



Loosening the Strings Attached: Cash Transfer Programmes in Development Cooperation

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Abstract

Universal basic income and cash transfer programmes in general have been a hotly debated topic in development economics during the last years. Although the debate naturally has mostly revolved around government-owned schemes, private NGOs in the development aid sector might find its insights helpful to incorporate in their decision-making processes about cost-efficient support programmes. On that account, this paper aims at providing an overview about the topic of cash-based interventions in development aid by reviewing the large literature. I outline experiences and findings of studies heretofore, analyse the cost-efficiency of such interventions and their relative performance with respect to traditional aid, and explain best practices from the field for implementation. Lastly, I discuss possible scenarios in which cash transfers may excel, not least also in the wake of disasters and crises such as the recent pandemic.

Keywords: Cash Transfer Programmes, Unconditional Cash Transfers, Conditional Cash Transfers, Universal Basic Income, Cash vs. In-Kind, Development Cooperation, Development Aid, Disaster Aid, Humanitarian Aid

JEL Classifications: O10, O19, O12, D04, H84

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1 Introduction

Ever since the broad success of conditional cash transfer programmes like Progresa/Oportunidades in Mexico or Bolsa Família in Brazil, cash-based interventions and especially universal basic income (UBI) have gained momentum in the debate about social assistance programmes. Though historically tracing back already to the medieval ages (Gentilini et al. 2020), proposals of UBI or UBI-related programmes have sparked a great number of theoretical and empirical studies, particularly within the last decade. At the same time, the international community has committed itself to eradicating poverty and hunger (among others) by 2030 by endorsing the 17 sustainable development goals. Nevertheless, up to now the target is forecast to be largely missed, especially when taking into account that global extreme poverty rose for the first time in two decades with over 71 million people having been pushed into extreme poverty and the number of people facing acute food insecurity set to double by the end of this year due to the global COVID-19 pandemic (United Nations 2020a, 2020b, 2020c).

Taking also into account impacts looming climate change is going to have, these deeply disturbing numbers highlight once more that developing countries will desperately need international support of development partners to get hands on the issue in the next few months and years more than ever before. Such partners will inevitably include national governments of wealthier industrialised nations, but equally support of private development-cooperation agencies will be critical to meet the humanitarian needs, reduce poverty and vulnerability, and help manage development challenges with more ease (Onyeonoru 2018). Against this backdrop, also private actors in the aid industry might learn a great deal from the rich set of available evidence that has been generated in the process on UBI and UBI-related development programmes to inform primarily national politics in developing countries.

Although it has been shown that a comprehensive UBI reform will in most countries not just be economically infeasible and in fact even be less effective than targeted programmes in alleviating poverty (Ortiz et al. 2018; Rigolini et al. 2020), taking UBI as starting point for a wider analysis of cash transfer programmes in general does seem to fit the debate. This paper screens the literature to give an overview over experiences and best practices that have been accumulated from cash transfer programmes and field experiments. In this, I hope to inform decision-making processes in private development-cooperation organisations and outline another alternative for beneficial aid interventions.

In what follows, I will first establish a common basis for the further analysis by demarcating UBI from other related concepts and pointing out why the term 'cash transfer programme' is more appropriate in the context of NGOs (Section 2). Sections thereafter are then devoted to analysing the evidence-base on the impacts of cash transfer programmes in general (Section 3), and relative to traditional aid interventions (Section 4). Section 5 outlines some pivotal points in implementing a cash transfer programme and finally, Section 6 discusses the observations and illustrates cases in which cash transfer programmes are a worthwhile alternative to consider.

2 What are we talking about?

With interest rapidly increasing, the number of theoretical and empirical studies dealing with UBI or other cash-based interventions surged likewise¹, as did proposals to implement them in one form or another. These range from 'quasi-universal basic rural income' in India (Felman et al. 2019), over 'temporary basic income' programmes for developing nations in response to the recent COVID-19 pandemic (Molina and Ortiz-Juarez 2020), to general proposals of UBI in Central America (Krozer 2010). However, as most UBI proposals merely reflect variations of targeted schemes or other cash-based interventions, it is helpful to carefully distinguish between programmes and their features instead of simply labelling all such proposals as 'UBI' or 'quasi-UBI', which risks confusing the underlying debate "by trading accuracy for public resonance" (Gentilini et al. 2020, 3). Thus, it is worthwhile to adopt a common notion about some key terms that will guide the following debate.

2.1 Universal Basic Income

Considering UBI, Gentilini et al. (2020), Gentilini, Grosh, and Yemtsov (2020), and Gentilini and Grosh (2020) propose a framework whose general applicability seems to suit particularly well at this point. Most commonly, UBI refers to transfers made unconditionally and in cash to everybody, i.e. with no targeting of a beneficiary population. The key strands upon which to define UBI are hence: (a) universality and coverage, (b) conditionality, and (c) the transfer modality. While the latter two are mostly uncontested and generally accepted to be made unconditionally and in cash², the central issue lies with the former.

For example, coverage may be understood as coverage of risks, i.e. only once a specific event occurs a payment will be made (which may potentially cover all population while merely making actual payments to a (small) subset), or in social assistance terms, whereby people will only be considered 'covered' once they actually receive payments (Gentilini et al. 2020). Similarly, universality could be understood differently on two traits: firstly and most commonly, it may refer to eligibility in which case the trade-off is to cover all society or all people within some category (e.g., age or citizenship). Secondly, a consideration could be made about whether outcomes for all recipients should be equal (e.g., all should eventually achieve the same welfare status) or whether receipts should be made universally (i.e., all recipients receive the same amount or value) (ibid.).

Here, I adopt the definition by Gentilini et al. (2020), which considers coverage in social assistance terms and universality as to cover the entire population with equal benefits. Concomitantly, a full-fledged UBI is rendered a social assistance scheme which may almost exclusively be implemented in its entirety by national governments as opposed to other public or private actors, like IOs or NGOs.

Proponents of such a UBI approach often highlight its superiority vis-à-vis targeted schemes on several channels. Gentilini et al. (2020) highlight four prominent ones. Most importantly, they

¹Bastagli et al. (2016) draw their large review on at least 165 studies, and Gentilini et al. (2020, 1) note that "[t]here is literally a book published on the subject every month".

²A more in-depth analysis of different transfer modalities follows in [Section 4](#).

stress that by definition of not defining any eligibility criteria, no inclusion errors (including beneficiaries which are ineligible) or exclusion errors (excluding eligibles) are made which are inherent to needs-based targeting and could become quite substantial³. Especially in Africa, where there are often several times more people living in (extreme) poverty than are covered by all social safety nets, this is an alarming issue (Gentilini, Grosh, and Yemtsov 2020). Second, as everyone will be covered by design, stigma affecting beneficiaries of other social assistance programmes will be eliminated. Those are often shown to be decisive motivators behind not taking up eligible grants. Third, universality may lead to substantial cost reductions. Administratively burdensome targeting mechanisms or transaction costs for application procedures by potential beneficiaries would simply fall apart if, by default, everyone were included. Lastly, Gentilini et al. (2020) highlight that the fear of grants being reduced or becoming ineligible altogether by taking up paid jobs, could force recipients of targeted schemes out of the labour market. Yet, if UBI is a top-up grant to everyone, proponents argue such labour-constraining effects would not be observable.

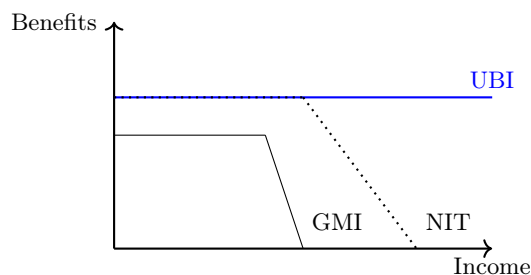
Conversely, albeit eliminating targeting costs, covering entire populations increases costs on the other side of the coin. Indeed, financing UBI schemes poses a great challenge to most developing nations. In 2018, the ILO estimated a scenario for 130 countries around the world, whereby adults would receive 100% of the national poverty line as UBI and children up to the age of 15 years half the level. Costs of such programmes ranged on average from 17.4% of national GDP in North Africa and the Middle East to 48.8% in Sub-Saharan Africa (Ortiz et al. 2018)⁴. From this example it becomes apparent that such proposals would require severely restructuring current government expenditures and most likely cutting existing social assistance programmes, increasing taxes, or cutting subsidies - some of which may risk having undesirable distributional impacts or counteract the initial rationale behind implementing a UBI in the first place (Ortiz et al. 2018; Coote and Yazici 2019; Gentilini, Grosh, and Yemtsov 2020). Moreover, the flat structure of UBI benefits will be by definition not as redistributive as more targeted and/or more progressive interventions (Gentilini et al. 2020). Modelling different implementation scenarios, Rigolini et al. (2020) indeed confirm that a national budget-neutral UBI reform will in fact shift some resources away from poorer to richer deciles of the income distribution and would thus be less effective at reducing poverty than existing, more targeted programmes. Lastly, opponents name UBI's inability to effectively respond to dramatic changes in personal lives (e.g., the sudden loss of the job, natural disasters, illnesses, etc.) as counter arguments (Gentilini, Grosh, and Yemtsov 2020).

2.2 Related Concepts

Next to UBI, four more categories of interventions on national level are often discussed. These include child grants and social pensions, a guaranteed minimum income (GMI), a negative income tax (NIT), and public works programmes. Figure 1 illustrates benefit structures for GMI and NIT relative to UBI.

³For example, Kidd (2016) estimates exclusion errors of the two most influential targeted cash transfer programmes globally, Bolsa Família and Progresa/Oportunidades, to be 49% and 79%, respectively.

⁴Table 3, included in Appendix B, is a summary table of their estimations.



Source: Own depiction based on Gentilini and Grosh (2020, 75).

Figure 1: Schematic Benefit Structure of UBI, NIT, and GMI

Most reminiscent of UBI, child grants and social pensions are in essence universal cash grants to specific categorically identified subgroups of the entire population. That is, they are age-targeted covering "specific life-cycle risks" (Gentilini and Grosh 2020, 76), but within these categories they are just as uniform cash disbursements as is UBI within the entire society. Note, however, by being thus targeted, such programme designs might unfold undesirable effects on, for example, fertility, though these are unsupported by empirical evidence (Gentilini and Grosh 2020).

GMI is insofar closely related to UBI in that it also pays cash benefits universally and unconditionally, however merely to those who fall below a certain income threshold. Thus, it may be considered universal in insurance terms, but targeted in social assistance terms (Gentilini et al. 2020). Furthermore, payments are adjusted in a case-by-case fashion, so that all recipients are heaved just over the defined income threshold, i.e. the further one falls short of this benchmark the higher will be the benefit one receives. Therefore, next to limited coverage and an administratively demanding targeting mechanism, there is a strong disincentive to work as there is a one-to-one reduction in benefits the more a recipient decides to take up wage labour (Gentilini and Grosh 2020).

Relatedly, a NIT adjusts transfers according to individual welfare levels. In its simplest form, individuals below a predefined income threshold would receive payments up to that threshold in addition to their wage income without having to pay income taxes, while those above the threshold will pay for these transfers by normal income taxes. This has the advantage of potentially allowing higher welfare levels to be the cutting edge as well as gentler fading of benefits than with a GMI. But it still faces high marginal tax rates of paid labour up to 100% at the break-even point (where the next unit of earned income will render the recipient ineligible for NIT grants) which discourages taking up normal jobs just as with a GMI. Moreover, a NIT requires a full-fledged tax system to finance which is almost impossible in most developing nations where the poorest are largely employed in informal work (implying they would not be reached by NIT payments), whereas a UBI could, at least theoretically, already be paid for by carbon or resource taxes alone. If, however, a UBI is financed via some progressive and universal personal income tax rate, NIT and UBI become analytically identical (all, Gentilini and Grosh 2020).

Both latter interventions share the characteristic of being welfare interventions not based on work, the crucial difference to public works programmes which can take the form of job guarantee

programmes, temporary public works programmes, or wage subsidy programmes (cf. also Gentilini and Grosh (2020) for an in-depth discussion, and Mattinen and Ogden (2006) for an example in Southern Somalia). Inherent to all is that recipients get their cash grants only by providing work at some (predefined) low/low-ish wage rate. The rationale behind this type of social assistance is simply to counteract above stated disincentives to work, hence to increase productive employment, while raising participants' income. Most such programmes rely on simple self-targeting mechanisms to reach the poor. While theoretically open to all, imposing the condition to take up (sometimes physically straining) public work, would discourage wealthier income groups to participate.

2.3 The Case for Development Cooperation

Despite all interventions described in the previous sections being cash-based, most of them seem to not fit particularly well as possible projects for NGOs in the development cooperation sector. The administratively demanding arrangements of GMI or NIT specifications would quickly outstrip potential benefits actually disbursed to recipients, infrastructure requirements for NIT to be based on a well functioning income tax system often do not exist, and providing a UBI to all citizens of a development country simply exceeds NGOs' financial capabilities by far. A noteworthy exception to the latter point is certainly provided when considering some form of geographical targeting. Covering all residents within some smaller region or county district which is found to be systematically characterised by poverty, might still be a viable alternative in the NGO context. I will come back to this at a later point.

However, taking on a more general perspective on cash-based interventions, all schemes outlined hitherto can be summarised under the roof of cash transfer programmes (CTPs). Departing from rather narrow definitions and considering the broader set of CTPs in general, makes the argumentation for NGO-led development cooperation projects based on cash a more feasible and indeed particularly intriguing one. Different forms of CTPs are being already widely used throughout the developing world and are gaining more attention to the day. Most of them are being implemented by national governments and cover a wide array of beneficiary populations, programme objectives, and design features (including those already described). Moreover, at times CTPs are not implemented in isolation but are being accompanied and supplemented by complementary interventions such as food provision or some form of training or guidance.

Classically, CTPs are divided into two subgroups: conditional cash transfer (CCT) programmes and unconditional cash transfer (UCT) programmes. The latter covers in large parts the characteristic features also pertaining to UBI as discussed above. Yet, UCTs do not necessarily have to be made universally to everyone in a region, let alone in a country. They may specifically target poor, marginalised, or otherwise vulnerable groups, for example by distributing child grants to families with children or paying social pensions to the elderly. But targeting mechanisms may also reach out to the poorest of the poor as programme objective to raise their standards of living by providing additional income. In that, UCTs share the idea of giving out cash at free disposal without any conditions attached, yet are more broadly defined in terms of coverage and universality

as is UBI. In the developing world, most of such programmes can be found in Sub-Saharan Africa, especially in Southern and Eastern parts, though Central and Western Africa also move in this direction (McCord, Rossi, and Yablonski 2016).

CCTs on the the other hand, mostly prevalent in Latin America, share the broader definition of coverage and universality with UCTs, but in order to receive cash payments, recipients should or need to comply with certain conditions. These include especially regular school attendance of the children or regular health check-ups for the entire family. Within CCTs, three distinctions are commonly made regarding beneficiaries' duties and their enforcement (cf. Gentilini, Grosh, and Yemtsov 2020):

- (1) *Labelled CCTs* have no binding conditions attached to the cash transfers and merely entail some advocacy component;
- (2) *Soft CCTs* do have binding conditions that are monitored and to some degree compliance is also enforced; and
- (3) *Hard CCTs* not only have binding conditions, but also encompass a strong degree of enforcing compliance by recipients. For example, failing to meet these conditions may lead to reductions in cash disbursements or withdrawal of benefits altogether.

