

# Can cash transfers help address child labour and improve resilience?

Experimental evidence from Ghana

## The problem

Poverty is a root cause of unsustainable practices in cocoa farming, including child labour.

Attempts to address poverty often tie income gains to production volumes – e.g. price regulation, certification premiums, programmes to increase productivity.

But incentivising farmers to produce larger cocoa volumes may increase certain risks, such as deforestation and child labour.

## The solution tested in this study

Cash transfers based on family composition, rather than on production volumes.

Cash transfer programmes, based on factors such as family size or the number of school-age children, are a commonly used tool by governments to reduce poverty. But their use by the private sector is rare.

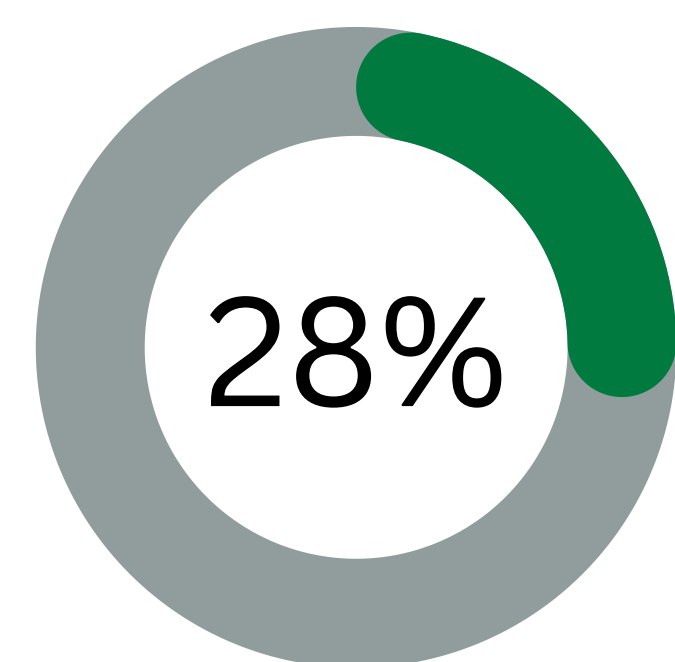
## How the cash transfer was designed

**Unconditional** cash transfer paid to cocoa farmers who are members of a farmer society, accompanied by a communication campaign: "Project aims to benefit children".

**Duration:** 6 months

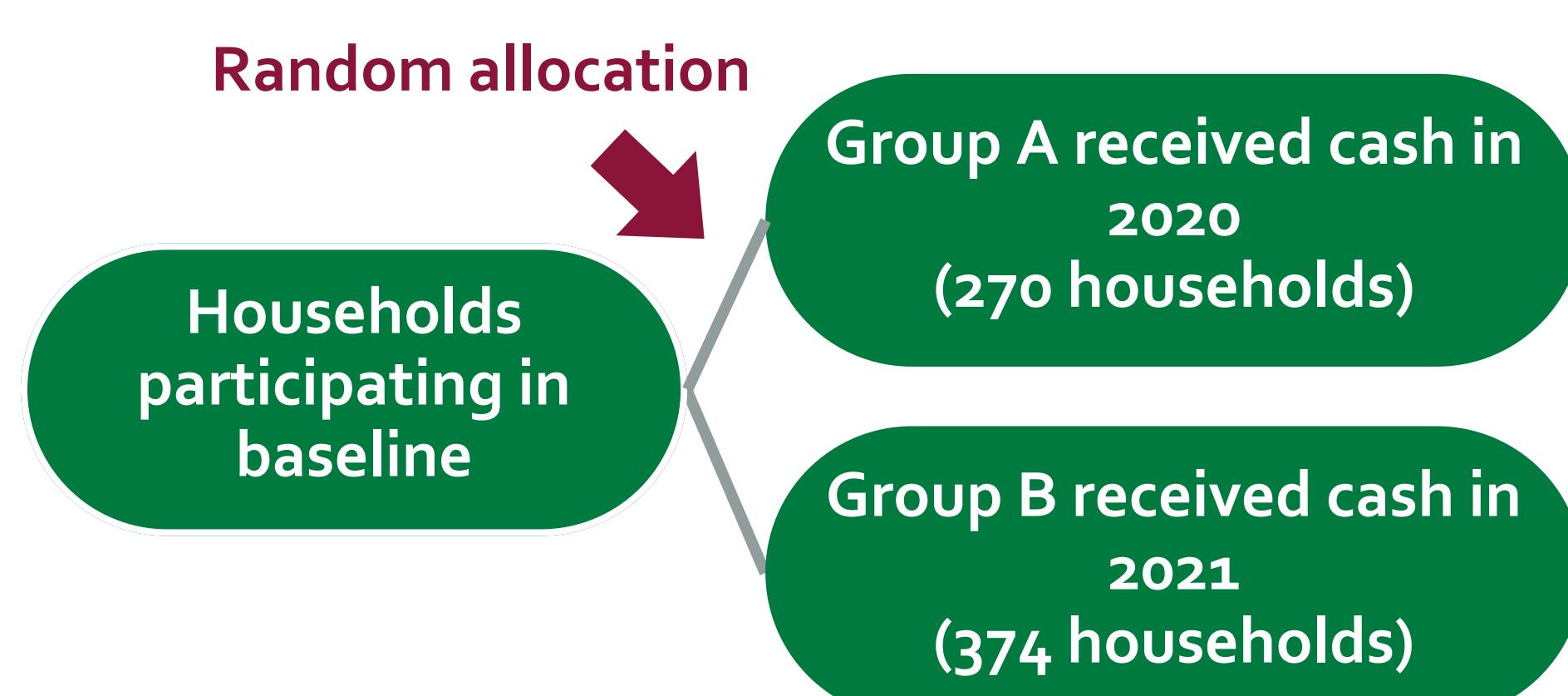
**Cash amount:** GHS 228 max. (USD 37), exact amount depending on the number of school-age children in the household.

