Concern Worldwide Social Protection Programmes

Hard cash in hard times: cash transfers versus food aid in rural Zimbabwe

Since 2002, Zimbabwe has faced drought, political upheaval, hyperinflation and the collapse of the economy, contributing to a prolonged humanitarian crisis and food insecurity. The World Food Programme (WFP) has been implementing a large scale food aid programme in the country since 2002, assisting close to five million people in 2009. Concern Worldwide is an implementing partner.

Concern's zone of intervention was considered one of the most food-insecure in Zimbabwe in the months leading up to the harvest in March 2010. A market assessment showed that years of disinvestment had heavily constrained the rural market for maize, the critical staple for the rural poor, with very few traders participating because of insignificant profit margins. The market was heavily localised, with little trade even between wards. Most maize flow occurred at village level through farmer-to-farmer sales. Liquidity constraints meant trade was predominately through barter, at high prices.

However, the market assessment showed that in some areas farmers and millers were holding stocks of maize, while many targeted areas were close to districts which were producing surpluses. This and the improvements in political stability and end of hyper-inflation through introduction of the US dollar, meant conditions were right for Concern to pilot a new approach to food assistance in Zimbabwe: providing people with cash instead of food as a response to localised food insecurity.

Concern Worldwide's Zimbabwe Emergency Cash Transfer (ZECT) programme provided cash to 2293 households and a combination of cash and food to 1576 households in Gokwe North, Gokwe South and Nyanga districts from November 2009 to March 2010 as part of WFP's Vulnerable Group Feeding (VGF) programme. Other wards received the usual WFP food ration.

Positive outcomes for cash recipients

Cash distributions accounted for 91% of cash recipients' household income and were a vital part of livelihoods security. Cash was used for a variety of purposes including purchasing food, milling, education, healthcare and debt repayments. Food consumption was higher and diets more varied in households receiving cash. Recipients were also less likely to adopt damaging coping strategies undermining future livelihood viability.

Cost effectiveness

To measure cost effectiveness, the amount of staple food provided by the transfer (after sharing, milling, spending patterns and prices are accounted for) was compared with the total cost of providing the transfer. Cash was 167% more efficient than food, and 134% more efficient than cash plus food at increasing recipients' ability to obtain 1kg of staple food.

"Cash was 167% more efficient than food at increasing recipients' ability to obtain 1kg of staple food."

- Gokwe North
- Gokwe South
- Nyanga

Cash transfer, Gokwe North, Zimbabwe. © Concern Worldwide 2010

Effects on local markets

The ZECT programme had a positive impact on local markets. Cash injection triggered competitive trends among traders, since increased liquidity increased consumer demand. Despite concerns about the inflationary effects of cash injection, prices in cash-only markets were actually lower than in food-only markets, where unfair bartering practices remained commonplace. There was a reported increase in the number of traders, and the number, range and volume of commodities traded in local markets during the life-cycle of the programme.

Operational research looked at the knock-on effects of the cash or commodity on the wider community, and also considered the possible multiplier effect of food aid in a barter economy. The multiplier represents the impact of each intervention (food, food plus cash, and cash-only) on all the other actors in the region, and thus the overall market impact of the intervention. The multiplier for food transfer (assuming 100% consumption) is one, i.e. the transfer has no further impact on the local economy. The multiplier for cash was calculated as 2.59, compared to only 1.67 for food aid (assuming 30% is used for barter exchange). Cash transfers had a much more positive impact on local markets than food aid.

Potential negative social impacts of cash

Cash provision was found to raise social tensions since, unlike food, cash is not shared with neighbours. This negative impact was considered important by both recipients and non-recipients – good community relations are important to well-being and to the functioning of livelihoods systems. This highlights the importance of accurate targeting when providing cash. The impact of cash on community relations and traditional coping strategies is an area that merits further research.

The evidence from this pilot influenced WFP to include a cash component for all recipients of the VGF programme 2010-11. This covers recipients' staple food entitlement, which local markets can effectively provide.

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