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Cash transfers

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Feature: [Cash transfers](#)

Recommended readings:

- [Using social transfers to scale up equitable access to education and health services](#)
- [A review of the impact of cash transfer programmes on child nutritional status and some implications for Save the Children UK programmes](#)
- [Conditional cash transfers for improving the uptake of health interventions in low and middle income countries](#)
- [Does money matter, the effects of cash transfers on child health](#)
- [The impact of unconditional cash transfers on nutrition](#)

Latest additions:

- [South African health review, 2007](#)
- [Investing for life: meeting poor people's needs for access to medicines through responsible business practices](#)
- [Community health workers: a review of concepts, practice and policy concerns](#)
- [Mongolia: health system review](#)
- [Financing public health care: insurance, user fees or taxes? Welfare comparisons in Tanzania](#)

[Announcements](#)

Feature: Cash transfers

Cash transfers are cash payments that are made directly to poor or vulnerable households with the intention of improving their health and poverty status. They are a type of social protection that help households to access basic needs including food, shelter, clothing and social services; bolster the health, nutrition and education of children; and cope with the consequences of shocks. Cash transfers can be either conditional, where payments depend on

households carrying out certain actions such as visiting a health clinic, or unconditional where cash grants are made to families with no strings attached.

Cash transfer programmes have played a particularly important role in middle-income Latin American countries, many of which have high levels of inequality. Mexico was the first country to introduce a nationwide cash transfer programme called Progresa in 1997 (renamed Oportunidades in 2002). Here, cash transfers are paid to mothers conditional on them using maternal, newborn and child health services and children attending school. The programme has been successful in improving the health status of poor people: it has led to increases in the use of health facilities and reductions in child malnutrition and the incidence of severe diseases. Evidence from Ecuador and South Africa indicates that even when cash transfers are not conditional on households accessing services, payments are often used on health, nutrition and education priorities.

For cash transfer programmes to be successful it is important that countries have good administrative capacity to manage schemes, population data and statistics to target payments, and a strong tax base. This is necessary to ensure that payments are regular, sustainable, and large enough to have a significant impact on households' income. Deciding who should receive transfers must be based on an understanding of the local environment with possible repercussions on household relations taken into consideration. In Mexico, cash is given to women as evidence suggests that they are more likely to spend additional income fairly.

Health and other outcomes can only be improved when there is adequate supply of high quality, acceptable and accessible services. In countries where cash transfers have had the effect of increasing the demand for public sector services, additional funding may be required improve services. Countries must also develop a solid evidence base on the nature, severity, and location of poverty so that programmes can target and reach the poorest and most vulnerable people in society.

More information:

- Meeting the health related needs of the very poor dossier
www.eldis.org/go/topics/dossiers/meeting-the-health-related-needs-of-the-very-poor
- Social protection section on the Eldis poverty resource guide
www.eldis.org/go/topics/resource-guides/poverty/social-protection

Recommended readings on cash transfers

1. Using social transfers to scale up equitable access to education and health services

Authors: K. Chapman

Publisher: Department for International Development, UK, 2006

This paper focuses on the impact of one form of demand-side policy option - social transfers, particularly cash transfers and vouchers - on access to health and education services by the

extreme poor. It also touches upon the broader contribution that social transfers make to human development outcomes.

Specifically, the paper describes social transfers and their relevance to scaling up health and education services and outcomes for the extreme poor; summarises the evidence on the effectiveness and cost-effectiveness of social transfers in relation to health and education access and outcomes; outlines a range of factors, including service provision context, that need to be considered when assessing policy options in different contexts; sets out some of the country ownership and aid instrument issues; looks at the opportunities that scaled up resources has for social transfers in the pursuit of equitable human development goals; and concludes by identifying the gaps we still need to fill in the evidence base.

The paper concludes that experience from middle-income countries suggests that social transfers can make an important contribution to human development outcomes for the extreme poor. The experience from low-income countries is limited, but does justify wider pilot testing of cash transfers and vouchers in different settings, and scaling up and evaluation of promising programmes.