The cash transfer corresponded to 28% of household's estimated monthly expenditure at baseline.



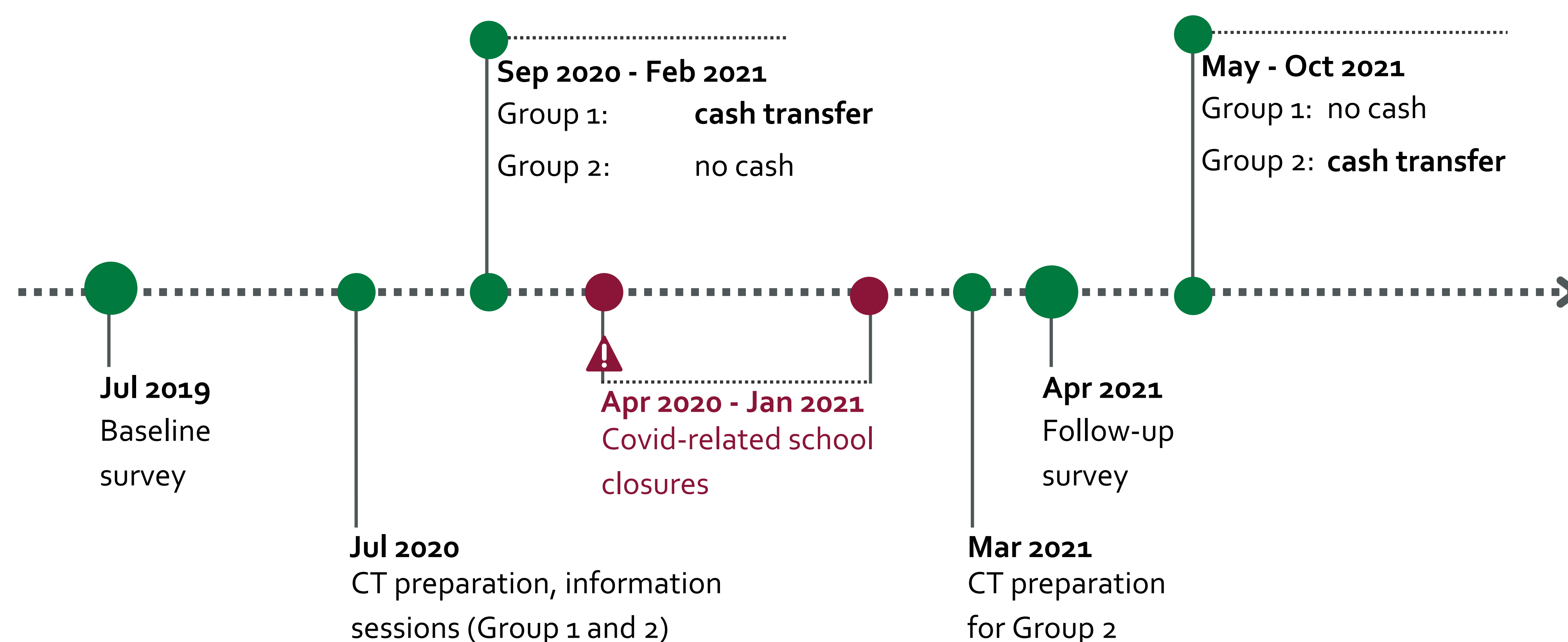
## How the experiment was set up

- A baseline survey was conducted with 705 households with at least one child aged 5-17.
- An endline survey was administered to 644 households including 1,173 children aged 5-17.