In short, although UBI is the most prominently used term in this regard, the context of NGO-led projects in development cooperation most of the time does not seem to lend itself very well for implementing schemes that could be labelled as universal basic income. As this section has shown, considering instead cash transfer programmes more broadly, offers a vast field of design opportunities which may be adapted to most NGOs' administrative and financial possibilities. Figure 2 in Appendix C depicts a schematic relationship between UBI and the related concepts taken from Gentilini et al. (2020). I view CTPs in my context to basically encompass all targeting categories of 'Unconditional' and 'Conditional (services)' programmes granted in cash.

3 What do we observe?

Up to now, CTPs have mostly been government-owned with poverty mitigation and/or alleviating food insecurity as primary objectives to be achieved "directly and through improvements in educational, health, and nutritional status" (Daidone et al. 2019, 1401; Fiszbein and Schady 2009; Handa et al. 2018a). On theoretical grounds, if markets function perfectly, cash transfers should merely influence a given household's consumption choices by relaxing its budget constraint. As, however, Daidone et al. (2019) argues, markets in developing countries, especially in rural areas, are often poorly functioning or missing altogether, so poor households, additionally to being liquidity constrained, face credit and insurance constraints due to asymmetric information and lack of collateral preventing profitable productive investments. Such settings require households to hedge against risks by opting for "*ex ante* strategies" (Daidone et al. 2019, 1402, sic) including precautionary savings in assets or livestock, or diversification of crops and income-generating activities. As a result,

households often choose to take up casual agricultural wage labour - often considered as being a sector for work of last resort (Daidone et al. 2014; Daidone et al. 2019; Bastagli et al. 2016; Davis et al. 2016) -, engage in 'distress sales' of productive assets, or pull children out of school to access immediate liquidity in order to maintain at least subsistence levels of food and income during crises (Daidone et al. 2019). Regular and predictable cash transfers might substantially help alleviate or overcome these constraints severalfold by (a) relaxing binding credit constraints to facilitate future planning and consumption smoothing, (b) expanding the set of feasible productive investments in the own (agricultural) business generating greater self-sufficiency and protection against future risks, and (c) providing an insurance itself, so recipients may consider more risky investments with potentially higher returns (Davis et al. 2016; Baird, McKenzie, and Özler 2018; Daidone et al. 2019).

And indeed, CTPs have mostly been shown to have widespread effects on human capital development next to reducing poverty and providing recipients the dignity that comes along with the autonomy to use funds as they wish (Blattman and Niehaus 2014; Bastagli et al. 2016; Handa et al. 2018b). Impacts between different studies still do vary considerably by region and recipient highlighting the fact that CTPs in general, and especially UBI in specific, are "unlikely to be cost-effective at achieving any particular narrow policy goal" (Banerjee, Niehaus, and Suri 2019, 2). That is, knowing the exact constraint people face, may make specific interventions way more efficient. Since most of the times these are unknown, CTPs/UBI are rendered a viable strategy as they help a bit by covering many issues at once without missing the mark entirely (ibid.).

In fact, based on above stated definition of UBI, there are so far only five pilot projects which can be considered more or less 'real UBIs'. These were or are being conducted with varying degrees of coverage in Namibia, Mongolia, Iran, India, and Kenya. All other CTP projects differ on several dimensions, such as universality (i.e., they were more targeted), time periods (which limits generalisability as schemes have seldom lasted longer than a few years), or conditionality. Additionally, transfer values and modalities diverged between all of them (Banerjee, Niehaus, and Suri 2019; Coote 2019; Coote and Yazici 2019). An overview over selected programmes and their formal characteristics can be found in [Table 1](#).

Albeit large-scale UBI schemes will mostly exceed NGOs' capacities, insights from these pilot projects help consider CTPs as a tool in development cooperation more comprehensively. The first-ever real UBI pilot was conducted in the Otjivero-Omitara region, Namibia, between 2008 and 2009. All residents below the age of 60 who had registered as residents as of July 2007 received N\$ 100 per month over the course of two years. Though not experimentally evaluated, implementers recorded large in-migration movements by impoverished family members of recipients albeit they would not receive cash transfers themselves. Despite results thus including the additional village population which might have had somewhat distorting effects, the share of people living below the food poverty line fell by about 40 percentage points, income-generating activities surged, child malnutrition plunged, and recorded school attendance increased rapidly (Haarmann et al. 2009).

Shortly afterwards, Indian NGO Self-Employed Women's Association initialised a pilot trial in Madhya-Pradesh region to cover about 6,000 individuals in 8 villages with a small monthly cash

Table 1: Overview over selected Cash Transfer Programmes and their Features

Programme	Country	Completed	Duration	Recipients	Implementer	Unconditional	Universal	Long-term	Basic	RCT
Alaska Permanent Fund Dividend	Alaska		1982-today	state-wide	Government	✓	✓	✓		
Progresa/Oportunidades	Mexico		1997-today	>6,100,000* ^o	Government			✓	✓	(✓)
Youth Opportunities Program	Uganda	✓	2008	265 groups	Government					✓
Otjivero-Omitara BIG	Namibia	✓	2008-2009	930	NANGOF	✓	✓		✓	
Madhya-Pradesh Trial	India	✓	2010-2011	6,000	SEWA	✓	✓		✓	✓
Human Development Fund	Mongolia	✓	2010-2012	state-wide	Government	✓	✓		✓	
Child Grant Programme	Zambia	✓	2010-2015	14,565 [¶]	Government	✓		✓	✓	✓
Subsidy-Reform Compensation	Iran		2010-today	state-wide	Government	✓	✓	✓	✓	
Haushofer and Shapiro (2016)	Kenya	✓	2011-2013	503*	GiveDirectly	✓				✓
Tingathe EEP Project	Malawi	✓	2016-2017	800*	Government	✓			✓	✓
UBI in Kenya	Kenya		2016-today	20,000	GiveDirectly	✓	✓	✓	✓	✓
Kela Basic Income Experiment	Finland	✓	2017-2019	2,000	Government	✓			✓	✓

Notes: Depiction akin to GiveDirectly (2020) with additional data taken from respective sources listed in Table 4 in Appendix B. Note that 'Basic' grants may substantially deviate between individual cases, from about US\$ 4 (nominal) per month in India to as much as about US\$ 670 (nominal) in Finland. Abbreviations are as follows:

RCT = Randomised Controlled Trial, *BIG* = Basic Income Grant, *NANGOF* = Namibia Non-Governmental Organisation Forum, *SEWA* = Self-Employed Women's Association (Indian NGO), *EEP* = Economic Empowerment Project, *UBI* = Universal Basic Income.

* Indicates programmes where 'Recipients' denotes recipient households instead of individual recipients.

^o No current recipient numbers for Mexico were found, numbers reported are from end-2014 as reported by Dávila Lárraga (2016).

[¶] For Zambia, total recipients are not reported, the number reflects the beneficiaries included in the evaluations of Seidenfeld et al. (2013) and Seidenfeld et al. (2016).

transfer for 18 months. Interesting about its design was that beneficiaries were not allowed to substitute already existing food subsidies for cash grants (Standing 2013). Results indicated that recipients used these top-up grants to improve their housing conditions, their nutrition and dietary diversity, finance small-scale investments such as fertiliser or sewing machines, and reduce their debt while simultaneously increasing their own savings (Standing 2013). And results seemed to persist even three years after the pilot ended (Davala and Barbosa 2020).

Mongolia and the Islamic Republic of Iran provide the only cases of UBI trials with national coverage up to now. As part of an electoral promise, Mongolia planned to start paying roughly US\$ 89 to each citizen spread over the year from 2010 on, financed through national copper revenues paid into a national Human Development Fund. After copper prices plummeted, financing increasingly became instable and the government had to accumulate new foreign debt, which eventually led to the programme's final termination only two years afterwards. Still, inequality decreased by 13%, poverty rates fell even by up to a third, and financial inclusion levels were highest among middle-income countries (Gentilini et al. 2020).

Iran's experience also entered upon changes in the political landscape when authorities announced a reform package which included removing energy and food subsidies while compensating the population with UCTs of around US\$ 40-45 (29% of median per capita income) (Gentilini et al. 2020). Although the combination of rising inflation (following from abandoning the subsidies) and international economic sanctions eroded cash transfers' real purchasing power, promising results were found. For example, merely the youth worked a little less following disbursements, often times due to higher enrolment rates in tertiary education (Salehi-Isfahani and Mostafavi-Dehzoeei 2017).

While none of these were experimentally evaluated, the UBI-pilot US-American NGO GiveDirectly (2020) is conducting at the moment, is the largest long-term experiment so far. Researchers commenced what is called a randomised controlled trial with two levels of randomisation in 2016 in 295 comparably sized villages in rural Western and Central Kenya. They randomly assigned villages to one of the four main treatment arms which are:

- (1) *Long-term UBI*: US\$ 23 (nominal) per adult and month for 12 years (44 villages).
- (2) *Short-term UBI*: US\$ 23 (nominal) per adult and month for 2 years (80 villages).
- (3) *Lump-sum UBI*: US\$ 500 (nominal) per adult in 2-3 one-off payments (71 villages).
- (4) *Control Group*: Villages where no household receives a transfer (100 villages).

In a second randomisation, households in each beneficiary village were equally assigned to one of three nudges: (1) a savings nudge for safe and secure investment, (2) a planning nudge encouraging to plan the spending of received grants, (3) a control group which did not receive any nudge (Banerjee et al. 2019b). Both payments and nudges are being delivered electronically via mobile money service M-PESA. Primary outcomes which are being observed include the economic status of recipients (income, consumption, assets, food security), children anthropometrics, the

use of time (work, education, leisure, community involvement), risk-taking activities (migration, business start-up), gender relations, aspirations, and mental health. Next to which GiveDirectly runs a small additional pilot (not part of the main study) where implementers will have more in-depth conversations to obtain qualitative insights about what it is like for them to receive a basic income (Banerjee et al. 2019b; GiveDirectly 2020). First results are expected later this year with follow-up surveys each two to five years thereafter. Yet, first first dynamics become already visible as, for example, in some villages women tend to form small savings groups which encourage members to save together parts of their transfers as support to members who need additional assistance (Teti and Brüning 2020).

Several issues and outcome objectives one might (want to) observe when distributing cash emerged from these short descriptions. Therefore, I will now scrutinise the most prevalent ones more systematically based on past CTP-pilots and -experiments conducted in developing countries. One small note of caution needs to be mentioned nonetheless: As Coote (2019) rightly pointed out "[g]iving small amounts of cash to people who have next to nothing is bound to make a difference". It is, hence, advisable to consider these results with a grain of salt when trying to derive general conclusions. Still, as development cooperation is centrally concerned with raising the prospects and the standard of living of the poorest, I view this to be a minor issue in this context.

3.1 Prevalent Findings

The most important concern always pertains to CTPs' efficiency to alleviate poverty and raise recipients' income status. Hence, it is the most scrutinised outcome objective of all - and results are overwhelmingly positive. Evaluations of government CTPs from Latin America (e.g., Angelucci and Giorgi 2009 or Cunha 2014) and in Sub-Saharan Africa (e.g., Bosworth et al. 2016; Pearson et al. 2016; van Ufford et al. 2016; Seidenfeld et al. 2016; Pellerano et al. 2016), or from experimental studies (discussed below) uniformly report lower poverty and hunger rates following from received grants. Bastagli et al. (2016) review 165 studies published between 2000 and 2015 - 54% of which focus on Latin America (almost entirely CCTs) and 38% focus on Sub-Saharan Africa (mostly UCTs) - and find consistent evidence that cash transfers increased total and food expenditures for beneficiaries, as well as reductions on all three Foster-Greer-Thorbecke (FGT) poverty measures⁵. More specifically, in their seminal study, Haushofer and Shapiro (2016) ran a randomised experiment in Rarieda district, Kenya, with 503 poor households⁶ receiving either 9 monthly instalments of

⁵FGT-indices are a family of poverty metrics. They share the common notation of

$$FGT_{\alpha} = \frac{1}{N} \sum_{i=1}^H \left(\frac{z - y_i}{z} \right)^{\alpha}$$

where z is the poverty threshold, N the total population of people living in a country/economy, H the number of poor people living below z within N , y_i is each individual i 's income, and α derives the individual indices. If $\alpha = 0$ the expression reduces to the poverty headcount. The higher α the more weight is placed upon individuals living below the poverty line z , i.e. if $\alpha = 1$ the equation depicts the poverty gap index, and with $\alpha = 2$ it becomes the squared poverty gap index.

⁶Defined as those households with a thatched roof instead of those with a more enduring but also more expensive metal roof (Haushofer and Shapiro 2016).

US\$ 45 PPP each (in total US\$ 404 PPP or US\$ 300 nominal) or the same value as lump-sum transfers in a single pay-out (randomisation was conducted on both village and household level). Additionally, 137 households randomly chosen from the entire set received an extra US\$ 1,121 PPP (hence, an overall total of US\$ 1,525 PPP or US\$ 1,000 nominal) paid out in 7 monthly transfers following the initial roll-out. Consistent between all different treatments, general food consumption surged by 19% and protein consumption increased even by 30% relative to control households who received nothing, indicating that recipients especially raised their consumption of nutritious food. What is more, in a second endline study, the authors confirmed results to persist for at least 3 years after transfers ended. Recipient households were found to have experienced a 25%-increase in (food) consumption levels and a concomitant reduction in hunger (Haushofer and Shapiro 2018). Yearly impact evaluation of Zambia’s Child Grant Programme suggests similar lasting patterns. Two years following its commencement, robust reductions in extreme poverty rates and large increases in (food) consumption and dietary diversity were found (Seidenfeld et al. 2013; Daidone et al. 2014) which persisted in pattern and magnitude in later evaluations (Seidenfeld and Handa 2016). In another recent experiment, Cooke and Mukhopadhyay (2019) investigated impacts of paying large transfers of US\$ 1,000 (nominal) in 3 monthly instalments to about 1,900 poor households in Uganda. Transfers increased recipients’ consumption expenditures by 40%, food expenditures even slightly more. As a result, the experiments of Haushofer and Shapiro (2016) and Cooke and Mukhopadhyay (2019) both report a statistically significant increase in the food security index of beneficiary households by about 0.4 standard deviations. Even more encouragingly, Angelucci and Giorgi (2009) provide evidence for ineligible households in Mexico’s Progresa/Oportunidades CCT to have increased their food consumption by about 10% (roughly half the size of beneficiaries’ gain) via spillover effects within the own kinship⁷.

Although some evaluations note that these increases in income levels (and the concomitant higher food security) merely stem from direct income effects of cash, i.e. recipients used the additional funds to buy food they consumed (Daidone et al. 2014), the general evidence mostly tends to suggest that funds are also being invested, at least in parts. Thus, they are not just consumed away but utilised to lay down the foundation for lasting improvements in the standard of living (Handa et al. 2018b). This corroborates with results persisting over several years as noted above.