Available online at: www.eldis.org/go/topics/resource-guides/health-systems&id=23685&type=Document

2. A review of the impact of cash transfer programmes on child nutritional status and some implications for Save the Children UK programmes

Authors: D. Sridharm; A. Duffield

Publisher: Save the Children Fund , 2006

This paper, produced by Save the Children reviews eight cash transfer programmes in Latin America and Africa, and discusses the effectiveness of each in improving the nutritional status of children. It finds that cash transfers to targeted households have the potential to improve children's diet and nutritional status. The positive impacts exceed those reported from other typical community-based nutrition programmes.

The cash transfer programme in Mexico called PROGRESA was found to be particularly successful. There are several factors contributing towards this success including: a large cash transfer constituting approximately one-third of households income; regular transfers made to women; transparent and objective targeting; and the provision of free healthcare. Cash transfer programmes are less successful if they make up a smaller proportion of household income and beneficiaries are paid less regularly.

The paper concludes that there should be no rules about how cash transfer programmes are designed since everything depends on the context. It sets out several questions that might be useful for programme staff and policy makers to consider when they design such a scheme. These relate to the size of the transfer scheme required and the costs of adequate diet and healthcare, the proportion of households needing the transfer, and ways of making targeting

systems transparent and accurate.

Available online at: www.eldis.org/go/topics/resource-guides/health-systems&id=34469&type=Document

3. Conditional cash transfers for improving uptake of health interventions in low- and middle-income countries

Authors: M. Lagarde; A. Haines; N. Palmer

Publisher: Journal of the American Medical Association , 2007

This article, published in the Journal of the American Medical Association assesses the effectiveness of conditional cash transfers in improving access to and use of health services, as well as improving health outcomes, in low- and middle-income countries. The article provides a description of interventions in Mexico, Nicaragua, Columbia, Honduras, Brazil and Malawi. It finds that overall conditional cash transfer programmes are effective in increasing the use of preventive services. Their effect on health status is less clear as the supply of adequate and effective health services is also an important factor.

Expanding conditional cash transfer programmes can have unintentional effects. For instance, the Honduran programme may have resulted in an increase in fertility because pregnant women only were eligible for a subsidy. Given the potential for unintended consequences, the article recommends that programmes must be designed with care, and it is important to develop measures of welfare that are broad enough to record intended and unintended effects. The review concludes that conditional cash transfer programmes constitute an effective approach to scaling-up access and use of preventive services in specific contexts when perverse incentives are avoided. The success of these strategies depends on effective systems for identifying and making payments to low-income families.

Available online at: www.eldis.org/go/topics/resource-guides/health-systems&id=34480&type=Document

4. Does money matter? The effects of cash transfers on child health and development in rural Ecuador

Authors: C. Paxson; N. Schady

Publisher: World Bank, 2007

This World Bank paper examines how a government-run cash transfer programme targeted to poor mothers in rural Ecuador influenced the health and development of their children. Unlike other transfer programmes that have been implemented in Latin America, the receipt of the cash transfers was not conditioned on specific parental actions. The programme therefore makes it possible to assess whether conditionality is necessary for programmes to have beneficial effects on children.

The paper finds that the cash transfer programme had a positive effect on the physical,

cognitive, and socio-emotional development of children, and the treatment effects were substantially larger for the poorer children than for less poor children. The programme also appeared to improve children's nutrition and increased that chance that they were treated for helminth infections (infections caused by parasitic worms). However, children were not more likely to visit health clinics for growth monitoring, and the mental health and parenting of their mothers did not improve. The paper concludes that unconditional transfers will improve the welfare of poor families regardless of how the money is spent and may also improve child health and development.

Available online at: www.eldis.org/go/topics/resource-guides/health-systems&id=34473&type=Document

5. The impact of unconditional cash transfers on nutrition: the South African Child Support Grant

Authors: J.M. Aguero; M.R. Carter; I. Woolard

Publisher: UNDP International Poverty Centre , 2007

This paper estimates the impact of South Africa's Child Support Grant (CSG) on child nutrition as measured by child height-for-age. It finds that large dosages of CSG treatment early in life significantly boosts child height. While income transfers such as those of the CSG should help immediately to redress poverty, the question remains whether they help facilitate a longer-term pathway from poverty.