- Control households who reported spending in anticipation of the cash transfer were excluded.



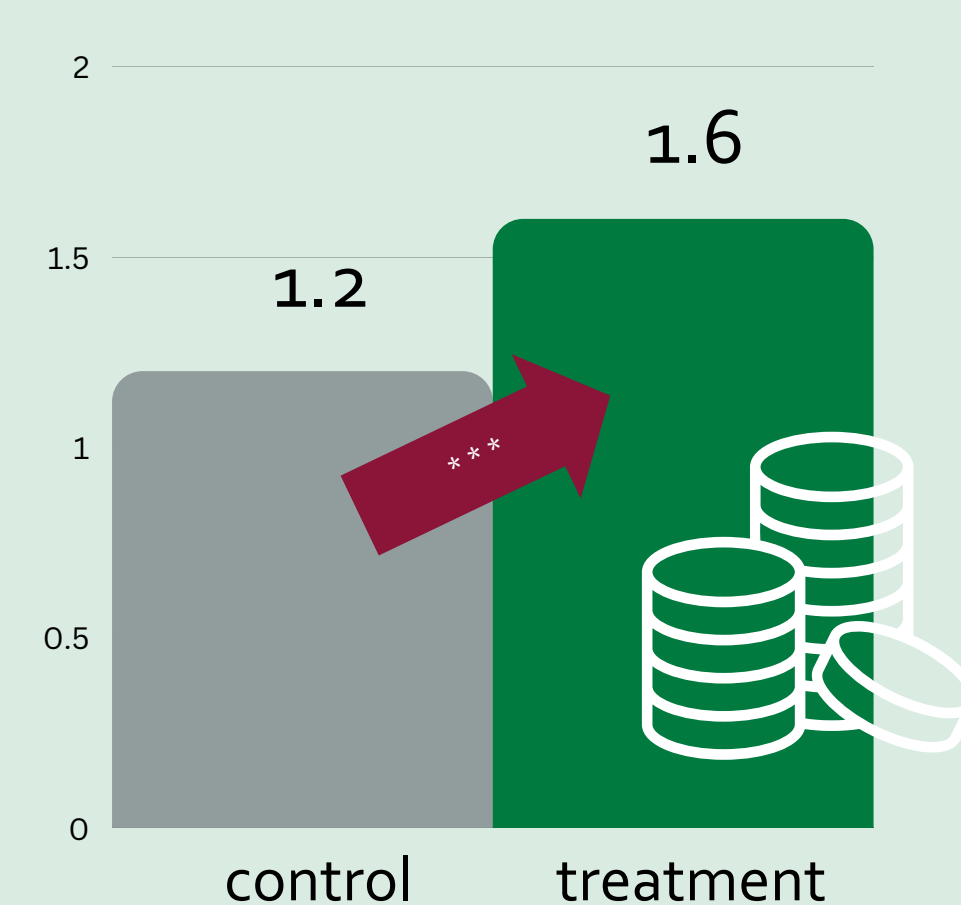
This study examines the impact of an **unconditional cash transfer** programme child labour and other outcomes for cocoa-growing families and their children in Ghana.