Assets can be thought of twofold in this context: First, households might use the funds to improve their direct living situation. One possibility would be by replacing their thatched roof with one made from metal, which has a large up-front cost but usually lasts much longer and requires less repairing, as was found by Haushofer and Shapiro (2016, 2018) in Kenya and by Beierl, Burchi, and Strupat (2017) and Burchi and Strupat (2018) in Malawi, both especially for the lump-sum treatment group. Another prevalent one is investments in livestock. Especially small livestock such as goats or chickens is often taken as both productive asset and some sort of non-fixed capital good which the owner may use for dairy products (to be self-consumed or sold on the market) or as foundation for small animal-breeding activities so that they can be quickly sold again in case of

⁷A more thorough consideration of spillovers and their effects follows in Sections 3.2 and 3.3.

temporary liquidity constraints. It comes therefore by no surprise that livestock purchases often rise rapidly with additional income among (ultra) poor households (Bosworth et al. 2016; Seidenfeld et al. 2016; Beierl, Burchi, and Strupat 2017; Daidone et al. 2019). Specific results deviate from context to context but suggest overall moderate to substantial impacts, with Pearson et al. (2016) reporting a 7%-increase of households owning livestock targeted by the Tigray Social CTP Pilot in rural Ethiopia while no impact was found for targeted households in urban areas, Haushofer and Shapiro (2016) finding an increase of 78% in Kenya (and Haushofer and Shapiro (2018) certify the 40% higher level of recipients' general asset holdings three years after the experiment mostly to iron roofs and livestock owning), and Cooke and Mukhopadhyay (2019) even observing livestock owning to have skyrocketed among beneficiaries by about 200% in Uganda. That is, recipients (next to alleviating poverty and food insecurity directly) seemingly tend to opt for rudimentary risk diversification strategies provided directly or indirectly through cash transfers in absence of real insurance and savings markets within their areas and thus improve their resiliency against sudden shocks.

Second, cash grants can be utilised to invest into existing farm or non-farm businesses, or to start up new ones. A priori, these investments are often viewed as one main graduation pathway whereby CTPs may facilitate future self-sufficiency of beneficiaries (Burchi and Strupat 2018). However, within their extensive review of evidence, Bastagli et al. (2016) only find mixed significances up to 2015 with those studies reporting statistically significant results finding more purchases of (agricultural) assets such as tools and inputs including seeds and fertiliser. One example of such positive developments is Zambia, where the government set up the Child Grant Programme (CGP) and the Multi-Categorical Targeted Program (MCTP). CGP targets poor households with children below the age of five with flat, unconditional payments of US\$ 10-12 per month, independent of household size but doubled whenever a household contained a disabled family member, paid bimonthly. Equal grant schemes were also set up in MCTP paid out to households that either had orphans or otherwise vulnerable children, had elderly over the age of 64, belonged to the 10% poorest households in the community, and/or had children with disabilities (van Ufford et al. 2016). These grants induced beneficiary households acquire both more agricultural inputs and complementary assets, as well as to increase the area of worked land by 34% fostering the sale of agricultural goods as additional source of income (Daidone et al. 2014; Davis et al. 2016; Handa et al. 2018a). Haushofer and Shapiro (2016), on the other hand, only find increases in non-land assets but not in the area of worked land itself, yet also report inclining revenues from business activities of recipients (own-farm, wage labour, or non-agricultural businesses), but so did also the costs such that overall profits remained stable and no significant further income was generated. Other experimental studies directly targeted cash transfers to business owners or entrepreneurs, but also found inconsistent results for business start-up, revenues, profitability, and business survival (Mel, McKenzie, and Woodruff 2008, 2012; Blattman, Fiala, and Martinez 2014, 2019; Blattman et al. 2016; Beierl, Burchi, and Strupat 2017; Burchi and Strupat 2018; Cooke and Mukhopadhyay 2019). These differential results prompted researchers to also include training treatments into their experiment,

and indeed outcomes incline when cash transfers and training are delivered simultaneously albeit with case-by-case differences anyway, which will be further discussed in [Section 5](#).

While own-farm investments and investments in micro businesses can be considered as small to medium-run prosperity enhancing, investments in human capital such as education and health will unfold their full potential just in the long run and are thus good indicators for sustainably mitigating poverty and marginalisation. Next to a higher dietary diversity accruing to paying out cash grants as part of healthier ways of living already discussed, UCTs and CCTs increased both the uptake of health services in the majority of the studies and school attendance in almost all studies reviewed by Bastagli et al. (2016). Potentially best evaluated in this regard and with positive human capital developments as result is Mexico's Progresas/Oportunidades CCT directly conditioned on children's regular health check-ups and school attendance in poor rural areas. However encouragingly, evidence from Sub-Saharan Africa also grows and suggests clear links between cash transfer receipt and human capital development (see Adato and Bassett (2009), among others, for a survey). Since most schemes in Sub-Saharan Africa emphasise the unconditionality of grants, contrary to prevalent ones in Latin America, evidence indicates that UCTs may in fact "also change the behaviors on which CCTs are typically conditioned" (Baird, McIntosh, and Özler 2011, 1710). Interestingly, Baird, McIntosh, and Özler (2011) ran a two-year experiment among school-age girls in Malawi investigating differential impacts of CCTs and UCTs in human capital formation and identified some trade-off between education and health outcomes, albeit both showed up significantly positive in both interventions, which will be further discussed when scrutinising advantages of CCTs and UCTs in [Section 4](#). Specifically targeting school-age girls and the longer intervention period might also explain how the authors were able to detect positive developments contrary to, for example, Haushofer and Shapiro (2016) whose intervention only lasted for nine months, as the authors themselves conjectured to explain their null-results. Their point seems to be well supported when looking at other longer-term schemes evaluated in Kenya (Bosworth et al. 2016), Ethiopia (Pearson et al. 2016), Namibia (Haarmann et al. 2009), Mexico (Cunha 2014), or India (Standing 2013). Evaluations for Lesotho (Pellerano et al. 2016; Daidone et al. 2019), Zimbabwe (Seidenfeld et al. 2016), and Zambia (van Ufford et al. 2016; Seidenfeld et al. 2013), although not directly finding inclining school enrolment or attendance rates for all children⁸, observe parents spending more income on clothes, shoes, and uniforms for their children. Thereby they reduce a common external barrier to sustaining education attendance (Davis et al. 2016).

Most astonishingly, despite the large set of outcomes on which households are observed to have spent parts of their cash transfers on in some form or another, another experience prevailing from past trials hints to recipients still being able to increase their savings and/or repay loans and reduce their financial debt. Although often smaller in magnitude than previously outlined outcomes, effects and tendencies are well documented for at least some schemes/experiments in Namibia (Haarmann et al. 2009), India (Standing 2013), Zambia (Daidone et al. 2014; van Ufford

⁸Seidenfeld et al. (2013) report positive educational outcomes for older children of less educated mothers indicating they might be able to catch up with children of better educated families.

et al. 2016), Kenya (Haushofer and Shapiro 2016; Bosworth et al. 2016), Zimbabwe (Seidenfeld et al. 2016), and Ghana (Ragno et al. 2016).

A widespread notion in development cooperation states that programmes' support (especially when it is delivered in cash) should only be granted to women as they use the funds more wisely and invest in their families and children (cf., e.g., Thusbaß and Goehler 2020). In fact, intra-household allocations are not yet well studied as CTPs so far allocate values to a single person within a household, not both (Banerjee, Niehaus, and Suri 2019). Observations by Haushofer and Shapiro (2016), though, point to potentially differential gender effects, but a priori none can be said to be unambiguously better: Indeed, women tended to spend larger amounts of their grants to benefit their children, i.e. Haushofer and Shapiro (2016) find larger spending patterns on food, health, or educational outcomes among female recipients, while male recipients apparently used the funds to increase the family's overall standard of living by investing in economic assets (e.g., tools, inputs, iron roofs) or food consumption. Besides this, several evaluations conclude that paying cash transfers to women raises their empowerment prospects such as reducing physical abuse by their spouses, the number of sexual partners (hinting to a reduction in 'sex for fish'-practices), and pregnancy rates (Haarmann et al. 2009; Bastagli et al. 2016; Haushofer and Shapiro 2016). For school-age girls the effects are unsurprisingly larger when schemes help them attend school regularly (Baird, McIntosh, and Özler 2011). All of this due to a higher (economic) decision-making power, thus being able to 'bargain out of abuse'. Relatedly, concerns CTPs might increase fertility, particularly when targeted to households with young children (to maintain eligibility or increase benefits), have been invalidated (Handa et al. 2018b). Others, like the Zambian CGP, which directly targeted such households, paid grants irrespective of households size as to (partly) counteract such tendencies (Daidone et al. 2014; van Ufford et al. 2016).

3.2 Common Perceptions

Often times CTPs are confronted with allegations of misused programme resources as recipients would tend to spend them wastefully on temptation goods such as alcohol or tobacco, reduce their labour market participation and rely on transfers to ensure their subsistence, or cash injections leading to incommensurable price hikes effectively eroding any positive outcome they might have had. Others fear that grants would only be used to increase consumption and would thus merely have short-run alleviating effects or increase fertility. Such perceptions have been quite common and led decision-makers to favour in-kind programmes over direct cash disbursements. However, all these allegations often solely rest on anecdotal evidence at best and have by now largely been disproven (see Handa et al. (2018b), among others, for a large review). Two (transfers being fully consumed and not invested, and fertility) have already been shortly addressed in the last section. This section, instead, focuses on the three most prevalent and concerning fallacies: labour market participation and dependencies, inflation, and temptation goods.

Labour Market/Dependency. The argument that CTPs create dependencies among the beneficiary population by reducing their participation in productive (wage) labour is perhaps the most

often stated counter-argument against delivering cash transfers. For example, Krozer (2010, 11) worries that "[c]onditional transfers impose de facto minimum wages, keeping people from taking up jobs (even if they would like to) that earn less than the guaranteed minimum income". The fallacy basically stems from neoclassic economic reasoning which considers 'leisure' and 'work' as normal goods. That is, the theoretical prediction of an unexpected, unearned cash windfall suggests a pure income effect whereby recipients substitute paid work by more free time. And indeed, that is what can be observed with lottery winners (cf. Cesarini et al. (2017) for an exemplary experiment in Sweden). Another theoretically valid worry, particularly in the development context, argues that if beneficiaries hold the belief, higher or additional work might disqualify them from the CTP they might reduce or withdraw participation in paid jobs.

Despite these theoretical conjectures, extensive reviews published recently all unambiguously debunk this perception at large (prominent ones include Bosch and Manacorda (2012), Bastagli et al. (2016), Banerjee et al. (2017), Baird, McKenzie, and Özler (2018), and Bastagli (2020)). In fact, most studies do not just find no negative labour supply responses by recipients, but if at all they report slight increases on the extensive margin (i.e., more people take up jobs following transfer receipts) (among others, Haushofer and Shapiro 2016) and the only reductions that are rather uniformly reported are within the group of elderly people, or those who then opt for (unpaid) care work of dependants at home. Moreover, those who were formerly employed in casual agricultural wage labour (which is mostly just a work of last resort as already noted before) seem to shift towards a greater focus on family enterprises both on-farm and off-farm work in several different pilot contexts throughout the developing world (Haarmann et al. 2009; Standing 2013; Daidone et al. 2014, 2014; Davis et al. 2016). When granting transfers to entrepreneurs or business owners, increasing employment rates and business investment were observed (Blattman, Fiala, and Martinez 2014; Blattman et al. 2016). Lastly, there are few differential findings between men and women, or the associated stereotypes: Banerjee et al. (2017) analyse 7 experimental CTPs from all over the world and find for men both one (Nicaragua) where men shifted to inside household work and one (Mexico) where men tended to reduce inside household work, and similarly, 2 versus 2 observations for women.

Some authors caution that these results might be influenced by inherent design features such as infrequent eligibility testing, lacking enforcement if tested, or eligibility being determined by other means than income (e.g., children, disability, or pregnancy) (Bosch and Manacorda 2012; Banerjee et al. 2017). But results from large-scale UBI and 'UBI-like' schemes in Iran and Alaska do not seem to confirm these. As noted before, Salehi-Isfahani and Mostafavi-Dehzoeei (2017) do not detect any negative labour supply responses after unconditional transfers had been initialised in Iran - merely the youth slightly exhibits declining participation in paid work, what the authors conjecture to be a result from more (credit-constrained) adolescents taking up tertiary education which they previously found unaffordable. Another interesting, yet slightly different case is the Alaska Permanent Fund Dividend. Established in 1976 as state fund for oil revenues, the fund pays annual dividends to all residents of Alaska state since the 1980s. While not a UBI per definition, transfers are essentially

universal, individual, unconditional, uniform, regular, and provided in cash. The value fluctuates each year (depending on oil prices) and is rather small compared to standard poverty measures, but have increased nearly tenfold over the time, currently being around 3% of annual personal incomes in Alaska (Goldsmith 2010; Gentilini et al. 2020). As this is perhaps the longest-term cash transfer in history so far, it lends itself perfectly to analyse labour market outcomes, even more so as the context is a well-developed industrial nation where most people can be thought of as living in rather secure income situations⁹. Analyses throughout the years have, nevertheless, never found merely any meaningful effect on labour market outcomes apart from increasing part-time work (thus, a shift on the intensive margin) (Goldsmith 2010). And recent evaluations indicate that employment-to-population ratios have been constant to control states, with large confidence intervals to indicate some suggestive evidence labour market participation might have actually slightly increased. Hence, the shift on the intensive margin might also suggest people in fact take up jobs on part-time basis to *enter* the workforce (Jones and Marinescu 2020).

A last, yet no less compelling evidence against CTPs creating dependencies can be found when looking at general equilibrium effects. Some first evidence is provided by the large-scale experiment of Egger et al. (2019) in which they cooperated with US-American NGO GiveDirectly to pay in total US\$ 1,000 (nominal - based on Haushofer and Shapiro 2016) to over 10,500 poor households in 653 villages in rural Western Kenya - a total fiscal stimulus of approximately 15% of local GDP during the twelve months of the field study. Just as others before, they do not report no meaningful changes in labour supply among the beneficiaries, if anything participation rather increased slightly. Next to other positive household-level developments other studies also found, including higher food security and more expenditures on education, they trace the path of household spending and discover that for recipients, rising total enterprise revenues were not based on more sales relative to the control group. Moreover, neither overall profits nor investments rose, yet wages did. They go on to conclude that in their context the evidence suggests a demand-led rather than investment-led expansion of economic activity. That is, treated households increased their spending patterns with the cash transfers leading to a positive aggregate demand shock raising enterprise revenues, which in turn were able to pay out higher wages also to members of households that a priori did not receive any additional cash, who could then also increase their total expenditures. Thereby, even control households were able to exhibit higher consumption expenditures by about 13% (a result similar to the 10% incline of control households' consumption found by Angelucci and Giorgi (2009) in Mexico, as already discussed). Furthermore, the result contrasts to negative spillovers found by, e.g., Haushofer and Shapiro (2018) here rather being based on income gains by firms and workers through higher wage levels and less due to some sort of 'dissaving'¹⁰. In total, Egger et al. (2019) estimate local multipliers of 2.5-2.7 which they refer to as being "somewhat larger" (ibid., 4) than other estimated multipliers for the US or Kenya, but they speculate the larger size

⁹Still, as the development context considered herein differs substantially from this situation, results need to be cautiously interpreted and may only be indicative.