One way that they might contribute to this goal is by enhancing the durable human capital stock of the next generation. These estimated height gains observed in the case of South Africa suggest large adult earnings increases for treated children and a discounted rate of return on CSG payments of between 160-230 per cent.

Available online at: www.eldis.org/go/topics/resource-guides/health-systems&id=34095&type=Document

Latest additions from the Health Systems resource guide

1. South African Health Review 2007

Authors: S. Harrison; R. Bhana; A. Ntuli

Publisher: Health Systems Trust, South Africa, 2007

The South African Health Review (SAHR), published by the Health Systems Trust seeks to provide a South African perspective on prevailing international public health issues, to stimulate debate and critical dialogue and to provide a platform for assessing progress in the health sector. The 2007 edition of the SAHR focuses on broad areas with respect to the role of the private health sector. Critical issues covered in the review include:

- assessment of the stewardship role of the government in the overall transformation process of the health sector
- review and analysis of health care financing and expenditure as well as recent trends in spending in the public and private health sectors
- overview of health information systems and the role played by intermediaries in facilitating the flow of patient information
- analysis of the health status of the South African workforce and health care provision in the workplace
- analysis and developments in the market and regulatory environment impacting on medicine pricing and access to medicines
- review of the impact of public-private partnerships on access to health care and health outcomes
- analysis of the private sectors response to HIV and AIDS, sexually transmitted infections and tuberculosis

The report argues that all stakeholders need to recognise the Ministry of Health's responsibility to exercise stewardship over the entire health system, both public and private. Leaving the private sector to its own devices can have a negative impact on human resources in the public sector and exacerbate inequalities in access to care. A clear road map needs to be developed by government, in consultation with all relevant stakeholders, in terms of how it sees the ongoing development of the health system in a manner which harnesses the resources of both public and private sectors to the equitable benefit of all South Africans.

Available online at: www.eldis.org/go/topics/resource-guides/health-systems&id=34593&type=Document

2. Investing for life: meeting poor people's needs for access to medicines through responsible business practices

Publisher: Oxfam, 2007

This Oxfam briefing paper examines the pharmaceutical industry and its commitments towards increasing access to medicines for poor people. It reveals major shortcomings in ensuring universal access to medicines. These include:

- their failure to implement systematic, transparent, tiered-pricing mechanisms for medicines to poor people in developing countries
- lack of research and development to address the dearth of dedicated products for diseases that predominantly affect poor people in developing countries
- persistent inflexibility on intellectual property protection, and in some cases, active lobbying for stricter patent rules and legal challenges to governments' use of TRIPS public health safeguards
- too heavy a focus on donations, which are unpredictable and can cause chaos in the market for low-cost medicines

The paper argues that there is potential for pharmaceutical companies to contribute more

substantially and effectively towards increasing access to medicines for poor people in developing countries. This is yet to be achieved because their approaches have been ad-hoc, and they have failed to deliver sustainable solutions or adopt appropriate strategies. Oxfam recommends that the industry must put access to medicines at the health of its decision-making and practices. This is both a more sustainable long-term business strategy and would allow the industry to better play its role in achieving the universal right to health.

Available online at: www.eldis.org/go/topics/resource-guides/health-systems&id=34474&type=Document

3. Community health workers: a review of concepts, practice and policy concerns

Authors: B. M. Prasad; V. R. Muraleedharan

Publisher: Consortium for Research on Equitable Health Systems, 2007

This paper, prepared for the International Consortium for Research on Equitable Health Systems, provides an overview of the concepts and practice of Community Health Workers (CHWs) in several developing and developed countries. In doing so it identifies critical factors that influence the overall performance of CHWs including gender, the nature of employment, career prospects and incentives, educational status and training. It finds that the selection of CHWs from the communities that they serve, population coverage and the range of services offered at the community levels are vital in the design of effective CHW schemes. The smaller the population coverage, the more integrated and intensive the service offered by CHWs.

