



Review of Targeted Direct Cash Transfers

Executive Summary

Cash transfer programs emerged as a powerful tool during the COVID-19 pandemic, benefiting 1.36 billion people globally and providing essential social protection. Lasting an average of 4.5 months, these programs demonstrated their effectiveness in adapting to crises, leading to a surge of scholarly interest. Belize's successful initiatives like BOOST and BOOST+ underscored the potential of such programs. This paper delved into the potential of targeted cash transfer programs in mitigating inflation's consequences for vulnerable households.

Belize's experience highlighted the importance of practical, cost-effective, and locally-grounded policy proposals. Notably, the BOOST program, launched in 2010, showcased a conditional cash transfer model that targeted specific demographics, including school-aged children, pregnant women, the elderly, and disabled individuals. Its success in improving education and well-being, backed by UNICEF evaluations, demonstrated the positive impact of such focused programs. The BOOST+ extension, aiding families with additional services, further demonstrated the adaptability of these initiatives.

The case of the COVID19 Unemployment Relief Program underscored the rapid development of targeted cash transfer programs in times of crisis. Despite its short-lived nature, the program's efficient implementation within three months demonstrated the potential for quick response mechanisms to address urgent societal challenges.

Drawing from international examples, Canada's targeted relief measures showcased the value of tailored policies in mitigating inflation's effects. Unlike broad price controls, Canada's approach provided relief to low-income citizens and small businesses, ensuring that assistance met individual needs and avoided market distortions. Similarly, the Philippines' Targeted Cash Transfer Program aimed to protect the purchasing power of the poor in the face of inflation and socioeconomic challenges.

Research on cash transfer effects, particularly in mental health, health services use, and child nutrition outcomes, indicated significant potential for positive impact. These programs demonstrated the ability to enhance subjective well-being, improve health outcomes, and alleviate poverty-related challenges. While cash transfers might trigger mild inflationary effects in specific regions, research suggested that the overall influence on purchasing power remains modest.

In conclusion, targeted cash transfer programs offer a promising approach to addressing inflation's impact on vulnerable households. The paper's exploration of international case studies highlighted the adaptability, effectiveness, and potential benefits of such initiatives. By focusing on specific conditions, local contexts, and the unique needs of beneficiaries, these programs have the capacity to positively transform lives and contribute to societal resilience.



Introduction

Increasingly popular during the COVID-19 pandemic, cash transfer (CT) programs were swiftly implemented, benefiting 1.36 billion people worldwide. Lasting an average of 4.5 months, these programs offered social protection and streamlined designs due to social distancing measures. Their effectiveness is reflected in the numerous annual publications on the topic; in 2021 alone, 95,175 cash-transfer related publications were added to Google Scholar. Belize's success with programs like BOOST and BOOST+ further showcases their potential. This paper explores the potential role of targeted cash transfer programs in combating inflation's impact on vulnerable households (Gentilini, 2022).

Cash Transfer Programs in Belize

A good policy proposal should be practical to enforce, be cost effective to implement, have a measurable impact and be grounded in the local context. As such, it is important to look at some of Belize's successful cash transfer programs.

Boost/Boost+

BOOST is a conditional cash transfer program that was started in 2010. It was piloted in the Cayo and Belize districts and then spread to the rest of the country (News 5, 2012). BOOST is targeted to school aged children, pregnant women with infants 0-4 years old, the elderly and disabled. The aid is given on the condition that certain requirements are met. The children must attend 85% of classes and pregnant women must follow the Ministry of Health's vaccination and health check calendar along with other regular checkups. The maximum benefit per family is \$442 (ECLAC, 2021). The program was later expanded with BOOST+ which helped families get birth certificates, ID cards, bank accounts and job training (Guardian Staff, 2020).

The UNICEF (2016) evaluation notes that the targeting was effective. Beneficiaries reported "excellent uses" for the BOOST cash with most being spent on school related issues and food. The program succeeded in its core objectives of improving the hope of children exiting poverty and improved wellbeing (measured by consumption). The program was also sustainable and has continued up until the present day. In February 2021, the Ministry of Human Development reported 2,879 households (5,523 individuals) received benefits in its first 100 days. The cost of BOOST and BOOST+ during those 100 days was \$1,333,841.73 (GOB, 2021b).