¹⁰Haushofer and Shapiro (2018) find that expenditures of control households within the 'treatment' villages declined three years after the main experiment. Albeit not having conclusive evidence, they speculate control households might have sold their productive assets to treatment households, in turn reducing their own consumption.

might be reconciled by prior observations of under-utilisation of resources, as most manufacturing and services were often provided on demand in the region of their study. Indeed, Taylor, Thome, and Filipiski (2016) estimate multipliers of CTPs in seven Sub-Saharan African countries and report nominal sizes between 1.27 in Malawi and 2.52 in Ethiopia (1.34 and 1.91 for the two considered programmes in Kenya). For the case of Zambia, Handa et al. (2018a) report an average multiplier of 1.67 across both programmes (CGP and MCTP), while Seidenfeld et al. (2013) find only for CGP a local-economy multiplier of 1.79, which they decompose into 1.17 pertaining to beneficiaries and the remaining 0.62 benefiting control households.

Summing up with the words of Handa et al. (2018a, 43), all this suggests that "even in the absence of complementary interventions such as those in the graduation model, small predictable unconditional cash transfers may also contribute to long-term poverty reduction" and fears for creating dependencies are completely unfounded¹¹.

Inflation. In essence, cash transfers are artificial injections of demand into some region or community. If this sudden demand shock cannot be accompanied by a concomitantly rising level of supply, the pressure on prices will produce potentially high rates of inflation which harm non-beneficiaries and may devalue transfers undermining the fundamental idea of providing cash in the first place. Especially with little integrated markets in rural areas, oligopolistic pressures may push marginal costs from increased demand and transaction costs for market entry which could offset trends of price hikes are too high for potential competitors to enter these remote areas (Gentilini et al. 2020).

However, based on the analysis of Egger et al. (2019), especially these remote areas (at least in their case of rural Western Kenya) seem to be characterised by an under-utilisation of resources. That is, instead of being at the absolute capacity frontier, companies seemed to operate inside their production possibility frontier, i.e. they did not yet produce the potentially possible output. Providing additional demand in such a scenario will not risk putting upward pressure on prices as higher demand levels can be (more or less easily) met by raising production at the same time, thus observing aforementioned multiplier effects. Unsurprisingly, neither Egger et al. (2019) for Kenya nor Handa et al. (2018b) for 8 (quasi-)experimental studies in Sub-Saharan Africa find meaningful inflation rates for outputs. Cunha, Giorgi, and Jayachandran (2019), contrastingly, find some evidence for inflationary pressures, but overall price effects are on average small and may not be economically significant in many communities. Merely below-median development and physically remote villages showed up with some effects of about 1.5% in food prices.

Temptation Goods. The final fallacy is that funds are used to buy alcohol or tobacco, commonly referred to as temptation goods, particularly by men. Observations like the ones which have been made during the UBI pilot in Otjivero-Omitara in Namibia, where women groups formed and prohibited any alcohol to be sold on the days the cash transfers were disbursed (Haarmann et al. 2009), contributed this perception to be "largely rooted in anecdotal evidence, as well as

¹¹An additional summary of impact findings of different cash transfer types from the review of Baird, McKenzie, and Özler (2018) is included in the [Appendix](#) in [Table 5](#).

distrust from policymakers, donors, and stakeholders at large, who fear that poor populations will 'waste' funds inappropriately" as Handa et al. (2018b, 267) explain. Just as with leisure, economic theory also provides a somewhat valid explanation: again, if temptation goods are normal goods, the income effect of receiving additional funds will lead to rising consumption and wasteful spending of resources. However, Handa et al. (2018b, *ibid*) also challenge this view by arguing that also quite the opposite effect might be observed if consumption of alcohol or tobacco is "partially a result of poverty-related poor mental health, stress and desperation, and cash transfers decrease poverty"¹². Supportingly, so far there is not any consistent evidence for 'wasteful' spending of cash transfer, whatsoever. In the most prominent empirical survey in this regard, Evans and Popova (2017) review 50 estimates on temptation good consumption in 19 studies from Latin America, Africa, and Asia and conclude that "almost without exception, studies find either no significant impact or a significant negative impact of transfers on expenditures of alcohol and tobacco" (Evans and Popova 2017, 190). This holds among all beneficiaries, countries, programme types, and between the genders. More recently, Haushofer and Shapiro (2016) confirm these results observing large and statistically significant increases in all non-durable consumption goods (particularly food) but alcohol and tobacco, again with no differences between recipient genders, transfer modalities, or transfer sizes, and persisting for at least three years up to their follow-up study (Haushofer and Shapiro 2018). Anecdotally, not even in an experiment of providing cash, therapy, both together, or neither to young high-risk men (i.e., they were often criminals or drug-addicts) in Liberia, Blattman, Jamison, and Sheridan (2017) were able to detect 'wasteful' spending of the funds in any treatment arm. Instead, recipients saved them or used them as investments in small business such as petty trading.

3.3 Additional Experiences

Additional to discussing common findings and fallacies, some more experiences beyond the usual scope of most papers might be worthwhile and informative to look at in the context of development cooperation. These are effects on incentives to migrate and respective migration streams, psychological impacts of receiving cash grants on recipients, and political effects of providing CTPs.

Migration. Many developing nations experience large and continuous migration streams both domestically and internationally. Attracted by seemingly higher-productivity jobs, particularly rapid urbanisation motivated poorer people from the remote rural areas to leave their homes. Rationales for migration in general include higher living standards, brighter prospects for upward mobility, closer proximity to jobs, and in some cases fleeing violence (Adhikari and Gentilini 2018). The nexus between cash transfers and migration provides for two opposing theoretical implications in this regard: If, on the one hand, poor households are credit constrained, CTP funds may act as subsidies to cover the (potentially quite substantial) up-front transaction costs inherent to moving, thus de facto encouraging migration where no binding or implicit constraints on mobility are imposed. The larger the transfer's generosity, the more mobility might be facilitated. Contrarily, if

¹²In addition, note that alcohol may to some extent also serve social purposes like village celebrations thereby creating positive intra-community effects (Evans and Popova 2017).

migration is fundamentally driven by the desire to close the (perceived) gap in living standards with other regions, providing cash assistance and thereby raising the region of origin's own living standard and purchasing power might reduce the (felt) economic disparities with the desired destination effectively holding movements back¹³.

Scrutiny of CTPs and their implications for migration yet remain rather unexplored, though some evidence has been provided for Latin America, especially Mexico's Progres/Oportunidades. Conversely, information on UCTs prevalent in Africa remains scattered up to this point and generalisation should be made carefully. In addition, the existing literature remains rather inconclusive whether CTPs facilitate or deter migration. For example, Angelucci (2004, 2012) and Stecklov et al. (2005) all investigate Progres's effects on this domain, yet come to somewhat opposite conclusions. Stecklov et al. (2005) observe migration movements to slow down both nationally and internationally with much larger and statistically significant results (at the 5%-level) on international movements towards the US¹⁴. They relate this to the mandatory yearly health check-ups - the binding condition for receiving grants - counteracting international migration but not domestic one, hence not affecting urbanisation. Quite opposingly, Angelucci (2004) regroups Progres funds into a 'UCT' component encompassing food grants and funds for primary education, and a real 'CCT' component entailing subsidies for secondary education, arguing that most children were enrolled in primary education anyway, thus its primary education support in essence would be unconditional, while many children drop out of school afterwards which makes secondary support the only 'real' condition. She exemplifies that 'UCT' may increase migration for the poorest as it alleviates their credit and savings constraints in the hope of brighter prospects elsewhere, while 'CCT' reduces such incentives as recipients are required to stay at home (provided transfers are high enough). In a later (companion) paper (Angelucci 2012), she would go on to argue that therefore UCTs may increase (international) contemporaneous migration, while CCTs may relax such yet raise future migration incentives. Particularly for those who completed secondary education and then move to cities in the search for higher returns to their education. Both, her theoretical model (Angelucci 2012) as well as her prior empirical analysis of Progres (Angelucci 2004) corroborate these predictions. Namely, 'CCT'-families (i.e., those with more children in secondary education) migrate less often as those on whom conditions are less binding. So, she concludes on average international migrants to the US would have less human capital accumulated than domestically migrating ones.

Proposals like regional basic income schemes, as proposed by Krozer (2010) for Central America, could to some extent reduce intra-regional international migration, yet neither international migration outside the region (say, to the US) nor urbanisation are likely to be affected. Besides, regional schemes, even when adjusted down to the financial means of development agencies, would likely trigger other dynamics, to the best of my knowledge, yet entirely disregarded, that is in-migration. Aforementioned studies examined peoples' incentives to move out of their village, community, region, country in the strive for better lives, but not the reverse. Yet, it is easy to

¹³For a more comprehensive discussion of theories and determinants of migration and their relation to cash transfers, refer to Stecklov et al. (2005) and the sources cited therein.

¹⁴They calculate the odds of US migration to have been reduced by a stunning 58% through Progres.

imagine that once a (regional) cash transfer is set up, households in the surrounding regions will eventually notice the (positive) effects cash disbursements have, especially if community-level effects like the multipliers already discussed show up. In turn, this might raise incentives to move *into* that region - even if one would not directly be a recipient, but to profit indirectly from spillover effects, rising wages, kinship support, or alike. So far, merely anecdotal evidence can be put forward to support this hypothesis, but some observations do point into that direction: In the Namibia pilot in Otjivero-Omitara, Haarmann et al. (2009) reported a large in-migration movement by impoverished family members even though they did not receive any direct transfers themselves, though they were not able to quantify actual numbers. Similarly, Angelucci and Giorgi (2009) related the increased food consumption of Progresa-ineligible households mainly to higher informal loans and transfers between families and friends. And Goldsmith (2010, 14) found anecdotal evidence for what he called a "magnet effect" in Alaska: The fastest growing over-65 population in the US and rapid surge in public demand for programmes "providing services for lower-income individuals and families" (ibid). Nonetheless, he was not able to relate the effects directly to the Alaska Permanent Fund Dividend.

Ultimately, specific incentives to migration seem to vary with programme designs, yet even though cash transfers might affect the likelihood of moving in one way or another, they are not the "*raison d'être* in mobility decision-making" (Adhikari and Gentilini 2018, 15, sic). A more comprehensive investigation into these dynamics would be a worthwhile avenue to consider in future work.

Psychological Impacts. When arguing in favour of UBI or CTPs in general, proponents always stress the flexibility and dignity paying cash gives to recipients. They may use funds as they see fit and utilise them for what is currently needed most without outside interference. As stands out from the review hitherto, funds are almost exclusively used wisely and to better the individual living situations. In that, cash transfers are likely to have substantial effects on the idiosyncratic, self-reported well-being of beneficiaries. Even more so, if poor households are, at least to some extent, also psychologically constrained, giving them control, perspective, and aspiration might help them gain confidence to try to work themselves up and out of poverty (Banerjee, Niehaus, and Suri 2019).

In their seminal field experiment, Haushofer and Shapiro (2016, 2018) devoted specific scrutiny towards these psychological effects. In short, their nine-month UCT intervention statistically significantly and persistently reduced self-reported levels of stress, depression, and worries of recipients, while soaring happiness, life satisfaction, and to a lesser extent optimism for the future. Findings that also echo in almost all government CTPs examined in Davis et al. (2016): In Kenya, recipients reported a six percentage-point higher score on a quality-of-life index (Bosworth et al. 2016); in Ghana, happiness increased by 16 percentage-points (Ragno et al. 2016); beneficiary households feeling better-off in Zambia surged by even 45 percentage-points (van Ufford et al. 2016); and Pearson et al. (2016) and Seidenfeld et al. (2016) notice more self-reported dignity and subjective well-being by recipients in Ethiopia and Zimbabwe, respectively.

Although researchers always paid great attention to recipients not suspecting a relationship between survey questionnaires about their assets, consumption expenditures, and psychological well-being, results might nevertheless be subject to some sort of potentially distorting experimenter-demand effects. A more objective measure of mental health used by Haushofer and Shapiro (2016) are cortisol levels identified through participants' saliva. Two intriguing observations stand out: (a) female recipients had lower cortisol levels and reported higher levels of self-esteem, which the authors hypothesise to be a direct result of greater female empowerment from receiving the transfer, and (b) the larger the transfer, the lower were cortisol, stress, depression levels for all recipients with a concomitantly higher life satisfaction and optimism. Finally, the perhaps most outstanding psychological/mental-health impact was found by Christian, Hensel, and Roth (2019) in Indonesia, where CCTs of US\$ 39-220 (nominal) conditioned on regular participation in health and education services let suicide rates plunge by 18%. In this regard, the experiment of Banerjee et al. (2019b) and GiveDirectly (2020) will add more intriguing insights into the psychological effects of receiving cash grants for a substantially longer period than in the other studies treated herein.

Political Context. Although political implications of CTP-introduction may be of secondary importance to most (private) development organisations they should not be left unregarded altogether. Taking on a governmental perspective on the topic at hand, the first relevant point to notice is that constituencies and beneficiaries do not necessarily refer to the same set of the population unless the negotiated scheme is a UBI. It is thus paramount for a government to generate sufficient political support for whatever social assistance programme they were to consider, and a piecemeal introduction of such measures may create path dependencies whereby initial welfare gains (for, e.g., some population group) could obstruct later expansions viewing them as threatening by and to the existing beneficiary groups (e.g., through a reduction in benefit values) (Gentilini et al. 2020). To generate greater political consensus and support, Kidd (2015) contends that universal schemes, particularly UBI, would uniformly benefit all classes of society. Hence, all would vote in their own interest to gain or maintain current support. In that, more marginalised groups of society who he claims would not determine election outcomes, win political support of wealthier income groups who themselves would stand to benefit from advocating for UBI-introduction. Even less democratic/autocratic regimes often tending "to be those with high inequality in both income and wealth distributions" (Wispelaere and Yemtsov 2020, 186) could try to lower risks of social turmoil or political disorder by offering citizens some degree of redistribution via (universal) cash-based social assistance schemes (Acemoglu and Robinson 2001).

Notwithstanding, political acceptability of redistributive, universal social assistance programmes, particularly in Africa, seem to revolve around their ability to adequately reflect common notions of deservingness (Davis et al. 2016; Wispelaere and Yemtsov 2020). As example, Zambia's Child Grant Programme somewhat lacked broader acceptance as it deviated from the idea of poor households being labour constrained applied as criterion to identify the target population (van Ufford et al. 2016). Likewise, the idea to exploit national CTPs (or even UBI) to 'buy votes' (Wispelaere and Yemtsov 2020) appears to not withstand experimental scrutiny. Evaluating the Youth

Opportunities Programme in Uganda and its implications for the political support of the incumbent government who it initiated, Blattman, Emeriau, and Fiala (2018) arrive at the stunning result that three years post intervention, beneficiaries did not just vote against incumbent politicians but rather seemed to in fact support the opposition and helped them getting elected. While this was solely a one-time grant and repeated cash transfers might unfold different dynamics, the suggestive narrative is quite intriguing: "programmatic policies and economic success free people to express their political preferences and decouple them from clientilistic systems" (Blattman, Emeriau, and Fiala 2018, 4).