How the experiment was sequenced - and how it coincided with the Covid-19 pandemic

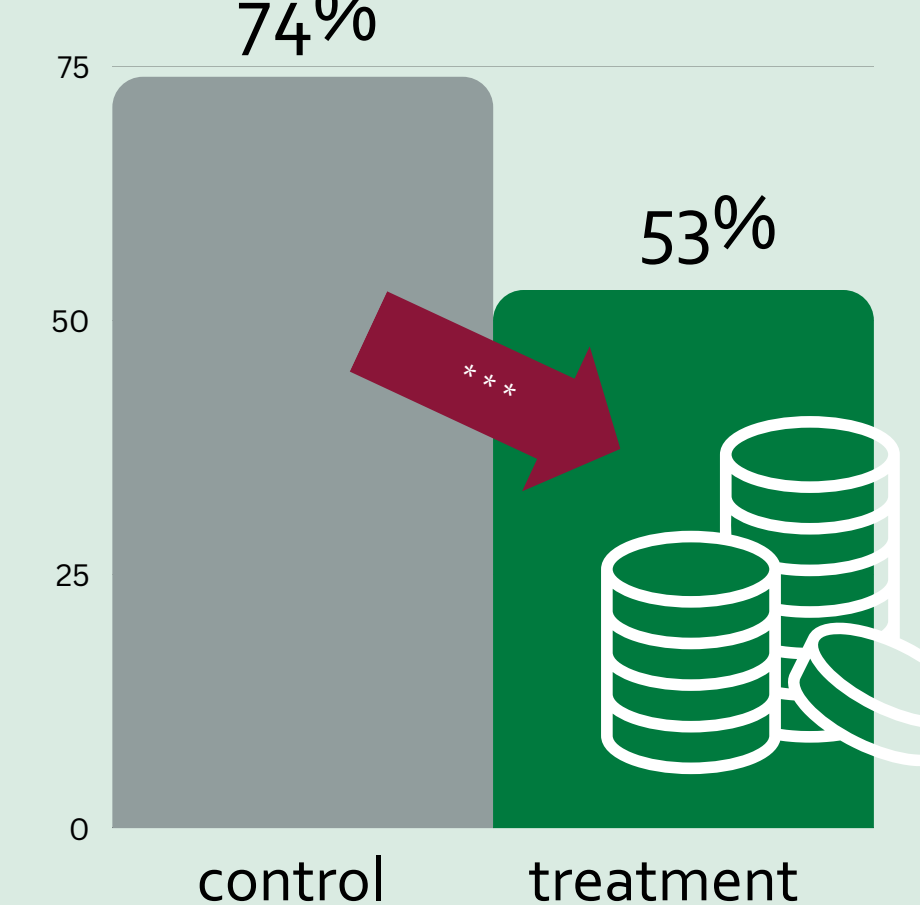


## Main findings

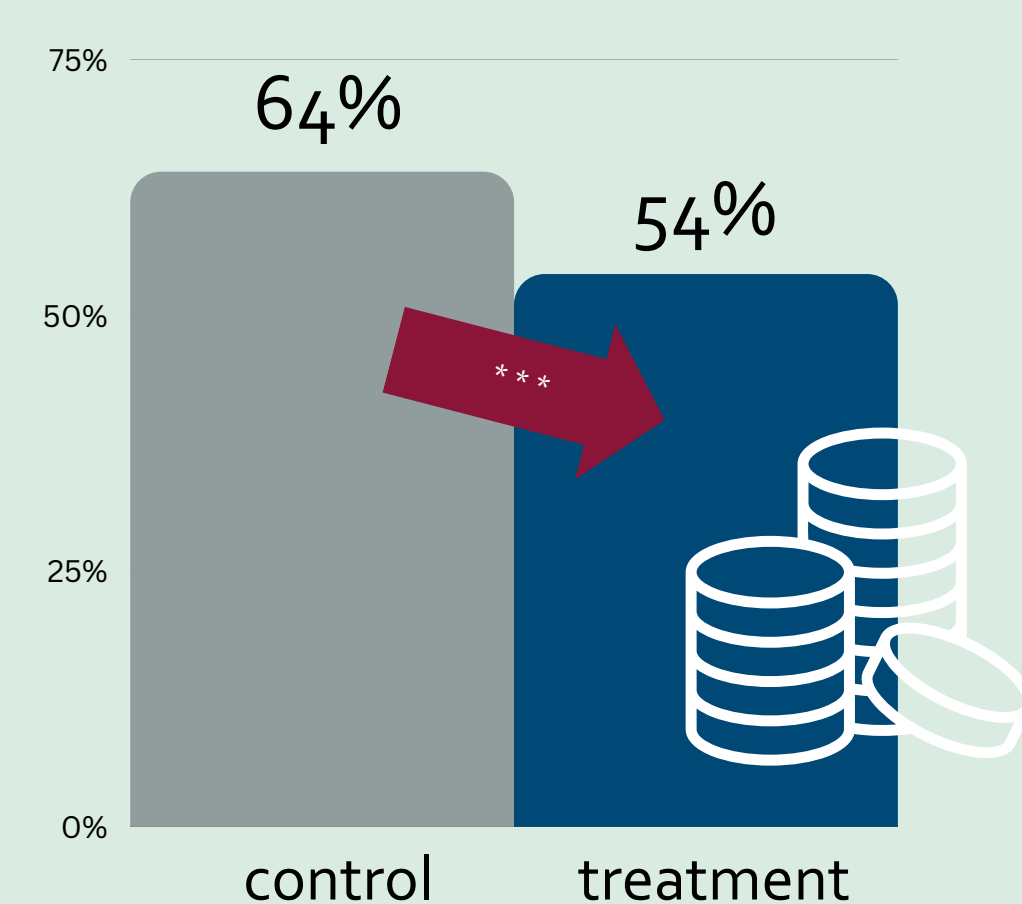
Increase in number of new household assets acquired