Unemployment Relief Program

Faced with soaring unemployment and unprecedented pandemic, the COVID Oversight Committee established the COVID19 Unemployment Relief Program. CITO was responsible for designing an online portal to facilitate and process electronic applications. 44,552 applicants were approved. While bank deposits were used for those who had accounts, the unbanked were offered Top Up cards. SSB processed payments once applicants were approved. Recently unemployed persons received \$150 every two weeks and long-term unemployed persons received \$100 every two weeks. The benefits lasted for a twelve-month period. The program would cost a total of \$66 million if every applicant were approved (Economic Oversight Team, 2020).



Despite being short lived, the Unemployment Relief Program shows that targeted cash transfer programs can be developed in a short period of time. The online portal and processing mechanisms were put in place within 3 months of the National Oversight Committee's decision. In times of national emergency, under certain conditions, it therefore seems plausible that cash transfer programs would be plausible in the Belizean context (Economic Oversight Team, 2020).

BCCAT

The Belize COVID-19 Cash Transfer Program (BCCAT) was launched in February 2021. The Ministry of Human Development oversaw the implementation of the program (GOB, 2021a). The BCCAT was funded by the World Bank with a total of \$12.4 million (DOL, 2021). BCCAT beneficiaries received three payments of \$300 for every two months for a six-month period. The program aimed to support 21,500 households that were ineligible for BOOST or Unemployment Relief. Beneficiaries received notification of approval through SMS. Digi developed the MobilePayz platform to allow beneficiaries to cash out their funds (GOB, 2021a).

Summary of Targeted Assistance in Belize

BOOST and BOOST+ show that CT programs can be sustainable if designed correctly. The quick implementation of BCCAT, and the Unemployment Relief Program show that CTs are practical and relevant to the local context. The impact of BOOST demonstrates Belize's proficiency in implementing impactful targeted CTs. While CTs were used during the pandemic to combat unemployment, their versatility extends beyond this role. The next section will discuss how CTs have been used to alleviate the effects of inflation on vulnerable households worldwide.

Targeted Relief to Mitigate Inflation Effects

Canada

In 2022, Canada unveiled targeted relief measures to combat the impacts of inflation. The Governor of the Bank of Canada emphasized, "Policies aimed at mitigating the effects of inflation on citizens really need to be targeted, focused on the most vulnerable, and temporary, while this is an inflation problem" (Al Mallees, 2022). In March 2023, the Make Life More Affordable Bill aimed to provide targeted inflation relief to low-income Canadians through measures such as Grocery Rebates and reduced business transaction costs. These measures were designed to assist both consumers and small businesses (Canada Department of Finance, 2023). The Grocery Rebate was tailored based on income bracket, age, and family composition, ensuring that various vulnerable populations received suitable relief without broad-based implications (Canada Deputy PM, 2023).

Canada's inflation relief policies offer valuable insights. Unlike Price Controls, these policies were targeted, and the Government took proactive steps to assist consumers and small businesses. Relief amounts were adjusted according to individual needs, preventing potential distortions seen in broad-based price controls.

Philippines



In August 2022, the National Economic and Development Authority (NEDA) stated that targeted subsidies were being released to assist vulnerable Filipino families in coping with the impact of increased prices of oil and commodities. The Department of Budget and Management (DBM) had approved the release of PHP4.1 billion for the Targeted Cash Transfer (TCT) Program. The goal was to protect the purchasing power of the poor and address rising inflation and socioeconomic challenges due to the COVID-19 pandemic. The TCT Program, part of the government's eight-point socioeconomic agenda, was intended to provide cash subsidies through the Department of Social Welfare and Development (DSWD). Over four million beneficiaries, mostly from the poorest segments of the population, were set to receive PHP500 per month for two months. The program aimed to alleviate the impact of inflation and pandemic-induced challenges on vulnerable households.

The Effects of Direct Cash Transfer

While there are few studies on the effects of direct cash transfers in Belize, the policy has been studied extensively in other parts of the world. CTs have numerous positive effects on beneficiaries and positive spillover effects for communities.

Mental Health Effects

McGuire, Bach-Mortensen, and Kaiser (2020) conducted a meta-analysis on the impact of cash transfers on their impact on subjective well-being and mental health in low and middle income countries. The analysis of cash transfer programs' effectiveness reveals significant insights for policymakers. The study found that Unconditional Cash Transfers (UCTs) exhibited a more favorable impact on mental health and subjective well-being compared to Conditional Cash Transfers (CCTs) with conditionality requirements. The results indicate that programs without stringent conditions tend to achieve better outcomes in terms of improving recipients' well-being. This suggests that a more flexible approach, such as providing cash transfers without strict conditions, could potentially yield greater positive effects on individuals' mental health and overall well-being. These findings emphasize the importance of carefully considering the design and conditions of cash transfer programs to maximize their positive impact on vulnerable populations.