Ultimately, the political sphere of CTPs yet remain largely untouched, and are likely to also crucially depend on specific (political/social) contexts of implementation and respective programme designs. In addition, NGOs will in most cases less concerned with overall political support for government programmes, but some of these insights will feature in again when discussing programme design issues for implementing an NGO-led CTP in [Section 5](#).

4 Impact Evaluation of CTPs

Following the rich evidence on positive impacts CTPs generate across the board, they become an attractive alternative to classic development cooperation and aid programmes implemented by NGOs (and governments) heretofore. Formerly celebrated support schemes increasingly reveal to fall short in meeting their desired goals: Some claim CTPs, particularly UBIs, could halve current costs of development aid while raising its efficiency (Teti and Brüning 2020), others argue that administrative overhead, procurement and transportation costs of in-kind programmes by far outweigh the actual value poor people in developing countries receive through such interventions (Blattman and Niehaus 2014), and both training and microcredits praised as the way forward, are called into question as they appear to deliver rather poorly in mitigating poverty sustainably if implemented alone, yet might excel when combined with enhanced purchasing power through cash transfers (Blattman and Niehaus 2014; Weizsäcker and Goehler 2020). It comes, thus, at no surprise that cash-based interventions gather tremendous interest and accounted already for over 10% in 2016 global humanitarian aid (Smith et al. 2018). Even the United Nations' World Food Programme, perhaps the largest donor of international in-kind aid provision, progressively shifts towards CTPs (Cunha, Giorgi, and Jayachandran 2019). And others make the case for CTPs to be the benchmark other programmes should be compared to in terms of delivery efficiency (Blattman and Niehaus 2014; ODI 2015; McIntosh and Zeitlin 2018).

4.1 Delivery in-Cash versus in-Kind

Traditionally, development support has been delivered by providing scarce resources or goods directly to the people. Goods range from textbooks over sacks of beans or corn to livestock such as goats, chicken, or cattle. As Currie and Gahvari (2008) show surveying the literature, reasons for providing such support in kind may partly reflect imperfect information about the target population

or means of self-selection whereby only the target population may choose to accept specific goods promoted. But more often paternalistic considerations and fears of (negative) externalities play a large role in explaining in-kind transfers. This is sometimes paired with much less tolerance for the diversion of cash compared to in-kind aid limiting the former's use (Smith et al. 2018) - although such fears for cash being more prone to abuse, corruption, or being otherwise diverted have not yet realised (Harvey and Bailey 2015). The underlying rationale always states to raise food security, nutrition intake, and/or health outcomes by higher consumption levels of specific transferred goods. For this to work, goods need to be extra-marginal and binding in the way they affect individual consumption, thus be different from cash (Cunha 2014). That is to say, they must be consumed in addition to normal market purchases and not traded away. If transferred goods were infra-marginal, recipients would simply reduce market purchases one-to-one with received transfers, and if they were extra-marginal but non-binding, they would be consumed in addition but excess supply would then be sold making in-kind transfers ultimately similar or even equivalent to cash.

Notwithstanding, early proponents of in-kind support claim that direct food shipments into regions of famine would benefit the victims more than cash could as excess supply of food reduces aggregate prices of such, thus having large-scale effects beyond the direct shipments (Coate 1989). In examining the Mexican 'Programa de Apoyo Alimentario', Cunha (2014) shows that in-kind transfers were not able to meet the desired effect on consumption, in that most transfers were found to be in fact infra-marginal for food consumption. Thus, households used the programme merely to substitute their usual market purchases by direct food transfers. Only powdered milk included in the in-kind basket showed some extra-marginal effects increasing vitamin C, iron, and zinc intakes of children and women. But in general there were no differential effects between cash and direct goods-provision apart from cash transfers being weakly preferred by recipients and being less costly in distribution¹⁵. In a later companion paper, Cunha, Giorgi, and Jayachandran (2019) shade some light on the differential price effects argued for already by Coate (1989). Indeed, over the course of two years they detected a fall in food prices in regions treated with in-kind transfers by 3.7% relative to those areas receiving cash transfers. However, the small magnitude and little to no impact on substitutes suggest that overall effects on households' purchasing power were rather negligible and price changes might not have been economically significant in most communities. Put differently, they confirm in-kind transfers to be mostly infra-marginal, barely affecting general equilibrium outcomes such as prices. As mentioned earlier, most of their findings were driven by effects in below-median developed and physically remote villages and general evidence for inflationary pressures due to CTPs remains scarce.

In fact, the costs of delivering in-kind development support or aid is among the central arguments in favour of CTPs. Blattman and Niehaus (2014) state that within a project budget up to two-thirds may accrue to procurement and transportation costs and merely one-third is actually delivered as value to beneficiaries. They go on to illustrate their claim with the example of delivering

¹⁵Administration costs for the in-kind transfer were at least 18% (of the transferred amount) higher, relative to cash-transfers (Cunha 2014).

a pregnant cow in Rwanda, which requires about US\$ 3,000 for actual delivery and training of the recipient while the cow itself merely cost a few hundred. Although young programmes likely still exhibit high cost-transfer ratios, largely due to higher fixed start-up costs (perhaps to set up the infrastructure for mobile or otherwise digital payments) which did not yet translate into economies of scale (Handa et al. 2018b)¹⁶, some estimate cash distribution could be 25-30% more cost-efficient than traditional in-kind provision, with yet further substantial improvements if made digitally (Plan International 2020). Besides, aforementioned experiments and surveys which explicitly report their costs consistently end up with 8-15% of the total budget accruing to administrative and delivery costs (Aker et al. 2016; Haushofer and Shapiro 2016; McIntosh and Zeitlin 2018; Christian, Hensel, and Roth 2019; GiveDirectly 2020 - see Grosh et al. 2012 for a comprehensive review of programmes' costs) - the few deviations being due to more complex targeting and randomisation mechanisms than usually applied (Grosh et al. 2012; Cooke and Mukhopadhyay 2019) - while in-kind transfers score substantially higher (Grosh et al. 2012; McIntosh and Zeitlin 2018). GiveDirectly is often referred to as 'shooting-star' in this field, with programme efficiencies beyond 90%, i.e. more than \$ 0.90 per US\$ of programme budget actually disbursed to beneficiaries, independent of the country (Blattman and Niehaus 2014; McIntosh and Zeitlin 2018; GiveDirectly 2020; Teti and Brüning 2020).

But do CTPs also outperform in-kind programmes in alleviating poverty? An interesting case in point provides the study of McIntosh and Zeitlin (2018). Originally designed to compare the costs of different interventions, they find the in-kind treatment¹⁷ solely increases savings of beneficiary households leaving consumption, diet, and child anthropometrics unaffected. Simple cash transfers, on the other hand, raised outcomes statistically significantly across the board both on household-level as well as individual-level - the higher the transfer the larger the effects.

Similar combinations of cash and training/supervision are among the most prevailing study treatments so far to examine differences of cash and in-kind schemes, particularly since training has long been hailed as fundamental graduation pathway out of poverty. Results are somewhat mixed nevertheless. The already mentioned Tingathe Economic Empowerment Project (EEP) in Malawi, for example, had treatment arms which included (i) a training package to deliver training on group formation, financial literacy, and business management, (ii) a lump-sum payment for business development/investments of US\$ 70 (nominal), and a final treatment (iii) which entailed both prior interventions (Beierl, Burchi, and Strupat 2017). Implementation of the EEP was crucially influenced by the severe 2016 drought in Malawi tremendously surging the need for food security (ibid.). Hence, results need to be considered in light of these outer circumstances. Unsurprisingly, training alone did not reveal any meaningful impacts, while cash transfers were able to significantly

¹⁶Two great studies to see the efficiency of scale economies are McIntosh and Zeitlin (2018) who report substantially falling delivery costs (from 38% to 6% of the total budget) with increasing transfer values disbursed to recipients in an experiment in Rwanda in cooperation with GiveDirectly, and Aker et al. (2016) who ran an experiment about the efficiency of transfer modalities in Niger. They report that once the respective infrastructure (mobile phones) was in place, costs halved relative to manual cash disbursements via envelopes and reduced by two-thirds relative to those who had to be provided with a mobile to begin with.

¹⁷A Rwandan-government programme focusing on small children and young mothers with training schools about nutrition, farming, savings, sanitation and alike.

increase livestock (a central productive asset), and when implemented in conjunction with training, also agrarian production and food consumption soared (Burchi and Strupat 2018).

Oppositely, the Youth Opportunities Program (YOP) was a government programme in Northern Uganda designed to support adolescents and young adults becoming self-employed entrepreneurs. Groups of young adults had to submit proposals for how they would use the grants for business start-up and were then randomly assigned either treatment or control status. Grants were one-time lump-sum payments of about US\$ 382 per member, and overall results indicate that in a "reasonably simple and replicable intervention" (Blattman, Fiala, and Martinez 2014, 748), grants alone could already raise profits on the intensive margin relative to other in-kind job training they claim often perform poorly in developing countries (Blattman, Fiala, and Martinez 2014). However, nine years later grants' effect levelled off. In a later reassessment, grantees' earnings increases disappeared and control groups eventually caught up - grants only had lasting effects on assets and skilled work (Blattman, Fiala, and Martinez 2019).

In an adjacent setting, Blattman et al. (2016) investigated effects of giving US\$ 150, five days of business training, and ongoing supervision thereafter to poor women in 120 war-affected villages in Northern Uganda at about the same time as YOP. They observe that the combination of training and cash raised the probability among the treated to have a non-farm business, increased employment, incomes, and (food) consumption at about the same size of twice as expensive livestock-providing schemes, while supervision was far less effective and only affected business survival positively.

Mel, McKenzie, and Woodruff (2012) did not have a supervision component in their study among women entrepreneurs in Sri Lanka and only varied between training and training plus cash. Similar to Burchi and Strupat (2018), training alone did not have a significant effect, while the combination caused large and significant increases in business profitability during the first months, yet eventually petering out, suggesting that business supervision might actually play a significant role in business survival. The results are somewhat challenged again, however, by an earlier contribution for the Sri Lankan case where Mel, McKenzie, and Woodruff (2008) find higher profitability of business already due to cash transfers or in-kind transfers of business equipment alone. Though these results solely pertain to male-run enterprises, while women-led companies showed up with null results. Summing up, CTPs quite promisingly seem to meet the expectation of reducing costs significantly for the donor relative to traditional in-kind programmes and appear to also perform considerably well on general equilibrium outcomes. As regards complementary interventions, combinations of cash and training/supervision deviate from case to case and might require careful considerations about the specific context at hand, thorough monitoring of the programme's performance, and perhaps small-scale pilots to adjust individual elements of its design.

4.2 Conditionality

In a more narrowly framed context, the discussion emerges whether to condition cash transfers on some specific criteria such as regular health check-ups or school attendance. As delineated already in Section 3.3, evidence on the effects of conditional cash transfers on migration is ambiguous (An-

gelucci 2004, 2012; Stecklov et al. 2005). Another well-suited contribution to shed some light on the debate whether CCTs are preferable in general over UCTs, is the experiment of Baird, McIntosh, and Özler (2011) in Malawi. Randomly assigned, school-age girls and their parents separately received either unconditional, conditional (on school attendance - with medium compliance enforcement), or no cash grants for a two-year intervention period. Rather than being clear-cut, results reveal a trade-off: While conditional grants outperformed unconditional ones on the outcomes directly related to their condition, namely dropout rates, attendance, and test performances, UCTs significantly improved health related measures, driven almost entirely by effects among girls who dropped out of school by reducing their pregnancy rates.

When interpreting the results it should be noted, as the authors caution, that all girls knew about the crucial differences between treatment arms and that the programme was tailored to further their education. Perhaps it is then less surprising to find that also UCTs reduced dropout rates and raised attendances even though far less effective than CCTs did. In fact, in order to achieve the same results on both treatment arms, unconditional grants would have had to be twice the size of conditional ones and thus by far outstripping additional costs of monitoring compliance in the conditional treatment (Baird, McIntosh, and Özler 2011). Notwithstanding CCTs' relatively higher cost efficiency, the authors remark that "the success of the conditionality in promoting the formation of human capital among the compliers appears to be achieved at the cost of denying transfers to noncompliers [i.e., those girls who dropped out of school] who are shown to be particularly at risk for early marriage and teenage pregnancy" (Baird, McIntosh, and Özler 2011, 1713). They go on to conclude that the trade-off between CCTs raising outcomes they are directly conditioned on, and UCTs being preferable in a context where many non-compliers might profit from regular, higher income support, emphasises to choose programmes' design carefully and to consider exactly what outcomes shall be achieved by which intervention.

5 Regarding Implementation

Having established in the previous sections that CTPs might be a viable instrument to alleviate poverty or poverty-related shortfalls, and to pave the way for sustainable development, this section is devoted to highlight some central design issues to successfully implement an NGO-led CTP in practice. Albeit being tailored to navigate the implementation process of a (national) UBI scheme, the framework Gentilini et al. (2020) propose also offers a perfect starting point for NGOs¹⁸. In short, it is important to first thoroughly assess and understand the current system of transfers and social security nets at hand, and derive the conditions and needs in every specific context. Insufficient dedication to the analysis and inappropriate programme design as a result, repeatedly are impediments to social assistance programmes and root causes for their failure (Onyeonuru 2018). Any CTP, especially when implemented by private actors, should never be a substitute to government efforts already in place, nor should they oust other parts of the existing social security

¹⁸Figure 3 in Appendix C schematically depicts their framework, and Lowe et al. (2020) provide a complementary analysis.

system such as child grants, maternity benefits, or elderly pensions (Felman et al. 2019). Devereux (2006) presents a compelling structure to scrutinise hunger-related vulnerabilities, for example. Following the work of Amartya Sen, he categorises four sources of vulnerabilities (production-based ones - 'grow own food'; labour-based ones - 'work for food'; trade-based ones - 'buy food'; transfer-based ones - 'food one is given') discussing for each the applicability and advantages or drawbacks giving cash as response would have.

In a second step, the central design features should be selected in line with the overall objective NGOs try to achieve with their intervention (poverty reduction, alleviating food insecurity, foster human capital accumulation, deter migration, facilitate business start-up, to name but a few). Some core parameters such as targeting the recipient population, setting the transfer size, the frequency and modality with which it should be delivered, or complementary actions are being discussed in the following subsections. Next to these, specifications like messaging or conditionality should also be considered in this stage. As discussed before, CCTs may have larger impacts on their conditions where UCTs do not. Clearly communicating the aspired outcomes/behaviours from some intervention may, however, already facilitate their occurrence. In Lesotho, the government initiated a child grant programme as labelled CCT, messaging recipients that grants should strictly be used in the children's interest, and indeed parents seemed to adhere to these nudges (Pellerano et al. 2016; Evans and Popova 2017; Daidone et al. 2019). Other implicit design features could reflect counter-migration or women empowerment components¹⁹.