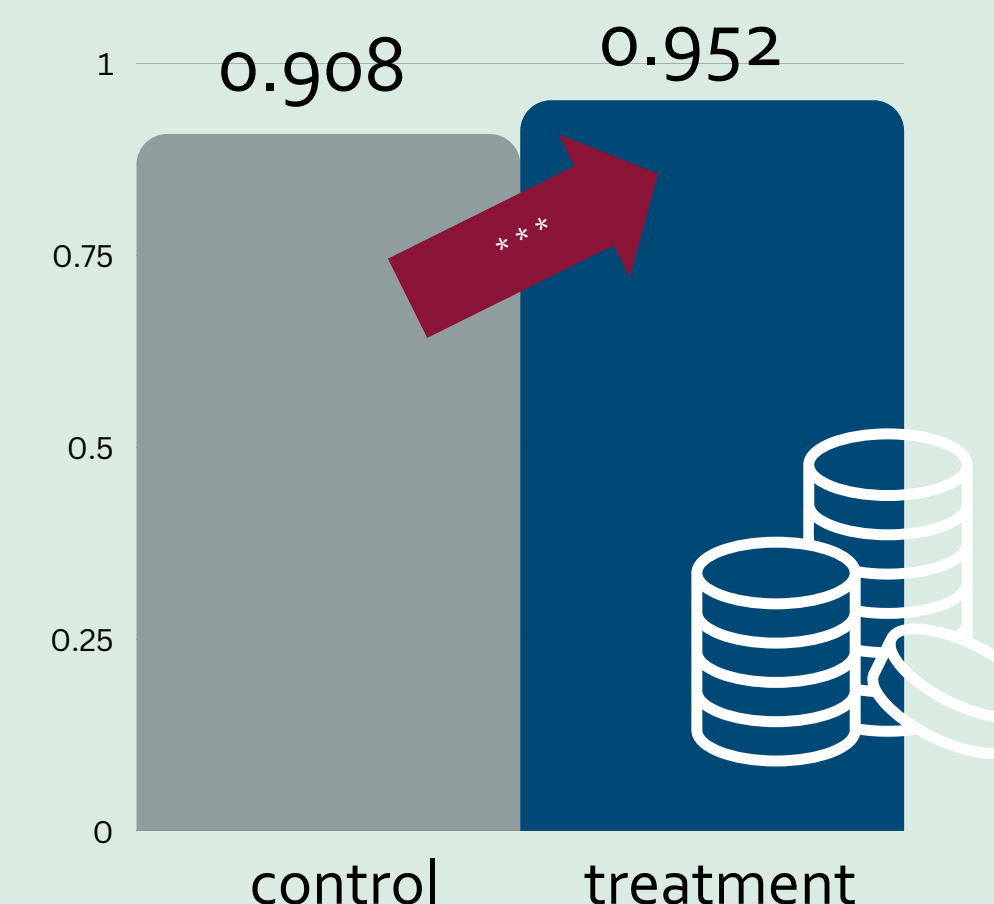
Decrease in likelihood that a shock causes reduced food consumption