Effects on the Use of Health Care Services

Pega, Pabayo, Benny, Lee, Lhachimi, Liu (2022) studied the effect of unconditional cash transfers for reducing poverty and vulnerabilities and their impact on the use of health services. The research on unconditional cash transfers (UCTs) sheds light on their impact in low- and middle-income countries (LMICs). Looking at 34 studies involving over a million participants across regions, we find that UCTs don't seem to significantly change health service use. However, they do show promise in improving health outcomes by reducing the likelihood of recent illness, enhancing food security, and promoting dietary diversity. UCTs also seem to contribute to better school attendance and lower levels of extreme poverty, potentially leading to increased healthcare spending. Yet, whether UCTs are better than conditional cash transfers (CCTs) remains unclear from the available evidence. In summary, UCTs offer targeted benefits in LMICs, although their overall impact and comparison to CCTs warrant further exploration.

Child Nutritional Outcomes



Manley, Alderman, and Gentilini (2022) studied the effect of cash transfers on Child Nutritional Outcomes. The study involved analyzing the impact of cash transfer programs on child nutrition outcomes in various regions. They collected data from studies conducted between 2018 and 2021, including a total of 129 observations from 55 different cash transfer programs. The programs were evaluated based on various factors including transfer amount, program characteristics, household characteristics, and outcomes such as nutritional status, dietary diversity, and diarrhea prevalence. The analysis showed that cash transfer programs had a small positive effect on height for age z-score (HAZ) and a decrease in stunting. The consumption of animal-source foods increased, and there was a reduction in the prevalence of diarrhea. Notably, the effectiveness of behavior change communication (BCC) in improving outcomes was highlighted, with different types of BCC associated with improvements in various outcomes. The study also pointed out the importance of increasing transfer size and implementing BCC in improving program impact. However, the study acknowledged limitations in terms of data collection and the complex implementation challenges of these programs.

Inflation

Cunha, Giorgi, and Jayachandran (2015) studied the price effects of cash versus in-kind transfer in Mexico. The study found that when the government provided food directly (in-kind) to people in certain areas, the prices of those food items went down by about 3.7%, making things a bit cheaper. On the other hand, when the government gave people money (cash), prices went up a little by about 0.9%. This effect was even stronger in places that were more isolated. In these remote areas, when the government gave food directly, prices went down by 4%, and when they gave money, prices went up by 4%. This means that in these distant places, getting food directly was better for people's wallets compared to getting cash. Overall, in most places, the price changes did not have a big impact on how much people could buy. But in remote areas, the way the government helped (with food or cash) did make a noticeable difference in how much money people had left after buying things.

Summary of The Effects of Cash Transfers

Targeted cash transfers offer a transformative approach to improving the lives of individuals and families across the world. By providing direct financial support, these programs empower recipients with the freedom to make choices that best suit their unique circumstances. Studies have shown that unconditional cash transfers can positively impact mental health, well-being, and school attendance. Additionally, they contribute to improved health outcomes, food security, and dietary diversity. Cash transfers demonstrate a commitment to alleviating poverty and promoting inclusivity, as they allow vulnerable populations to prioritize their needs and aspirations.

While it is worth noting that cash transfers can have a mild inflationary effect, particularly in certain regions, the overall impact remains modest. Research indicates that in most cases, the price changes resulting from cash transfers have minimal influence on people's purchasing power. However, in some remote areas, there might be a slightly noticeable difference in prices between receiving cash and in-kind transfers. Nevertheless, this aspect should be considered within the broader context of the positive outcomes that cash transfers bring, such as improved well-being, health, education, and empowerment for individuals and communities.



Conclusion

The rapid implementation of targeted cash transfer programs during the COVID-19 pandemic benefited over 1.36 billion people globally, providing vital social protection and adaptability in uncertain times. The effectiveness of these programs is evident in the sheer number of publications dedicated to the subject and the success of initiatives like BOOST in Belize, underscoring their potential to address multifaceted societal challenges.

Belize's effective targeted cash transfer programs offer valuable insights for policy makers, aligning with practicality, cost-effectiveness, measurable impact, and local context. The BOOST program's evolution from 2010 onwards, including the BOOST+ extension, showcases the adaptability of such initiatives. By focusing on specific conditions and beneficiaries like schoolchildren, pregnant women, and the elderly, these programs have generated positive outcomes in education and nutrition. Their ongoing relevance and sustained support also highlight their capacity to address social and economic disparities.



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