Following the general design, Gentilini et al. (2020) then suggest to compare the programme to the existing system on several metrics. These include, inter alia, coverage, adequacy of the transfers, behavioural incentives and possible responses, programme costs, or the delivery mechanism. They stress that no programme will perform better on all dimensions, nor should they utterly lack behind. Rather, in the final step, the performance on each metric should be weighted and discussed to consider the scheme's overall appropriateness. Once more, this underscores that programmes will necessarily have to be considered on a case-by-case basis, adjusted to the specific context at hand and perhaps incrementally re-calibrated following a sophisticated impact evaluation.

5.1 Targeting

Next to setting the transfer value, targeting is perhaps the most important topic to get hands on - even more so for NGOs which finance themselves through donations and only have very limited resources available. As discussed in Section 2, opinions about targeting particularly diverge related to UBI, but equal arguments can also be made for and against CTPs when not introduced nationwide. Concerns about targeting errors (especially exclusion errors) and costs seem to be paramount for NGOs. Still, inherent to NGO-led interventions from a political economy perspective is that they mostly lack democratic legitimacy in that recipients of NGO-CTPs have no control over who benefits, for how long and at what level, and that NGOs cannot be 'voted out of office' if citizens were

¹⁹Willibald (2006) portrays best practices from Somalia where wives of ex-combatants had to sign the contract for the cash payments, and Sudan where male ex-combatants receive an additional US\$ 100 if they show up together with their spouse when collecting the grant, both of which markedly increased female empowerment.

unhappy with their programmes. Generating support for any programme among the population should therefore not be left untouched, and benefiting everyone through universal coverage has the appealing feature to generate such political support on a broad scale (Kidd 2015; Hanna and Olken 2018). However, it has been shown that at least for the case of Africa, public acceptability crucially hinges upon its alignment with common notions of deservingness (Davis et al. 2016). Others stress that a lack of actually and effectively targeting the poor, and hence spreading resources too thinly onto too many recipients or activities, make up fundamental impediments to social assistance programmes and leading to their failure (Onyeonoru 2018), which both indicates a good deal of political support may in fact be achieved by more narrowly framed schemes. Additionally, considering societal welfare, targeted schemes will deliver much more on a per-beneficiary basis to the poor given a certain limited budget, thus outperforming broad universal delivery (Hanna and Olken 2018).

In essence, basically every study provides some insights into (efficient) targeting mechanisms and best practices. Comparing their different approaches as to figure out relative performances of deviating targeting, options will still turn out rather cumbersome as once targeting costs are not well defined in the first place and appropriate data is scarce (Grosh et al. 2012)²⁰. It is, nevertheless, self-explanatory that more narrowly or complex targeted programmes (and those programmes still in the start-up phase) are likely to be characterised by higher administrative costs relative to the total budget: Not only does an efficient targeting mechanism need to be put in place and respective data be collected, also this data needs to be monitored and regularly updated (Banerjee, Niehaus, and Suri 2019). Grosh et al. (2012) tried to estimate the costs of targeting, nevertheless, resulting at around 4% of the total budget (but 25-75% of administrative costs). They then argue that such costs in addition will often be much smaller than if payouts were to be made universally.

Several different streams of targeting have been proposed in the literature and evaluated empirically (for large reviews, see Grosh et al. 2012 or Hanna and Olken 2018). I will briefly outline four major ones:

- *(Proxy-)Means tests*. Means tests are often referred to as being the 'gold standard' in that they collect (nearly) complete information on household income and welfare which is then verified against independent sources or through visits of social workers. They are administratively highly demanding, require complex databases on their specific indicators, and are often no viable option in most developing nations. Somewhat easier, proxy-means tests (PMTs) choose some (set of) indicators a priori established to adequately reflect households' income status. Often seen are thatched roofs as criterion (e.g., in Haushofer and Shapiro 2016) or sets of durable goods and assets (cf. Hanna and Olken 2018). Although data on their respective ownership still needs to be collected and independently verified, they are much easier to observe and less prone to hiding. As well-established PMTs are, as large is their criticism. Inherent to PMTs is their lack of transparency, "because eligibility is determined based on

²⁰Also refer to their publication for proposed framework to benchmark targeting costs relatively once sufficient data is available.

a weighted sum of many different variables" (Hanna and Olken 2018, 15) possibly exacerbating perceptions of unfairness (Kidd 2016). Thus, opponents criticise them as producing "low accuracy and relatively arbitrary results" that may often lead to high exclusion errors (Kidd 2015, 7). It is crucial, though, to have assets and respective weights assigned to their ownership be kept secret and slightly changed every few years, as their publication could lead to substantial misreporting by households (Hanna and Olken 2018). Increasing, however, transparency via active communication, publishing the list of eligibles to village heads, and informing individual beneficiaries about their eligibility by mailing them identification cards did not just raise acceptance of PMT-targeting in an experiment in Indonesia, but also significantly reduced leakages within the programme (Banerjee et al. 2019a). Another option would be to establish a 'quasi-universal' delivery scheme, reverse engineered to in fact exclude non-beneficiaries via PMTs who can safely be considered as certainly not being poor from their ownership of specific assets, as was proposed by Felman et al. (2019). Yet, in the end PMTs are merely predictions and eventually households or individuals may move up or down the income distribution increasing targeting errors, even though results are on average quite good (Grosh et al. 2012).

- *Community-based targeting.* With community-based targeting, community members unrelated to the transfer programme decide who should benefit from the intervention. Often, village elders may hold open discussions where participants may decide and determine whether individual/household A is poorer than B, so she/it receives the grant (Hanna and Olken 2018). The obvious advantage of applying such an approach lies in its transparency and ability to better match horizontal equity, i.e. those living in about the same conditions are treated equally. The potential returns for hiding, nepotism, and rent capture are undeniable, though. Indeed, van Ufford et al. (2016) acknowledge that community workers favouring their relatives and neighbours rendered targeting partly ineffective and lowered public acceptability of Zambia's social cash transfer programme. Quite opposingly, however, Alatas et al. (2012) did not find any elite capture in Indonesia, and in addition the population greatly preferred community targeting over data-based PMT approaches, which even turned out to do not much better in identifying the target population.
- *Categorical targeting.* Identifying eligibles via objectively observable criteria such as location, age, or disability is an administratively simple, yet nevertheless promising alternative. Such proposals are useful when individual categories are highly correlated with poverty, for example poverty being spatially concentrated in a certain region or a certain age-group being particularly vulnerable to the risk of poverty, but they will perform poorly whenever misspecified. Plus, in their large review, Bastagli et al. (2016) list one study which concluded that targeting on some (PMT) vulnerability index yielded better results than categorical age targeting. For NGOs, they might still be a way forward to consider actual "UBI" schemes: covering all citizens within a smaller region, as happened in Otjivero-Omitara (Namibia), Madhya

Pradesh (India), or is happening in Kenya right now (GiveDirectly 2020), may be financially sustainable even with limited resources.

- *Self-targeting.* Imposing small hurdles on grant take-up may effectively disincentivise the wealthy from opting in at relatively little to almost no costs (Banerjee, Niehaus, and Suri 2019). Most popular in this category are low(-ish) wages in public works programmes which may be too uninteresting for wealthier income deciles to opt for (physically straining) work (Grosh et al. 2012). But also simple measures in other CTPs proved effective in excluding the rich while having few impact on inclusion errors. For example, Alatas et al. (2016) applied a double-screening mechanism whereby households first had to apply themselves at some designated location where they then were screened by a PMT. Despite the very small costs of travelling the few kilometres to the application locations, they revealed significant improvements in screening: beneficiaries selected via application were on average 20% poorer than households in automatic enrolment. It is important to note, however, to not put too high or complex burdens on the application process: high transaction/transportation costs, illiteracy/innumeracy, or difficult bureaucratic procedures may discourage also poor households, even if the benefits they stand to gain are reasonably large (Hanna and Olken 2018).

So, while singling out the one perfect targeting mechanism will be impossible, useful targeting mechanisms for NGOs will often be rather simple. Moreover, it may be generally advisable to combine several methods (such as self-targeting and simple PMTs, as in Alatas et al. 2016) than to solely rely on one alone.

5.2 Transfer Value & Frequency

Similar to efficient targeting methods, determining the transfer size is not straightforward. Setting the benefit level too low risks commencing a complex programme for a benefit that has little to no impacts, whatsoever - at least no detectable ones, as recipients will likely spread funds too thinly across various outcomes. In the end, administrative costs for such small programmes may be similar to existing in-kind programmes with much less impact, eroding their support by donors and undercutting their financial viability and sustainability. The larger the transfer the bigger are its impacts on poverty on a broad scale. This argument seems reasonable since grants should enable poor households "to make meaningful investments without compromising basic consumption needs" (Daidone et al. 2019, 1426) and has been proven by Bastagli et al. (2016), Haushofer and Shapiro (2016), and McIntosh and Zeitlin (2018), among others. Too high transfers, however, jeopardise the intervention through excluding too many potential recipients due to budget constraints of the implementing NGO, or by inducing adverse incentives to recipients. As previously noted, higher transfers may incentivise (international) migration (Angelucci 2004, 2012; Stecklov et al. 2005; Adhikari and Gentilini 2018) or may be increasingly used to substitute for own paid labour (Banerjee et al. 2017) - although, Banerjee et al. (2017) also depict a negative relation between CTPs' benefit

level and the perception of poverty being due to laziness and Bastagli et al. (2016) only find a work disincentive in studies which observed a concomitant increase in taking care of dependants.

It follows that most programmes hitherto have been 'anchored' to certain objectives: eliminate the poverty gap, provide at least one meal per person and day, eliminate food poverty altogether, provide a certain percentage of the (food) poverty line, achieve some degree of income or wealth redistribution, foster human capital accumulation, to name but a few (Fiszbein and Schady 2009; Grosh et al. 2012; Davis and Handa 2015). To meet their stated targets, policy makers may adjust benefit levels by poverty levels, age of household members, gender, region, family size or composition (typically a flat transfer or increasing with the size up to a certain maximum cap), or over time to account for seasons or alike (Grosh et al. 2012; Davis and Handa 2015). In the case for universal coverage, some propose next to granting everyone exactly the same, to pay children, for example, 50% of the adult benefit level (Ortiz et al. 2018).

The size of a transfer as share of a household's consumption level prevails to be the most important value to look at when setting the benefit level and structure. For those studies included herein which report such relative magnitudes (mostly government-run projects), transfers range from 4-10% of households pre-programme per capita consumption expenditures in most Latin America, Ghana, and Morocco, up to over 30% in Malawi²¹ (Angelucci 2012; Davis and Handa 2015; Banerjee et al. 2017; Daidone et al. 2019). Table 2 provides an overview over some selected schemes for which specific numbers were available. Evaluating this broad range for seven programmes in six Sub-Saharan African countries with regard to their overall performance, Davis and Handa (2015) come up with the benchmark threshold level of 20% pre-programme per capita consumption expenditures as crucial size. Programmes in their survey falling short of this threshold only exhibit selective impacts whereas those granting at least 20% or more would affect poverty-related outcomes significantly and across the board with overall 'transformative' effects.

More than just transfers' values, their frequency will crucially determine a programme's impact on the poor. Davis and Handa (2015) base their evaluation on the projects presented and discussed by contributions in Davis et al. (2016), to which Daidone et al. (2019), among others, provide an additional analysis. In this, Daidone et al. (2019) notice that among all programmes, Zambia did not just have the largest transferred amount, but also excels on regular bimonthly instalments and a robust evaluation design, while Ghana paid the lowest grants (approx. 5%) and had major disruptions and delays in its bimonthly payment schedule. However, as mentioned before, poor households in developing countries face several constraints to their sustainable development and graduation out of poverty. Irrespective of whether made monthly, bimonthly, or (seldom) quarterly, frequent and predictable cash transfers are centrally vital to facilitate long-term planning, consumption and risk smoothing, and economic diversification (Davis et al. 2016), and hence also echo in ILO recommendations for social protection (Ortiz et al. 2018). If maintaining such regular payment schemes cannot be managed by implementers, an attractive alternative to consider would

²¹Haushofer and Shapiro (2016) do not report exactly comparable numbers, but Handa et al. (2018a) calculate for their experiment that transfers were a stunning 53% of households' baseline income on average.

Table 2: Transfer Sizes as Share of Consumption

Country	Programme	Transfer Consumption Ratio
Honduras	Programa de Asignación Familiar - Phase II*	4%
Morocco	Tayssir*	5%
Ghana	Livelihood Empowerment Against Poverty Programme ^o	8%
Philippines	Pantawid Pamilyang Pilipino Program*	11%
Mexico	Programa de Apoyo Alimentario*	12%
Tanzania	Tanzania Social Action Fund ^o	12%
Lesotho	Child Grants Programme ^o	17%
Indonesia	Program Keluarga Harapan*	18%
South Africa	Child Support Grant ^o	18%
Malawi	Social Cash Transfer Programme ^o	18%
Mexico	Progres/Oportunidades*	20%
Nicaragua	Red de Protección Social*	20%
Kenya	Cash Transfer for Orphans and Vulnerable Children ^o	21%
Zimbabwe	Harmonized Social Cash Transfer Programme ^o	21%
Zambia	Multi-Categorical Targeted Programme ^o	25%
Zambia	Child Grant Program ^o	26%
Malawi	Mchinji Pilot Scheme ^o	32%

Notes: Rounded values. Demarcation represents suggested threshold of Davis and Handa (2015).

Source: Banerjee et al. (2017) for those programmes marked with *, Davis and Handa (2015) for those programmes marked with ^o.

be lump-sum or one-off grants (perhaps in combination with some training component) to encourage, for example, business start-up, as was done in Ugandan YOP and showed to be considerably successful (Blattman, Fiala, and Martinez 2014). In the convenient case of being able to choose the transfer frequency, McIntosh and Zeitlin (2018) provide indicative evidence that leaving this choice up to recipients could even enhance the programme's performance relative to externally assigning the respective method.

Finally, benefit levels or frequencies are most often "products of the iterative process of designing a program" (Grosh et al. 2012, 128). They may require ex-ante structural modelling, and/or small-scale experimentation to stepwise adjust the programme to the context at hand (Fiszbein and Schady 2009).

5.3 Payment Mechanisms

Relatedly, the actual transfer mechanism possibly poses a noticeable hindrance taking into account over 1.7 billion adults remain unbanked globally (Demirgüç-Kunt et al. 2018). Developing countries, particularly in Sub-Saharan Africa, are hit hard by this shortfall. In these countries the classic per-

sonal delivery mechanism via envelopes will have to be relied on, albeit organisation and operation will be cumbersome and expensive²².