Decrease in hazardous child labour in past six months



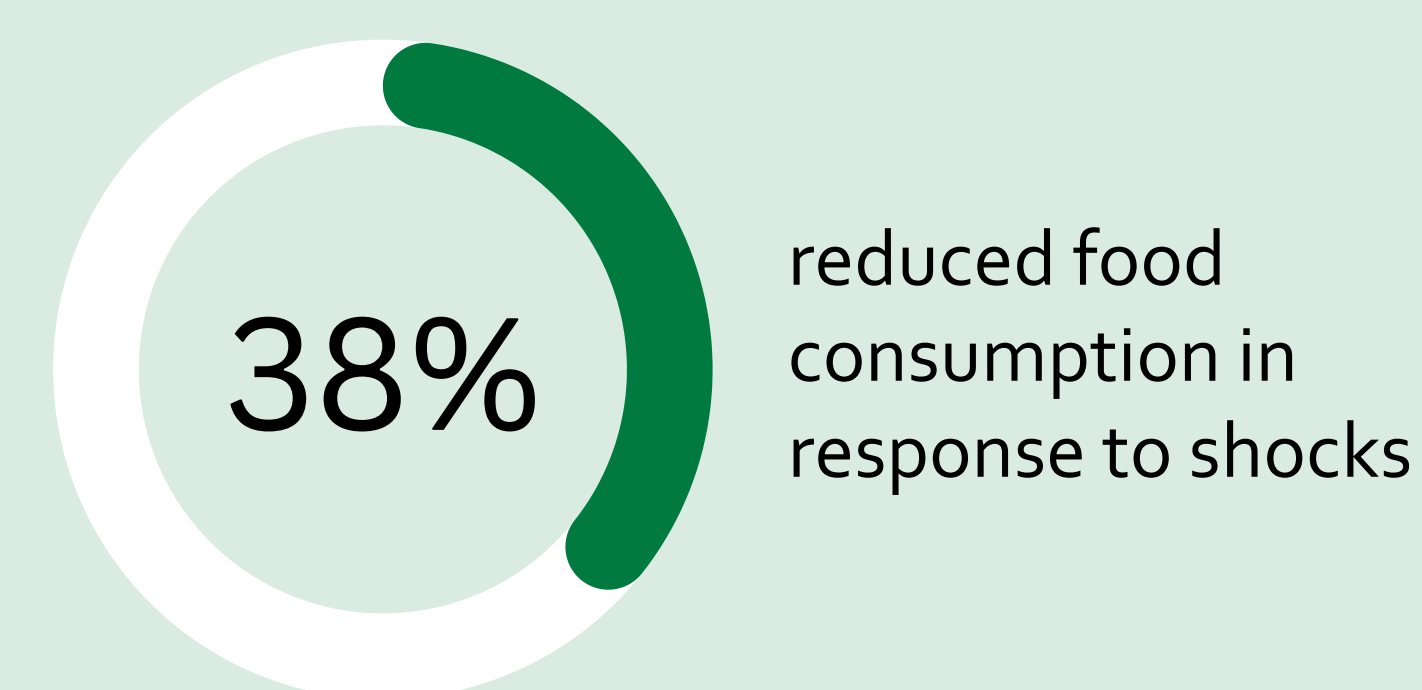
Increase in child material wellbeing index



