research Institute, *Final Report: The social and economic impact of South Africa's social security system*, EPRI Research Paper 37, Cape Town, EPRI, South Africa Department of Social Development, 2004; M Medeiros, T Britto and FV Soares, *Targeted Cash Transfer Programmes in Brazil: BPC and the Bolsa Familia*, Working Paper 46, Brasilia, International Poverty Centre, 2008

<sup>7</sup> P Gertler, with S Martinez and M Rubio-Codina, *Investing Cash Transfers to Raise Long-Term Living Standards*, World Bank Policy Research Working Paper 3994, World Bank, 2006

<sup>8</sup> L Adams and E Kebede, *Breaking the Poverty Cycle: A case study of cash interventions in Ethiopia*, Humanitarian Policy Group Background Paper, London, ODI, 2005

<sup>9</sup> The Countdown to 2015 initiative, which looks at the performance of the 68 countries that collectively account for 97% of child deaths in the world, sets out and tracks a package of interventions required to increase child survival.