This makes it inevitable and indispensable to capitalise on local private-sector experiences and existing infrastructure in delivering payments. Where possible, digital payments hold the appealing feature of reducing variable costs once they are in place, hence a larger number of recipients may be served (Lowe et al. 2020). This becomes even more compelling as it may foster financial inclusion among the poor and offer them technology they may utilise themselves, for example to receive remittances from relatives abroad (ODI 2015). Another advantage is the capacity to markedly reduce leakages in-kind transmission is prone to (Banerjee et al. 2017). For example, Krozer (2010, 29) explains the case of Namibia having "one of the most advanced yet simple and efficient systems of paying cash grants" via electronic cards with fingerprint identification. Such infrastructure of course lends itself perfectly to be utilised by any implementing organisation.

The obvious problem, however, is that the digital revolution did not yet stratify on a broad scale throughout Africa, particularly not its rural areas. Stepping into this gap and remarkably gaining ground are mobile payments and bank accounts. While still most of the poorer African population does not have access to any traditional bank account, East Africa has emerged as global hub for mobile banking services and the wave is steadily conquering all of Sub-Saharan Africa, making the case to be taken advantage of by NGOs, as well (Demirgüç-Kunt et al. 2018). GiveDirectly has been pioneering this trend especially in Eastern Africa where the respective infrastructure is already wide-spread and reliable enough to be used for CTPs. Thus, experiments in Kenya (Haushofer and Shapiro 2016; GiveDirectly 2020), Uganda (Cooke and Mukhopadhyay 2019), or Rwanda (McIntosh and Zeitlin 2018) all relied on national mobile money companies. Even in Niger, where no such technology is yet available on a larger scale, experimenters implemented a treatment with digital delivery of grants via mobile (Aker et al. 2016). Although setting up the required infrastructure (that is, the fixed costs of buying the phones and training recipients where necessary, so they could make efficient use of the technology, in addition to normal grants) made this treatment arm initially about 50% more expensive than delivery in an envelope, variable costs in the mobile-money treatment were less than half of the traditional transfer method. What is more, mobile-money recipients even bought more diverse food and increased their dietary diversity while retaining at the same time their durable and non-durable assets and saving at least 2.5 days in total to pick up the transfer relative to their neighbours. Certainly, this is only a one-time case study, but it may indicate that if mobile-money services may be viable in one of the poorest countries globally with low rates of literacy, numeracy, financial inclusion, and mobile-money adoption so far, such delivery mechanism may also prove efficient elsewhere and relax NGOs' budget constraints in the long run.

²²Note, however, that design features such as having to pick up transfers in person, may implicitly deter migration, and have been proven to do so by Adhikari and Gentilini (2018) (though, other requirements such as regular health check-ups at a designated location do achieve the same).

5.4 Complementary Interventions

The case of Aker et al. (2016) already points to the issue of complementary interventions. Although the evidence clearly suggests that predictable cash transfers may contribute to long-term poverty reduction even without further interventions, some complementary action may further propel the outcomes or in some cases be even incumbent. As the Overseas Development Institute rightly points out: "Cash can and should be complemented by efforts to supply goods that the market will not provide effectively" (ODI 2015).

Section 4 deliberated, in this regard, relative strengths and potential drawbacks of CTPs, some of which may be addressed by incorporating conditionality. The problem becomes very apparent at this point, conditioning grant receipt on education or health targets may only meet its desired effects if recipients are actually able to do so, i.e. the condition itself strongly relies on adequate infrastructure to unfold its potential. Thus, NGO-support to build health centres, schools, wells, and alike is nevertheless urgently and strongly required, but CTPs may facilitate and propel their efficient use by the local population. While in the case of Aker et al. (2016) additional training was fundamental, in other cases training is solely offered to complement CTPs and raise their impacts (Mel, McKenzie, and Woodruff 2012; Blattman, Fiala, and Martinez 2014; Blattman et al. 2016; Blattman, Jamison, and Sheridan 2017; Burchi and Strupat 2018). Some of these results, hence, indicate that training or supplemented in-kind goods may still be necessary to fully and efficiently utilise the increased stock of assets accumulated through cash alone.

5.5 Monitoring & Evaluation

Apart from a more philanthropic incentive to begin with, the motivation for NGOs to base their programmes on a well-organised impact evaluation does not fundamentally deviate from those of national governments as both will seek to generate public support and ensure financial viability by mobilising funds. In order to attribute an observed impact to a certain intervention they need to be sufficiently assessed by an impact evaluation (IE) embedded in the ongoing process of design and execution (Davis et al. 2016). If well executed and incorporated from the start, IEs may be central features to programme scale-up from pilots to large-scale schemes, as was the case with Kenya's CTP for orphans and vulnerable children (Bosworth et al. 2016). It is not just the effectiveness to deliver on a stated outcome objective or to inhibit unwanted negative responses to cash grants (withdrawing from the labour market, inflation, etc.) that implementers should pay close attention to. Success measures such as the ability to achieve the goals even with underlying circumstances changing and the resilience against alteration, replacement, or even abolishment are just as important to be incorporated in IEs (Wispelaere and Yemtsov 2020).

Notwithstanding, foremost attention belongs to identifying the direct results emerging from providing cash transfers to poor households. As projects cannot be conducted in an artificial laboratory setting, establishing a reasonable counterfactual (i.e. what would have happened if the project had not been implemented) may not come in handy. Throughout the years, sophisticated

experiments in the fashion of randomised controlled trials (RCTs) have been widely adopted in development economics and are now largely seen as the best way to generate a reliable control group (Duflo, Glennerster, and Kremer 2009; Gertler et al. 2016). In this approach, households within villages or entire villages themselves which have been determined eligible by some form of targeting, will be randomly assigned either (some) treatment or control status. With regards to spillover effects from beneficiary households to non-beneficiaries within a community which may distort or invalidate observations, village-level randomisation is most oftenly advised (Angelucci and Giorgi 2009; Duflo, Glennerster, and Kremer 2009). The process of randomisation itself may be either carried out by a statistical software or, if a particular focus is placed upon transparency for all eligibles, by a local lottery where treatment probability is equal for all and beneficiaries are immediately publicly announced. In the experiments of Blattman, Fiala, and Martinez (2014) for the Ugandan YOP and of Baird, McIntosh, and Özler (2011) among school girls in Malawi, this method was applied and approved.

In some cases, permanent control groups may not be feasible or explicitly unwanted from a political perspective. In such situations, gradual phasing-in periods offer an applicable quasi-experimental alternative (Daidone et al. 2019). Instead of randomising the entire treatment, merely dates upon which different groups enter into the project are randomly allocated, and often also communicated a priori (Duflo, Glennerster, and Kremer 2009). This was the case with the national UCT Programme in Zimbabwe (Seidenfeld et al. 2016; Daidone et al. 2019) and with the support for business start-up among women in Northern Uganda (Blattman et al. 2016). The way many NGOs operate and execute their mission, such phased-control could pose a meaningful addition to the evaluation toolbox. Another possibility which gets by without any real control group in the standard sense, is a longitudinal propensity score matching. Hereby a comparison group is 'matched' to the sample of selected recipients, a priori screened upon sound indicators of their standard of living in a baseline survey, based on data from these surveys. These households are also screened/interviewed at baseline and with every mid-term evaluation or endline. Examples for this method are the evaluation of Ghana's Livelihood Empowerment Against Poverty programme (Ragno et al. 2016; Daidone et al. 2019) or the early trial in Madhya Pradesh, India (Standing 2013; Banerjee, Niehaus, and Suri 2019).

Whatever the particular evaluation design, partnerships between implementing/funding NGOs, researchers/research institutions, national governments, and/or local agencies can prove fruitful. Especially a close cooperation and trust between implementers and evaluators is required for IEs to get valuable first-hand insights into the issues and obstacles in implementation on which they can base their assistance and may incrementally adjust the programme (Davis and Handa 2016).

6 Discussion and Final Observations

Development cooperation so far has often been dominated by decision-making being based on the preferences and priorities of donors and implementing organisations. Guided by the idea to 'teach

a man how to fish', programmes have hitherto focused predominantly on providing in-kind assistance, be it in the form of goods such as food, assets, or livestock, or be it in the form of training and education. However, the costs of procurement, storage, logistics, and administration may be substantially higher than simply providing direct cash assistance to the poor. Households in developing countries living below national or international poverty lines face a series of constraints severely inhibiting their development and own graduation from poverty. These include having a slim budget to purchase daily goods (liquidity/budget constraint), not being able to alleviate such through savings (savings constraint), taking up credits since collateral is missing (credit constraint), or well-paid jobs to earn sufficient own income (labour constraint). This directly translates into not being able to hedge against future risks of income losses of any kind (loss of job, illnesses, environmental disasters, and alike - insurance constraint). Next to their paternalistic nature, traditional development support schemes or aid programmes at best relax one (a priori) selected shortfall, no matter whether provided in kind, as training, or as vouchers. To the contrary, the inherent advantage of cash is its flexibility to meet the heterogeneous (consumption) preferences of recipients and empowers them by choosing on their own which constraint to relax - much easier than with other less convertible benefits.

Although cash transfer programmes "are still incompletely understood, especially in developing countries" (Haushofer and Shapiro 2016, 2028), they have nevertheless been shown to reduce poverty and have widespread impacts on productive indicators and human capital accumulation, spark local economy multipliers, and foster social cohesion. In fact, evidence of CTPs as development tool by both public and private agencies directly disbursed to the population instead of national governments have proven somewhat effective, even if 'just' in the form of experiments. What is more, often-stated fears grants might be misused by the beneficiary population in one way or the other (e.g., corruption, temptation goods) or might have undesirable aggregate effects (e.g., create dependencies, raise inflation, increase fertility) turn out to be fallacies largely unfounded, whatsoever.

Taken together, well-executed and thoroughly evaluated CTPs realistically have the genuine chance to achieve at least equal or superior outcomes to traditional in-kind programmes, yet at substantially lower costs. This includes tailoring each CTP to the local needs and fitting it in the existing political and societal context at hand, to effectively target vulnerable groups or communicate the intervention's goals (or design) where needed or considered helpful, to complement its efforts with additional training or goods where valuable, and to make the process as transparent as possible (taking also into account experimental designs whose validity should not be undermined by such efforts). As per definition, NGO-led cash transfers provide for the power to grant additional inflows of financial resources and technical support, national resources for existing social assistance schemes do not have to be reallocated or shifted from one programme to another. Hence, CTPs are in essence top-up grants to the poor, marginalised or otherwise vulnerable groups of developing countries whose governments may lack resources, ability, political support, or simply willingness to raise their living standards. As follows from this, Blattman and Niehaus (2014) suggest two possi-

ble situations emerge in which cash transfers could outperform traditional aid programmes and one which still make the case for classic interventions.

The first case favouring CTPs derives from the typical objective to raise the standard of living of the poor that has guided most of my review up to now. That is, CTPs may excel in reasonably stable countries or regions which are defined by few firms offering work and most people being self-employed. Lacking the incumbent means to grow their businesses or otherwise pave their own way out of their vulnerable situations, many people will work below-capacity. NGOs might step in filling the gap missing institutions left to provide capital and risk smoothing via cash transfers. Albeit mostly government-initiated, most projects included in my review, reflect this type of intervention, notably the few non-governmental pilots in Kenya, Rwanda, or Uganda by GiveDirectly, and the early pilots in Namibia and India.

Second, cash-based interventions are useful, potentially even most valuable where the population is hit hard by sudden shocks or crises. These could range from recovering from violent conflicts and civil strife²³, over natural disasters, or most recently, (global) pandemics like COVID-19. In fact, there is already some good evidence for crisis interventions based on cash. ODI (2015, 7) explain that after the 2011 famine in Somalia, humanitarian aid agencies "used remittance companies to provide cash transfers to more than 1.5 million people, helping them to survive and recover", and Bastagli et al. (2016) discover that emergency cash transfers are used to ease immediate food insecurities and meet essential consumption needs and thus unfold some of the largest fiscal multiplier effects among poor and vulnerable people. Particularly the recent COVID-19 pandemic which has spread all over the world within the last few months leaving no region in the world completely unaffected, has sparked great support for emergency-CTPs (Plan International 2020). In the wake of the crisis, Molina and Ortiz-Juarez (2020) of the United Nations Development Programme, for example, worry that with large shares of the population in developing countries being either poor or high risk of poverty already prior to the crisis, and the absence of well-functioning social safety nets, the sudden negative income shock hit the most vulnerable particularly hard, with a slow recovery expected. Containment measures obstructing education and work for most people, especially those employed in the informal sector, even further exacerbate the situation. They propose an immediate 'temporary basic income', essentially being a CTP targeted to people with vulnerable livelihoods and explicitly temporary for 9 to 12 months (Molina and Ortiz-Juarez 2020).

Lastly, as favourable cash is these two situations, it certainly is no panacea. As both Blattman and Niehaus (2014) and Molina and Ortiz-Juarez (2020) alert, cash cannot and does not resolve key systematic challenges and collective problems. Forms of aid that are directly aimed at overcoming shortfalls in public goods or infrastructure will in these cases be more favourable. That is, cash alone will not build a robust social assistance system most developing countries struggle with (Molina and Ortiz-Juarez 2020), irrespective whether given by governments or private actors. Nor will it build a sustainable infrastructure, set up essential services, or address other institutional deficiencies (Coote 2019). For example, a vaccine might have a much larger social value than for an individual

²³For an illustrative example, see Willibald (2006).

itself, but is perhaps too expensive for her to afford. Subsidising vaccines or providing them for free will in this case achieve a much higher return than just paying out grants for free disposal (Blattman and Niehaus 2014). Another example would be schools or health centres, or assets directly related to them. Initiating a CCT conditioned on regularly drawing on their services, may fail their stated objective altogether if the necessary infrastructure simply is not in case, be it because of underprovision or be it because they have been destroyed in the latest turmoils. Note, nonetheless, that combining the provision of infrastructure or public goods with the additional purchasing power of cash could unfold even greater potential, anyway.

In this sense, cash is indeed a valuable addition to NGOs' 'intervention toolbox' for giving developing aid, but its use should always be well justified and not replace those programmes that address structural or institutional weaknesses. CTPs can, thus, be considered as some initial spark to greater individual development prospects which unfold even greater potential when followed by/complemented with training and/or institutional support.

Nevertheless, some issues surrounding cash transfers yet remain to be further explored in the future and no valid inference can so far be made. Firstly, migration responses are still somewhat ambiguous. This holds foremost for out-migration incentives, whereas in-migration stimuli have barely been scrutinised, whatsoever, to the best of my knowledge. Secondly, the relation from cash transfers to (environmental) sustainability has neither been thoroughly investigated, neither in theoretical models nor in experimental evaluations (Goehler 2020). However, in order to sustain, poor households engaged in subsistence farming are quite often forced to unsustainably exploit their fields and environment. In this regard, cash might alleviate the pressure and reduce negative externalities on the environment - perhaps even more so when incorporated as condition to CCTs. Lastly, studies heretofore have predominantly concentrated on the poor population in rural areas, but with tremendous urbanisation rates, the context of poor citizens of urban areas and slums would be a valuable extension to provide a more comprehensive picture.

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Notes: References marked with † are included in the Annotated Bibliography in [Appendix A](#).