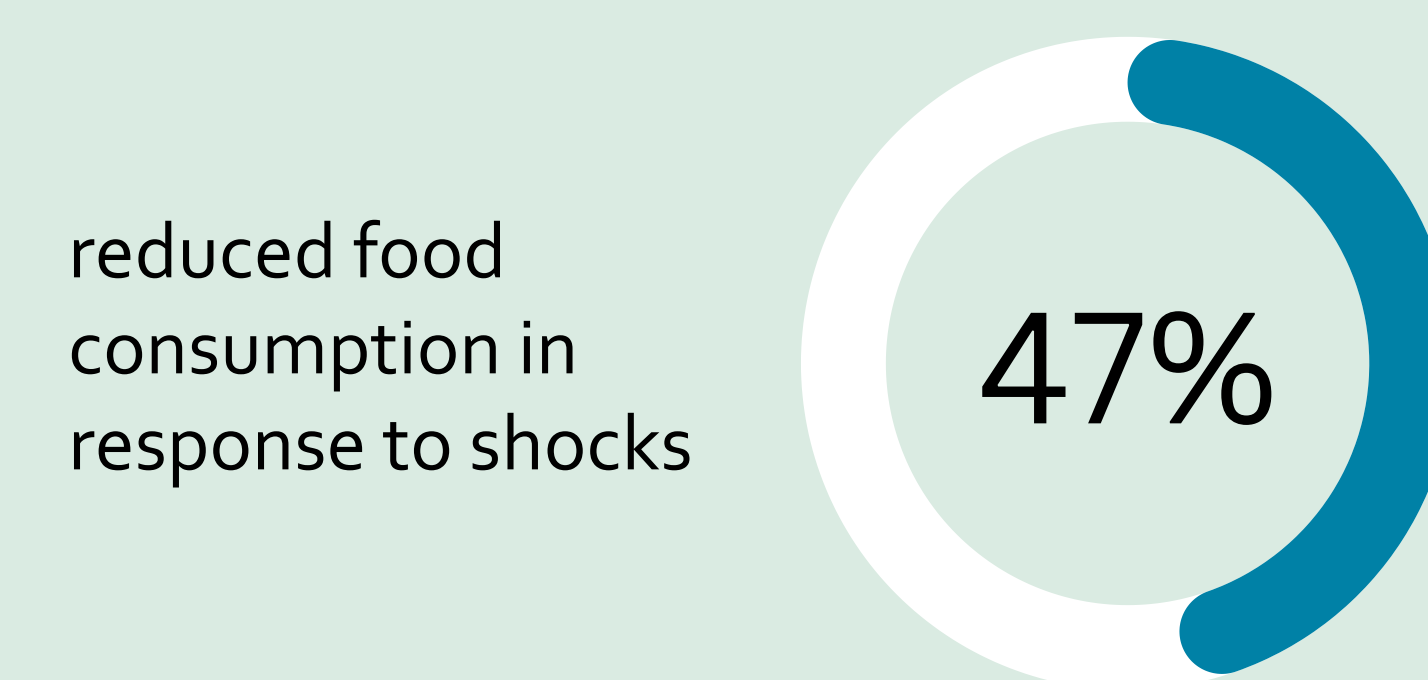
- Results from linear regressions; control variables at household level: household size at baseline, household wealth at baseline, household income at baseline, region fixed effects, number of additional family members cared for after cash receipt, whether household has been asked for financial help from other community members.
- Control variables added at child level: child's sex, age, whether the child is living with biological parents.

Two thirds of households experienced adverse shocks, mostly health shocks. The cash transfer helped prevent shocks from translating into situations of stress:

1. Among cash recipient households



2. Among control households:



## Additional results

- Some of the cash trickled through to a wider group of beneficiaries: 13% of cash recipients were asked to care for additional family members, 12% had been asked for help from community members in financial need. Effects on household wealth & resilience are smaller for these households.
- Cash recipients spent less on adult labour. However, this effect becomes statistically insignificant when we take into account the number of additional family members cared for.
- We find no significant effect of the cash transfer on household spending on children's education.
- We find no significant effect on the intensity of child labour (measured in hours worked / week).

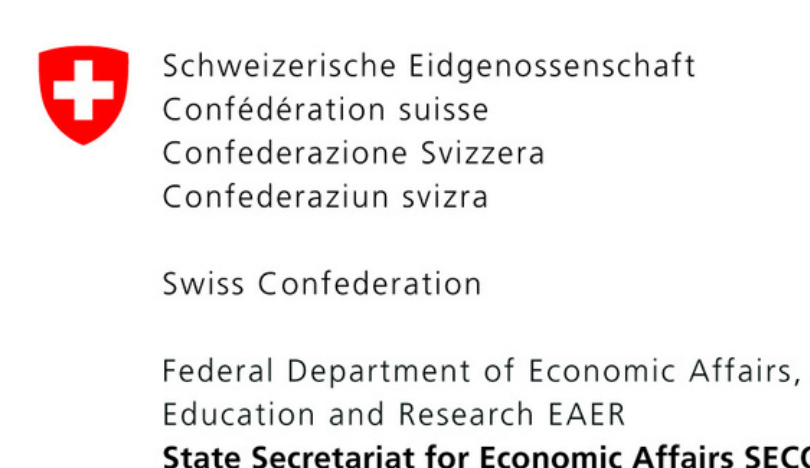
## Conclusions

- Unconditional cash transfers paid to cocoa farmers can be an effective component of a strategy to address hazardous child labour.
- Cash transfers can protect households and children against the negative impacts of shocks, such as sickness, bereavement in the family, income fluctuations or loss of agricultural production.
- The reduction in hazardous child labour achieved is promising, but the prevalence of child labour at endline remains relatively high - cash transfers alone cannot solve child labour, income support should be embedded in broader strategies to prevent and address child labour in cocoa production.

Author:



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