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Can cash transfer programs boost income-generating activities in rural Burundi?

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Key messages

- Cash transfer programs can help households in rural Burundi set up income-generating activities.
- Cash transfer programs and their specific interventions must be carefully designed to achieve desired outcomes and address gender issues.

Working to eradicate poverty in Burundi

In a bid to achieve the number one Sustainable Development Goal (SDG) of no poverty, the government of Burundi has developed a national social protection strategy. As part of the strategy, the government is currently implementing cash transfer programs in partnership with several international development agencies.

These programs include the *Merankabandi* social safety project, launched in July 2018. Funded by the World Bank, it involves 48,000 households across the four provinces of Gitega, Karuzi, Kirundo, and Ruyigi. Other development organizations have implemented their own cash transfers programs at a more local level.



Photo: UNICEF

Local intervention: The *Terintambwe* program

A team of local PEP researchers sought to investigate the effects of *Terintambwe*, a cash transfer program implemented by Concern Worldwide in the rural provinces of Cibitoke and Kirundo between April 2013 and April 2015.

Terintambwe was a graduation model program, designed to provide the poorest households in the two provinces with a package of interventions to gradually lift them out of extreme poverty. These included:

- Monthly cash transfers of 24,500 Burundian francs over 14 months, to support consumption.
- Access to savings facilities and services, including training in financial literacy and encouragement to join a Saving and Lending Community.
- Skills training and coaching services on topics including income-generating activities, mobile phones, HIV/AIDS, hygiene, nutrition, adult literacy and gender equality.
- Cash transfers in the form of working capital to set up income-generating activities (IGAs).

A total of 2,600 extremely poor households were selected by community members and leaders to take part in the *Terintambwe* program.

- 1,000 households were randomly assigned to a high treatment group (T1)
- 1,000 households were assigned to a low treatment group (T2)
- 600 households were assigned to a control group (C)

Both treatment groups received the full package of interventions, with T1 receiving more intensive support from Concern Worldwide case managers.

The analysis

The team collected Community-Based Monitoring System (CBMS) data from every household in six selected collines in three communes of Cibitoke and Kirundo. The data included information on income-generating activities (IGAs) as well as household demographics, education, and income¹.

¹ See the CBMS design paper for this project: Nkunzimana, J. et al (2019).

The researchers examined three key issues:

1. The link between participation in the *Terintambwe* program and the creation of household IGAs
2. Which interventions, if any, were significantly associated with IGA creation
3. Whether participation in *Terintambwe* was equally associated with the creation of male- and female-owned IGAs

Key findings

Household participation in the *Terintambwe* program is associated with an increased likelihood of the household creating an income-generating activity (IGA).

However, the degree to which the likelihood of IGA creation increased varied according to the different program interventions; it also followed a gendered pattern.

- Saving services and cash transfers to start up an IGA (rather than cash transfers for consumption or coaching services) drive the positive association between participation in the program and creation of IGAs.
- This association was much stronger than any association between the likelihood of creating an IGA and characteristics of the head of the household, including their age and level of education.
- Cash transfers for the purpose of consumption and coaching services did not significantly matter for creation of IGAs, consistent with the intended purpose of these interventions.

The findings also revealed significant gender patterns in the link between participation in *Terintambwe* and the creation of IGAs.

- Households that took part in *Terintambwe* were significantly more likely to set up female-owned IGAs than male-owned IGAs.
- This pattern was driven by coaching services, since this was the only program intervention positively and significantly associated with creation of female-owned IGAs.



Photo: Irénée Nduwayezu

Conclusions and policy implications

The findings from this study highlight how the specific interventions made as part of cash transfer programs can have a varied impact. The study also shows how the interventions have a different effect on the creation of male- and female-owned IGAs.

Cash transfer programs and their interventions need to be carefully designed to achieve the desired outcomes and address gender issues.

Although these findings are significant, the number of beneficiaries included in the sample is low compared to the target population. A study involving a larger project, such as the World Bank's *Merankabandi*, is required to confirm whether these findings can be observed in other communities across Burundi.