APPENDIX

A Annotated Bibliography

Banerjee, Abhiji V., et al. 2019b. *Universal Basic Income in Kenya: AEA RCT Registry Entry AEARCTR-0001952*. American Economic Association (AEA).

The first long-term study of universal basic income in (rural) Kenya for a substantially longer period than other experiments or CTPs hitherto. Treatment varies on two arms: one with monthly instalments for 2 years, one with monthly instalments for 12 years, thus allowing to examine effects of households anticipating transfer payments for over a decade as opposed to those receiving temporary payments. In addition, there is another group receiving only lump-sum transfers, and between all different behavioural incentives are randomised. For a more detailed description of the programme also refer to [Section 3](#) or GiveDirectly (2020).

Bastagli, Francesca, et al. 2016. *Cash Transfers: What Does the Evidence Say? A Rigorous Review of Programme Impact and of the Role of Design and Implementation Features*. London: Overseas Development Institute (ODI).

This book extensively screens and discusses the literature on cash transfers and universal basic income by reviewing 165 experiments and quasi-experiments which have been published between 2000 and 2015. The authors pay specific attention to the topics of monetary poverty alleviation, education, health and nutrition, productive outcomes and savings, employment, and empowerment. In this, it is perhaps the most overarching book to refer to when looking for impacts cash transfers have on specific outcome dimensions and the experiences made up to now.

Davis, Benjamin, et al., eds. 2016. *From Evidence to Action: The Story of Cash Transfers and Impact Evaluation in Sub-Saharan Africa*. Oxford: Oxford University Press.

In this book, the authors scrutinise and examine different methodologies for impact evaluations (IEs) of CTPs. After looking at the political economy of such IEs, both qualitative and quantitative approaches, as well as economy-wide evaluations are presented. Especially the comprehensive country sections, in which national CTPs of 8 countries in Sub-Saharan Africa are discussed in detail with regards to their development, design/roll-out, evaluation, and impact, constitute a helpful overview and guideline of programme models that have been proven effective on a national level alleviating a large set of poverty/poverty-related objectives.

Duflo, Esther, Rachel Glennerster, and Micheal Kremer. 2009. "Using Randomization in Development Economics Research. A Toolkit" in *Handbook of Development Economics*, ed. by T. Paul Schultz and John Strauss, 4: 3895-3962. Amsterdam: Elsevier North-Holland.

The paper provides an overview on randomisation as means for impact evaluations in development economics. They explain the rationale behind randomisation, give advice on how to use the design efficiently, how to incorporate it in study designs, what snares to be aware of, and how to draw confident generalisations from the results. In that, it is a practical guide for implementers and may inform their decision-making.

Gentilini, Ugo et al., eds. 2020. *Exploring Universal Basic Income: A Guide to Navigating Concepts, Evidence, and Practices*. Washington, DC: The World Bank.

Within the debate about UBI and UBI-related programme proposals, this book aims at establishing common ground on the numerous issues accruing to this debate. Contributions demarcate UBI from related concepts, scrutinise UBI's relationship to work incentives, analyse implications and effects of a full UBI reform for several developing countries, give an overview on how to finance (state-owned) UBI, and how to generate political support for them. Lastly, they

provide assistance to navigate the different steps in the decision-making process about UBI programmes in practice.

Grosh, Margaret, et al. 2012. *For Protection and Promotion: The Design and Implementation of Effective Safety Nets*. Washington, DC: The World Bank.

Among many other topics discussed in this book, particularly the examination of different targeting options and their implications stands out. It might be useful to consult for a more in-depth analysis than could be provided in this paper.

Haarmann, Claudia, et al. 2009. *Making the Difference! The BIG in Namibia - Basic Income Grant Pilot Assessment Report*. Ed. by Namibia Non-Governmental Organisation Forum. Windhoek, Namibia.

This is the final assessment report on the Namibia basic income grant pilot in Otjivero-Omitara 2007-2009.

Handa, Sudhanshu, et al. 2018b. "Myth-Busting? Confronting Six Common Perceptions about Unconditional Cash Transfers as a Poverty Reduction Strategy in Africa". *World Bank Research Observer* 33 (2): 259-298.

The 6 most prevailing fallacies that have emerged around CTPs are presented in this paper. These are: (1) spending on temptation goods, (2) consumption vs. investment, (3) increasing dependencies by reducing work incentives, (4) higher fertility, (5) negative aggregate effects on community level, and (6) fiscal unsustainability. They are examined in the context of Sub-Saharan Africa and all are identified to be myths with poor or no empirical evidence.

Haushofer, Johannes, and Jeremy Shapiro. 2016. "The Short-Term Impact of Unconditional Cash Transfers to the Poor: Experimental Evidence from Kenya". *Quarterly Journal of Economics* 121 (4): 1973-2042.

A seminal field experiment evaluating the impact of unconditional cash transfers in rural Kenya within the framework of a randomised controlled trial. In this paper, the authors explain design, roll-out, and methodologies. Moreover, they present overwhelmingly extensive short-run impacts (approx. 9 months after implementation of the programme) on both individual- and household-level data on a great range of economic, medical, and psychological measures. Haushofer and Shapiro (2018) builds on the same experiment and reviews the impacts that were still visible roughly 3 years after conducting the main endline.

Molina, George Fray, and Eduardo Ortiz-Juarez. 2020. "Temporary Basic Income: Protecting Poor and Vulnerable People in Developing Countries". *UNDP Transitions Series Working Papers*.

This paper argues for cash-based emergency intervention in the wake of the most recent COVID-19 pandemic. The authors acknowledge great threat the global spread of the virus poses for poor and vulnerable-to-poverty people suggesting a temporary intervention of 9 to 12 months specifically targeted to this population group.

B Additional Tables

Table 3: Costs of a UBI, by World Region

Region or Income Group	Costs (% of GDP)	
	Scenario I	Scenario II
Middle East and North Africa	20.3	17.4
East Asia and Pacific	26.2	22.8
South Asia	28.0	23.3
Europe and Central Asia	28.4	25.9
North America	31.9	29.1
Latin America and the Caribbean	32.3	27.6
Sub-Saharan Africa	62.1	48.8
Low Income	79.1	62.3
Lower-Middle Income	28.0	23.1
Upper-Middle Income	22.8	19.8
High Income	29.9	27.4
Global Average	39.4	32.7

Notes: Scenario I = 100% of national poverty line for all.

Scenario II = 100% of national poverty line for adults, and 50% for children up to 15 years.

Source: Ortiz et al. (2018, 15).

Table 4: Sources for CTPs included in [Table 1](#)

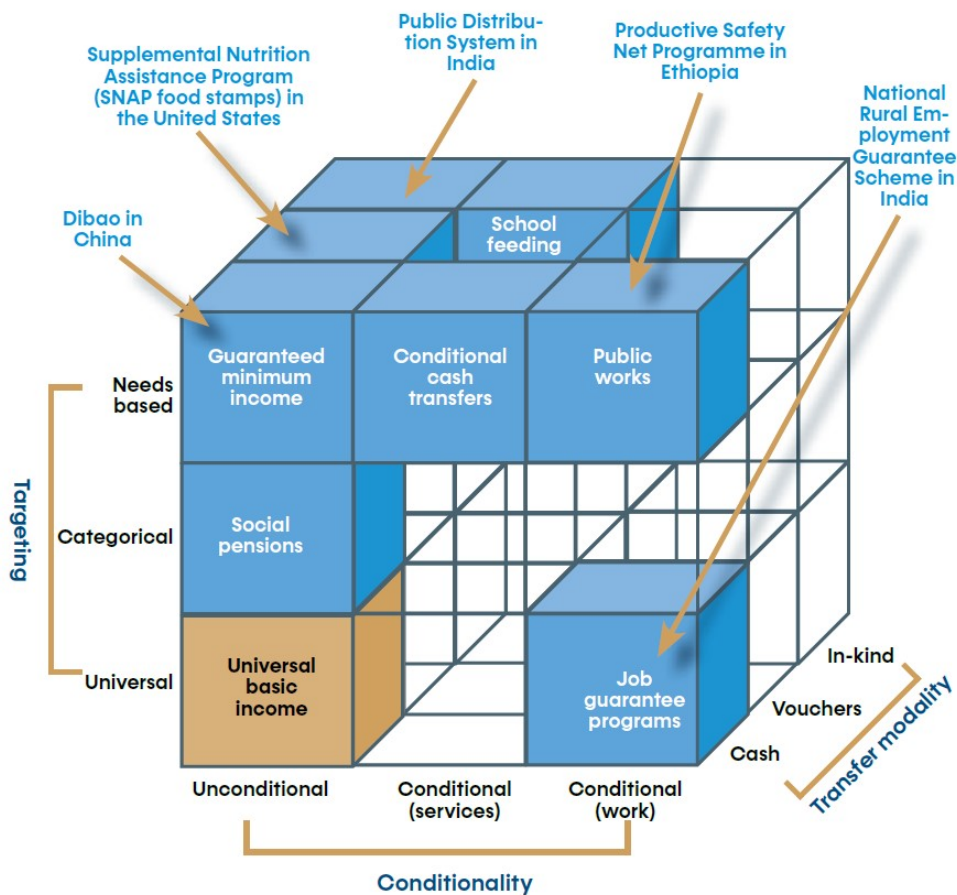
Programme	Country	Sources
Alaska Permanent Fund Dividend	Alaska	Goldsmith 2010 ; Jones and Marinescu 2020 ; GiveDirectly 2020
Progresa/Oportunidades	Mexico	Dávila Lárraga 2016 ; Gentilini et al. 2020
Otjivero-Omitara BIG	Namibia	Haarmann et al. 2009 ; Gentilini et al. 2020 ; GiveDirectly 2020
Madhya-Pradesh Trial	India	Standing 2013 ; Gentilini, Grosh, and Yemtsov 2020 ; GiveDirectly 2020
Human Development Fund	Mongolia	Gentilini, Grosh, and Yemtsov 2020
Child Grant Programme	Zambia	Seidenfeld et al. 2013 ; Daidone et al. 2014 ; Seidenfeld and Handa 2016 ; van Ufford et al. 2016 ; Davis and Handa 2015 ; Handa et al. 2018a
Subsidy-Reform Compensation	Iran	Salehi-Isfahani and Mostafavi-Dehzoeei 2017 ; Gentilini, Grosh, and Yemtsov 2020 ; GiveDirectly 2020
Youth Opportunities Program	Uganda	Blattman, Fiala, and Martinez 2014 , 2019 ; Blattman, Emeriau, and Fiala 2018
Haushofer and Shapiro (2016)	Kenya	Haushofer and Shapiro 2016 , 2018
Tingathe EEP Project	Malawi	Beierl, Burchi, and Strupat 2017 ; Burchi and Strupat 2018
UBI in Kenya	Kenya	Banerjee et al. 2019b ; GiveDirectly 2020
Kela Basic Income Experiment	Finland	GiveDirectly 2020

Table 5: Summary of Adult Labour Market Impacts of Different Types of Cash Transfers

Transfer Type	Typical Impact on Labour Outcomes
Government Cash Transfers: CCTs	No effect on total work or leisure; Small effects on self-employment and entrepreneurship in the short-run; mixed evidence on adult labour outcomes for young adults who were children in beneficiary households.
Government Cash Transfers: UCTs	Cash transfers to working age adults have resulted in a change in the type of work, with more self-employment and own agriculture. Pensions decrease amount worked by the elderly, and have mixed results on other adults living with them, with some doing more migration and self-employment, and others enjoying more leisure.
Charitable Giving and Humanitarian Transfers	No short-term effect on total work or work income when given in non-disaster/non-refugee situation, reduced work slightly among refugees. Few studies consider labour outcomes or look long-term.
Remittance Transfers	Limited impact on labour of adults in receiving household; some evidence of a positive impact on self-employment in some cases, but more common is no impact.
Cash Transfers for Search Assistance and Finding Work	Increases job search, resulting in a temporary reduction in work, but then in a higher chance of being employed in higher paying work. Impacts strongest when subsidy is for finding work in a different labour market, including fostering internal migration.
Cash Transfers for Business Start-up and Growth	Small grants have typically increased business start-up and survival, and increased business earnings. Impacts on work, and total labour income tend to be smaller, but still positive. Larger grants targeted at higher-growth entrepreneurs also have created jobs for others.
Combination Transfers of Cash, Training, and Assets	Ultra-poor programs changed type of work towards more livestock-rearing, increased total work hours and work income. Unclear how much of this is due to cash versus other program components. General equilibrium effect increases wages for other occupations in the village.

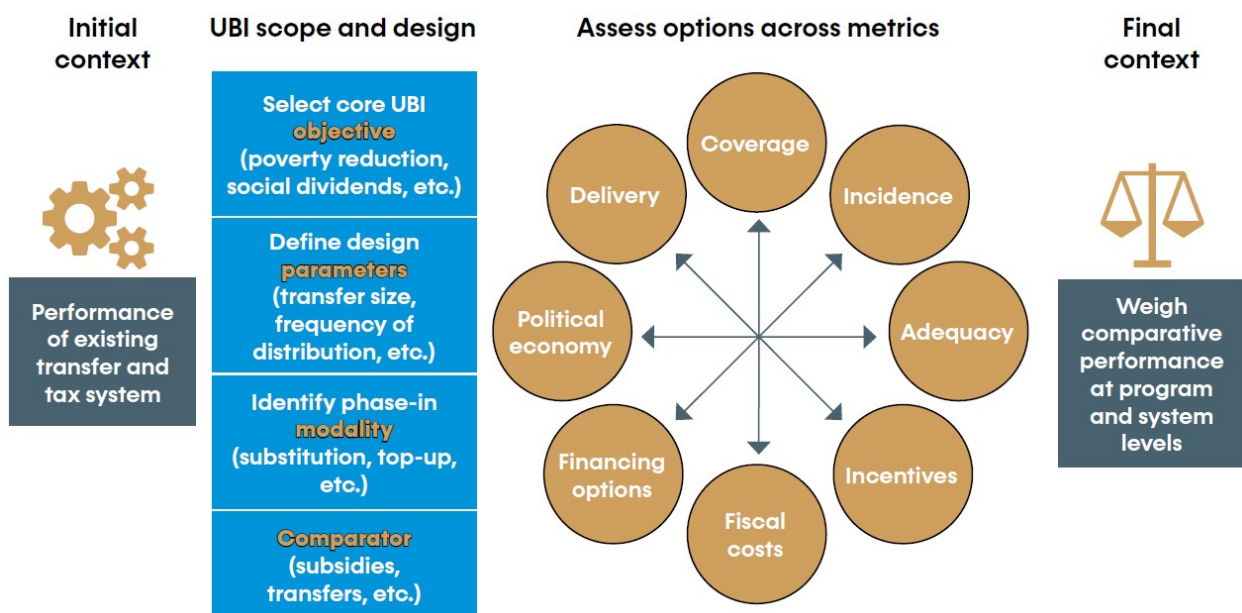
Source: Baird, McKenzie, and Özler (2018, 26).

C Additional Figures



Source: Gentilini et al. (2020, 3).

Figure 2: UBI within a Social Assistance Cube



Source: Gentilini et al. (2020, 6).

Figure 3: Basic Framework for Navigating UBI Decision Making