The paper concludes that a carefully designed and implemented community health workers scheme could have far reaching implications for the whole society beyond generating better health outcomes. For example, it could improve their self-esteem, substantially empower women from low-income countries and help them to earn respect from the community. Thus, a well designed and implemented CHW scheme could help reduce social inequity. [adapted from author]

Available online at: www.eldis.org/go/topics/resource-guides/health-systems&id=34470&type=Document

4. Mongolia: health system review

Authors: T. Bolormaa; Ts. Natsafdorj; B. Tumurbat

Publisher: European Observatory on Health Systems and Policies, 2007

This report, published by the European Observatory on Health Systems and Policies, describes the Mongolian health system and the reforms and policy initiatives in progress. It covers issues including financing, planning and regulation, physical and human resources, provision of services, and principal health care reforms.

At the beginning of the 1990s, the abrupt end of assistance to the health sector from the

Soviet Union brought about extreme difficulties in financing health care, and the deteriorating socio-economic situation and public-funding shortfall for the health sector exacerbated problems with access and service quality. User fees and social health insurance have been gradually introduced in order to mobilise additional financial resources and reduce the government's burden in financing health care. Recent reforms have focused on promoting equity through institutional changes and improvements in quality and efficiency.

The report concludes that over the transition period, the Mongolian health system has evolved into a system with a mix of revenue sources, private sector service delivery and a plurality of actors. It has had success in reducing the infant mortality rate, the under-five mortality rate, the maternal mortality rate and infections from vaccine-preventable diseases. However, the leading cause of mortality is now non-communicable diseases and health services have not yet adjusted sufficiently to the new burden of disease. Despite the reform efforts, there is growing public dissatisfaction with and distrust of existing health care services. [adapted from authors]

Available online at: www.eldis.org/go/topics/resource-guides/health-systems&id=34634&type=Document

5. Financing public health care: insurance, user fees or taxes? Welfare comparisons in Tanzania

Authors: D. P. Mushi

Publisher: Research on Poverty Alleviation, Tanzania, 2007

This paper, published by Research for Poverty Alleviation (REPOA), compares the welfare effects of a community based insurance scheme - the Community Health Fund (CHF) - and user fees for public health care in Tanzania. Under the CHF, households pay a predetermined fixed annual premium for free access to public health facilities. The paper summarises the controversies and achievements of user fees in poor countries and Tanzania in particular. The discussion focuses on two issues: whether user fees are better than insurance schemes in public health care financing, and whether it is possible to charge for public health services and at the same time achieve universal access to these services.

From a study conducted in 2004, the paper finds that the CHF is more expensive than the user fees currently in place at the primary level facilities. The main barrier to joining the fund is the annual premium fee that is considered too high and is not affordable to the majority of households. It concludes that in general poor people do not suffer significantly from having to pay user fees when accessing primary health care.

Available online at: www.eldis.org/go/topics/resource-guides/health-systems&id=34635&type=Document

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Announcements

Conference: First Global Forum on Human Resources for Health, 2-7 March 2008, Kampala, Uganda

The Global Health Workforce Alliance (GHWA) will convene the first-ever Global Forum on Human Resources for Health. As Africa is the worst affected by the health workforce crisis, it is a demonstration of commitment and solidarity that the first Forum will be organised in Africa.

This Forum will provide a platform for sharing and exploring solutions, consensus and capacity building. It will further stimulate a global movement that is emerging as a response to the increasingly pertinent human resources for health (HRH) crisis.

More information: www.eldis.org/go/topics/resource-guides/health/health-events-and-announcements&id=34055&type=Item

Conference: First World Health Professions Conference on Regulation (WHPCR), 17-18 May 2008, Centre International de Conference de Geneve (CICG), Geneva, Switzerland

The theme of this conference is 'The Role and Future of Health Professions Regulation'. It is hosted in cooperation with the World Confederation for Physical Therapy and it will take place prior to the World Health Assembly (19-23 May 2008).

The World Health Professions Conference on Regulation will bring together leaders in health professions regulation to discuss:

- Different models of health professional regulation
- Regulatory body governance and performance
- Trade in services and implications for regulation

More information: www.eldis.org/go/topics/resource-guides/health/health-events-and-announcements&id=34453&type=Item

See the complete list of announcements at: www.eldis.org/go/topics/resource-guides/health/health-events-and-announcements

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- HIV and AIDS Resource Guide - <http://www.eldis.org/go/topics/resource-guides/hiv-and-aids>

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